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Section one
Supplier Code of Conduct

National Grid lies at the heart of a transforming energy system spanning the UK and US and is committed to being a responsible business in everything we do.

We are at the heart of one of the greatest challenges facing our society – delivering clean energy to support our world long into the future.

We value our relationship with you, as you play an essential part in helping create a more socially, economically, and environmentally responsible supply chain.

Our Code of Conduct sets out our expectations, values, and fundamental principles which we expect you to extend into your business and your own supply chain. We play a vital role in delivering electricity and gas to millions of people and we will always do this safely, reliably and in a fair and affordable way for all.

At National Grid, we are a purpose led organisation and how we work is as important as what we do. Responsible business is how we do business and we expect our suppliers to ensure compliance with this Code.

We expect you to carry out your business in line with the values and aspirations outlined in this document, to act in accordance with the highest ethical standards and comply with all relevant laws, regulations and licenses when working for National Grid.

Along with this Code our Responsible Business Charter outlines our commitments and ambitions to lead the clean energy transition in areas where we can have the most impact on society. Working with all our stakeholders, including our supply chain, we follow principles of sustainability, equality, and accountability in all our actions.

Vivienne Bracken
Chief Procurement Officer
National Grid
Section two
Our Values and Ethics

We’re committed to being a responsible business in everything we do. It’s enshrined in our purpose – to Bring Energy to Life.

Our values describe what we stand for and guide our behaviour. They set the tone and shape the culture of our organisation. Every day we:

- Stand up for safety every day
- Put our customers first
- Be inclusive, supporting and caring for each other
- Speak up, challenge and act where something doesn’t feel right

- Embrace the power and opportunity of diversity
- Increase efficiency to help with customer affordability
- Work with others to find solutions for customers
- Commit to learning and new ideas

- Take personal ownership for delivering results
- Be bold and act with passion and purpose
- Focus on progress over perfection
- Follow the problem through to the end

We take pride in our reputation for working responsibly with our customers, colleagues and consumers and we require the same standards from our suppliers.

At National Grid, we are committed to promoting an environment where everyone can feel comfortable raising concerns about actions or decisions, they think are unethical. We strongly believe in openness and transparency and encourage our employees and those working on our behalf to raise any concerns.

Examples of unethical behaviour may include, but are not limited to bullying, harassment, discrimination, fraud, bribery, corrupt business practices, human rights violations and any other unfair practices committed at a personal or corporate level. If you believe that an employee, contractor, or anybody else doing business with us has acted unethically or unlawfully, you must quickly bring this to our attention using the confidential helpline available on the back page.

In return, we will investigate the facts thoroughly, fairly and promptly when you raise a concern. This will be undertaken in the strictest confidence and we will not tolerate any form of retaliation or victimisation, where a concern is raised in good faith.
Section three

People

We will develop the skills to enable and accelerate the energy transition and strive to build a diverse workforce and inclusive culture.

Health and safety
In line with our key values, ensuring the health and safety of our employees, contractors and members of the public is one of our core values at National Grid. We strive to do the right thing, and ultimately be a recognised leader in the development and operation of safe, reliable, and sustainable energy infrastructure that creates a purpose and belonging. That will not only meet the needs of our customers and communities, but also provides safety to all of those within them.

We believe that everyone in National Grid and everyone we contract with, collectively and individually, has a part to play to achieve this.

We recognise our operations give rise to risk; however, we believe through commitment, robust management, and compliance with legislation/industry best practice, we can eliminate or minimise these risks to a safe level. We expect the same commitment from our suppliers.

To work with National Grid, you must understand your health and safety responsibilities and be committed to creating an environment that is safe, healthy, and secure for all your employees, and anyone who may be affected by your undertaking. The safety of employees, contractors and members of the public is a mutual priority.

Wellbeing
Managing the wellbeing of our employees, contractors and supply chain is also one of our priorities. We know that where our people are engaged and healthy our work is more efficient, and our culture is more positive. We focus on the physical aspects of health, understanding the impact this may have on the psychological aspects of health too and we encourage you to do the same with your employees. We ensure we understand our fatigue risk, our stress risk, and that we design our workplaces and tasks around wellbeing needs, to ensure healthy and engaged employees and expect you to take the same approach to ensure wellbeing is a priority for your workforce.

Respecting human rights
National Grid requires all businesses in our supply chain to share our commitment to respecting, protecting, and promoting human rights. This includes alignment to the United Nations Guiding Principles on Business and Human Rights, The United Nations Global Compact Ten Principles, the core labour standards of the International Labour Organisation (ILO), the US Trafficking and Violence Protection Act 2000. The Department of State Principles of Combating Human Trafficking and the Ethical Trade Initiative (ETI) Base Code as a reference standard.

As a minimum, we expect:
- employment is freely chosen
- the right of collective bargaining
- safe and hygienic working conditions
- no use of child labour
- living wages are paid
- no excessive working hours
- no discrimination
- regular employment
- no harsh or inhumane treatment.
In meeting these expectations, you should have a full understanding of your business operations and wider supply chain, and ensure that any potential human rights risks are assessed, managed, and mitigated. You must comply with the requirements of the Modern Slavery Act 2015, and we encourage you to publish an annual modern slavery statement on the [Modern slavery statement registry](#) regardless of whether this is a legal obligation to do so.

On request, we may require further information detailing your approach to due diligence, risk assessment and evidence of how you mitigate any identified risks in your own business and supply chain.

**The real living wage**

In the UK, National Grid has demonstrated its commitment to fair play via accreditation with the [Living Wage Foundation](#). This commits both National Grid and contractors working on its behalf to pay, as a minimum, the real living wage as promoted by the Living Wage Foundation.

This is defined as contractors aged over 18 who work on behalf of National Grid for two or more hours a week for eight or more consecutive weeks.

This is an important principle for us, not just because it is the right thing to do, but because as a responsible business, we believe that everyone should be appropriately rewarded for the vital work we do to safely and reliably connect people to the energy they use.

The requirements of the Living Wage Foundation are mandated for all new UK contracts and embedded into our contract terms and conditions. We are asking for voluntary participation from suppliers within existing contracts. On request, we may require verification that the real living wage is being paid where contractually stipulated.

We expect employment agency partners to uphold the same standards of employment that we offer our direct employees and adopt the “employer pays” principle. This means that no employee of National Grid should ever have to pay to obtain access to temporary or permanent work within our organisation or supply chain.

**The Prompt Payment Code**

National Grid has demonstrated its commitment to the fair treatment of our suppliers by signing up to the Prompt Payment Code. We encourage our suppliers to adopt the principles of this code throughout their own supply chains.

For further information please visit the government website.

**Conflict minerals**

National Grid is committed to complying with Section 1502 of the Dodd-Frank Act (“Conflict Minerals Rule”), a US federal law that requires us to publicly disclose the use of conflict minerals. The term ‘conflict minerals’ generally refers to cassiterite (tin), coltan (tantalum), wolframite (tungsten), and gold, or derivatives of these minerals from the Democratic Republic of Congo (DRC).

Our policy is not to use products containing conflict minerals. We expect you, as a business in our supply chain, to have a policy and controls in place to monitor and prevent the use of minerals sourced illegally or unethically.

If you know, or have reason to believe, that conflict minerals may be contained within the product that you are supplying to us and these are not from recycled or scrap sources, you must exercise due diligence to determine the source and chain of custody of the conflict minerals or derivatives, you must document your efforts and make your due diligence measures available to us on request and provide us with evidence of the origin of the conflict minerals in products supplied by you to us.
Section four
Communities

We will deliver sustainable energy safely, reliably, and affordably, ensuring no one gets left behind.

Supplier diversity, equity, and inclusion

We recognise that the markets in which we operate are multicultural and diverse. In turn, we need to support and develop diverse business enterprises within our communities.

It is National Grid’s corporate policy to support supplier diversity, equity and inclusion. Expanding the diversity of suppliers in our supply chain is an important part of our procurement strategy. We understand the value of an inclusive supply chain that is richly diverse with ethnic, minority, women, LGBTQ, disabled, veteran and small and medium enterprises and other diverse businesses reflective of the communities we serve across the globe.

The Procurement department will support diverse businesses and build local diverse business capabilities to ensure these businesses have an equal opportunity to participate in the procurement process at National Grid.

Our Global Supplier Diversity Policy outlines our commitments, and this should be understood and applied into the supply chain ensuring there is an established approach to diversity, equity, inclusion, and respect in all aspects of business.

As a responsible business partner and active community participant, National Grid views supplier diversity as not just an internal corporate priority and policy but as an external priority to be supported and embedded in our communities. Diversifying our supply chain plays an important role in carrying out our core mission and delivering on our purpose. We want to ensure that we support the communities that we serve by acknowledging and addressing the economic and social concerns confronting them especially in today’s uncertain and challenging climate. Taking steps to provide for a diverse and inclusive supply chain is one way that we can do this. We work to address social inequalities and provide opportunities to diverse suppliers in our service territories with a commitment to:

- raise awareness around the existence and capabilities of diverse suppliers
- increase diverse supplier participation in sourcing opportunities
- identify subcontracting opportunities for diverse suppliers
- track and support spend with diverse suppliers
- mentor and strategize with diverse suppliers
- invest in skills training to prepare diverse suppliers to support and participate in today’s and tomorrow’s energy and utility sector. Responsibility at National Grid means applying our values to everything we do, every day. It’s what society expects us to:
  - do the right thing
  - find a better way
  - make it happen.

And our team at National Grid is working hard to make it happen for diverse suppliers across the globe.

National Grid tracks Tier II Supplier Diversity spend in the USA and will request that US vendors supply us with your diverse spend numbers via our third party spend tracking tool. We encourage you to consider the use of small and diverse vendors in all your procurement activities.
Section five
Economy

We will power and heat society, and partner with regulators, our business partners, suppliers, and other key stakeholders.

Community and workforce resilience
Our approach to responsibility in our communities goes beyond safely maintaining the resilient energy system society expects. It is also about making sure our economic and social role in the community has the greatest possible positive impact.

We recognise the role the supply chain can play in supporting this approach and National Grid expects suppliers to understand how their activities impact their local area and wider community. We encourage them to make positive contributions and investments where appropriate, for example by providing local employment opportunities, skills, development, and workforce volunteering. We expect our suppliers to build positive relationships and minimise disruption to communities.

National Grid is committed to skills development within our own business and that of our supply chain to meet the skills gap challenges recognised as an issue in our industry. We strive for affordability and fairness, and we will develop skills for the future, with a focus on lower income communities to meet workforce resilience demands.

We expect our suppliers to support our approach to developing the workforce of the future to meet our net zero commitments and focus on formal training programs targeted in areas considered to be in short supply. This includes the use of apprentices, graduate schemes, and other development/training programmes.

Resilience and business continuity
National Grid expects all businesses in our supply chain to have aligned resilience and business continuity arrangements with Crisis Management and Pandemic Plans in place. These should be tested annually to ensure that you can continue to provide your services to National Grid in the event of any disruption to your operations.

As a minimum, these resilience arrangements should consider:
- people
- premises
- process (information and technology)
- providers.

These arrangements should be reviewed and exercised on a regular basis. More detail will be provided through the procurement process and contained within individual contracts, where business continuity arrangements may be subject to review as part of the ongoing management of the contract.
Section six
Environment

We will enable a fair and affordable transition to a clean energy economy and reduce our own emissions.

Protecting the environment
At National Grid we are committed to being a responsible business, we recognise the value of the natural environment and we ensure that environmental sustainability considerations are included in our investment, procurement, and operational decisions.

We expect all our suppliers to support us in this approach and actively work towards making a positive impact on environmental factors linked to our operations. We are all responsible for protecting the environment.

As a minimum we require you to:

• comply with all legal requirements and obligations and have in place an environmental management system that is aligned to the requirements set out in standards such as ISO14001.

• act to prevent pollution which may result from your activities

• ensure that any activities that have an impact on natural habitats are conducted in a manner to protect biodiversity

• assess ways to reduce the impact of climate change on your activities by implementing mitigation and adaptation measures

• implement an environmental strategy and establish relevant metrics and targets, including, but not limited to:
  - the reduction of GHG emissions, helping us on our journey to net zero (and supporting the CDP supply chain program if requested)
  - a waste management process, aiming for zero waste sent to landfill (and if requested, report how much waste you produce)

  - tracking of energy usage, using renewable sources where feasible and increasing energy efficiency where possible. Provide energy efficiency strategies upon request.

  - ensuring resources are used efficiently, through good design, the use of sustainable materials, using less packaging, re-use, recovery, and recycling of materials

  - seeing ways to enhance the natural value of the area for the benefit of communities and/or the environment

  - a water management process to manage related risks including current and future water stress.

Our aim is to be a leading global utility, demonstrating technical and commercial solutions to help achieve net zero for the energy sector. We have targets to reduce our own greenhouse gas emissions and continue to explore making them more ambitious. We encourage all our suppliers to align to targets that are aimed at limiting the global temperature rise to 1.5C (above pre-industrial levels).
We will make sure our governance mechanisms reflect our commitments, and that the principles of responsibility guide us in everything we do.

Business Ethics Standards, fraud, bribery, and corruption

At National Grid, we are committed to conducting our business in a fair, honest, and open way, and we expect you to be honest and fair as you conduct your business. We have a zero-tolerance approach to any type of bribery, fraud, or corrupt business practices. We expect you to have a programme in place to prevent these activities and to have procedures in place in accordance with all applicable local, state, federal or national laws or regulations.

This includes without limitation, the UK Bribery Act 2010, UK Finance Act 2017 (Criminal facilitation of Tax Evasion) and the US Foreign Corrupt Practices Act 1977.

We require you to have processes in place to protect employees who provide information related to any unfair or inappropriate business activities (whistleblowing), ensuring that you do not reveal their identity. In return, we ask that you communicate with us any business activities that could be deemed inappropriate so we can proactively work together to find resolution. In the event that we need to investigate any concerns, we expect you to fully cooperate and support/ facilitate any required investigative activity.

National Grid reserves the right to review your control procedures associated with the prevention and detection of fraud, bribery, and corrupt business practices. If we have serious concerns, whether they relate to our business or not, we will review our relationship with you.

Entertainment, hospitality, gifts, and cash rewards

We require you to help enforce our rules on business rewards, such as gifts, meals, hospitality, and entertainment.

We may accept hospitality and entertainment as long as it is appropriate, has a genuine business purpose and is within the guidelines as set out in our Code of Ethics. The best way to avoid a potential conflict of interest is to avoid offering gifts, rewards, hospitality, or entertainment to our employees altogether.

We do not expect our employees to take part in any activity that would affect their judgement when dealing with you. We do not allow our staff to accept cash or cash equivalents, such as gift certificates.

Employees who directly buy goods, works or services for our business are not allowed to give or receive any gifts, hospitality or entertainment.

Testimonials and endorsements

We will not give testimonials or individual company endorsements including customer feedback surveys, and you should not request them. We may provide factual references on requests for work that has been completed on our behalf.

Social media

Social media is now an integral part of our society. It enables us to convey messages and opinions to a wide audience instantaneously. The messages you convey become permanent public statements reflecting upon you, your business, your clients, and customers – we must be able to recognise the perception of these actions and behaviours. We expect you to use social media in a responsible, reasonable, and respectful manner and any comments you make to align with the ethical values of National Grid.
If your social media activity is linked in any way – or could be deemed to be related to National Grid – by our customers, key stakeholders or others, the company has a legitimate interest in what is in the content being published, whether this is posted through a business or personal account. In particular, the posting of confidential National Grid proprietary information or business secrets, discriminatory, harassing, offensive, bullying, abusive, threatening, false or misleading comments is unacceptable. No new social media channels should be created using National Grid’s brand without permission from the Group Social Media Team. Don’t share embargoed company announcements prior to the time and date specified, or discuss sensitive business-related topics, such as our performance, or anything else to jeopardise our trade secrets, confidential company information or intellectual property.

Any breach of the above may result in action and could involve us requesting that you cease providing services to National Grid. Anyone suspected of committing a breach of this policy will be required to cooperate with our investigation.

Remember that, when you give recommendations about working with certain people you are doing this in your personal capacity, and this must be clear in the wording you use. You must not suggest that National Grid is recommending or endorsing. You cannot refer to other National Grid colleagues by name without their express consent. Your recommendation must also not refer to any National Grid proprietary information or anything else that is confidential or involves our customers.

Contractors working as contracted employees should ensure to adhere to the Group Social Media Policy on Grid:home.

Security
National Grid is committed to ensuring effective controls are in place to protect employees and company assets, including physical and intangible assets such as information.

Any significant compromise of personnel, physical, information, or IT security could result in disruption, with potentially serious economic, delivery, safety, and social consequences.

We expect all our supply chain partners to demonstrate a similar commitment to security and have at a minimum the:

- appropriate internal policies and procedures covering people (e.g. background checks), process and technology
- security controls proportionate to the risk, which support the policies and procedures
- independent accreditation and assurance that security controls are in place
- necessary controls in place to detect security anomalies
- plans defining the appropriate activities to perform to respond to security incidents and events and recover from them.

In addition, any suppliers with access to National Grid data, equipment, people or information assets will also be required to review and understand National Grid’s Security Policies and align with the requirements of (or be equivalent to) National Grid’s IT Control Set.

Any violations of National Grid’s Security Policies will be investigated and appropriate action will be taken.

Operational security
To ensure our commitment to delivering operational excellence, including excellent levels of security we will be relying on the cooperation of suppliers.

If you have been identified as a supplier who supplies us with a product or service which supports a National Grid operational system, service, or asset, we expect you to:

- agree and implement enhanced organisational and technical policies, procedures, and controls where relevant
- work with us to provide any information requested by the pertinent authorities to ensure we are compliant with the relevant laws and regulations.
Data protection

Personal data should be protected fully in compliance with all relevant data protection legislation including but not limited to the Data Protection Act 2018 (which incorporates the General Data Protection Regulations), California Consumer Privacy Act (or California Privacy Rights Act), New York SHIELD Act, Massachusetts Data Security Regulations, and Health Insurance Portability and Accountability Act.

Data protection and privacy laws regulate the collection, storage, use, disclosure, retention, and disposal of personal information, which can identify a living person.

We risk assess and carry out due diligence on our suppliers to ensure they meet our required standards. This may involve the collection of supplier personnel personal data, including, but not limited to the results of any background checks, names, and email addresses.

We expect you to have obtained the necessary legal consents or be able to demonstrate other lawful grounds for us to receive and process this personal data. We also expect you to process any personal data shared with you by National Grid lawfully and in accordance with your contractual obligations.

We expect you to:

- process personal information in a fair, lawful, proportionate and transparent manner
- only collect the personal information required to fulfil the service you are providing and to not further process this information in a manner incompatible with this service
- take steps to ensure personal information remains accurate and up to date
- have a retention schedule to ensure personal information is not retained longer than is necessary
- implement organisational and technical measures to ensure the integrity and confidentiality of personal information and provide independent accreditation and assurance over the controls related to the services (i.e. ISO 27001/SOC 1 and/or SOC 2, or equivalent standards)
- reasonably co-operate with and assist on data protection impact assessments or compliance matters which relate to the processing activities being carried out by you on behalf of National Grid.
- report as a matter of urgency any unauthorised disclosure of personal data which you are processing on National Grid’s behalf and to fully co-operate with any remediation efforts and subsequent investigation
- only share personal data (or any other confidential information) with third parties where there are lawful grounds to do so and you either have prior written consent from National Grid to do so, or this is permitted by your contractual terms and conditions with National Grid
- only transfer personal data outside the United Kingdom where this is lawful and permitted by your contractual terms and conditions with National Grid.

Subcontracting and supply chain

Where allowed under the terms of the contract with National Grid to subcontract work or services to third parties, we require the following:

- prior written approval for contractors with transparent support locations
- subcontractors and third parties are informed, agree, and adhere to the provisions of this Supplier Code of Conduct and relevant agreements
- risk assessments with proper due diligence performed
- agreement that you are responsible for all acts of any subcontractor or third parties
- provide evidence upon request that the above is taking place.

Tax Compliance

National Grid expects its suppliers to ensure that they remain compliant with changes to UK tax law, and we will not work with suppliers who engage in any practices which may constitute tax evasion or involve workers not being taxed appropriately. For example, we expect you to have procedures in place to prevent the facilitation of tax evasion and to prevent other offences as set out in the Criminal Finances Act 2017.

We would also like to remind you of the importance of the changes to the off payroll working rules (IR35) effective from April 2021. We expect individuals involved in providing services to National Grid to be paid subject to deduction of PAYE tax. It is only permitted for individuals to provide their services via a personal service company (PSC), Sole Trader or other type of intermediary within our supply chain in exceptional circumstances.
If, in exceptional circumstances, you are providing services to National Grid which include a supply of labour through an intermediary (such as a PSC or Sole Trader), you must inform your National Grid Hiring Manager before services commence, so that compliance checks can be undertaken. If you are in any doubt as to whether a staffing arrangement you are using is affected by the off payroll working rules you should discuss this with your National Grid Hiring Manager. Failure to do so could place your organisation and National Grid at risk of being in breach of tax law, and National Grid reserves the right to require the immediate removal of any individuals found to be providing services via a PSC without approval within the supply chain.

**National Security and Investment Act**

National Grid is responsible for critical UK national infrastructure, and we, therefore, ask all suppliers to familiarise themselves with the legal regime under the National Security and Investment Act 2021 (NSIA). We expect our suppliers to notify us immediately if they believe that they may be subject to a “qualifying acquisition” under the NSIA, and on an ongoing basis, to assess and manage all other risks which the NSIA may give rise to. The NSIA applies throughout the life cycle of a transaction from pre-tender and through the entirety of project delivery. It also applies retrospectively to transactions already entered into. We reserve the right to raise clarification questions of suppliers in this regard at any time, and National Grid will make mandatory notifications under NSIA where required to do so by law. National Grid may also choose to make voluntary notifications under NSIA where it has concerns, in respect of a particular contract, which are relevant in the context of the NSIA.

Please note that in circumstances where the NSIA applies, the UK Government may issue an order which would have the effect of preventing National Grid from being able to continue to engage with you. This may result in termination of your contract with National Grid. Further information regarding the operation of the NSIA may be found [here](#).

**Monitoring and reporting**

National Grid requires you to evaluate your activities to make sure you are keeping to this Supplier Code of Conduct and adhering to its provisions throughout your work. We expect you to be able to demonstrate compliance to the principles set out in this document whilst working on behalf of National Grid. With this in mind, we require all suppliers to answer pre-qualification questionnaires accurately and maintain specified accreditations throughout the term of your contract with National Grid. For UK Suppliers, we expect you to maintain accreditation of the “Verify” requirements as part of the UVDB Achilles system.

You must have a process in place to remedy any instances of non-compliance, breaches or problems identified through audits, reviews, or inspections. You should bring to our attention immediately any significant issue, non-compliance or potential breach of legislation or regulation.

We also expect you to investigate and report any concerns or complaints you have about issues to do with breaking the law or standards which relate to our business, sub-suppliers or sub-contractors. We can then investigate and deal with these issues. We expect you to fully co-operate with us during any investigation we carry out and we do not accept any type of retaliation against any person or business who raises any concerns.

You should have suitable training in place for key personnel working with National Grid, introducing this Supplier Code of Conduct and its provisions along with your relevant policies and procedures. We may request, periodically, a letter of assurance certifying that you have complied or have brought issues to National Grid’s attention in a timely manner. We may conduct an audit or ask for further information relating to any of the areas mentioned above.
If you have any questions relating to the content of this policy, you should contact your Contract Manager where relevant. If you want to raise a concern or breach, please contact National Grid’s Global Assurance Team using the details below:

**UK**
Focus helpline: 0800 298 6231*
Email: report@seehearspeakup.co.uk

**In-house**
Business conduct helpline: 0800 328 7212
Email: business.conducthelp@nationalgrid.com

**US**
Alert line: 1-800-465-0121*
Ethics Point - National Grid USA

**In-house**
Toll-free helpline: 1-888-867-6759
Email: businessconduct@nationalgrid.com

* (lines are open 24 hours a day, seven days a week)