

# Supplier Code of Conduct

September 2016



## Introduction

National Grid is an international electricity and gas company at the heart of one of the greatest challenges facing our society – delivering clean energy to support our world long into the future. Based in the UK and north-eastern US, we play a vital role in connecting millions of people safely, reliably and efficiently to the energy they use.

Working with all our stakeholders, including our supply chain, we promote the development and implementation of energy solutions that are sustainable, innovative and affordable.

The purpose of this Supplier Code of Conduct is to share our expectations and fundamental principles, which should extend into your own supply chain. We value our business relationship with you, as you play an essential part in helping create a more socially and environmentally responsible supply chain.

We expect you to carry out your business in line with the values and aspirations outlined in this document. We expect all our suppliers to act in accordance with the highest ethical standards, and to comply with all relevant laws, regulations and licences when working for National Grid. We must ensure that we keep to the law, our policies and licences, and that we behave in line with our values.



Vivienne Bracken  
Chief Procurement Officer

## 1. Business ethics standards

At National Grid we are committed to promoting an environment where everyone can do the right thing and feel comfortable raising concerns about actions or decisions that they think are unethical.

We should all build an open culture in which doing the right thing comes naturally and wrong-doing is unthinkable and unacceptable. To do this, we must all take responsibility for achieving the highest standards of ethical behaviour.

At National Grid we will not tolerate poor ethical standards. We expect all of our suppliers to be prepared to challenge unethical behaviour. Examples of unethical behaviour may include, but are not limited to, bullying, harassment, discrimination, and any other unfair practices committed at a personal or corporate level. If you believe that an employee or contractor, or anybody else doing business with us, has acted unethically or unlawfully, you should quickly bring this to our attention.

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

### 1a Our core values

Our core values define the way in which we are expected to act as individuals and in teams.

National Grid shall:

- respect others and value their diversity;
- take ownership for driving performance; and
- demonstrate integrity and openness in all relationships

These values are the foundation of our business and everything we do.



### 1b Fraud, bribery and corruption

At National Grid we are committed to carrying out our business in a fair, honest and open way, and we expect you to be honest and fair when you carry out your business. We have a zero tolerance approach to any type of bribery, fraud or corrupt business practices, and we expect you to have a similar approach.

We expect you to have a programme in place to prevent and detect fraud, bribery and corrupt business practices. In particular, we expect you to have procedures in place to prevent bribery in accordance with all applicable local, state, federal or national laws or regulations. This includes without limitation the UK Bribery Act 2010 and the US Foreign Corrupt Practices Act 1977.

We expect you to have programmes which protect employees who give you information on any unfair or inappropriate business activities (whistleblowing), making sure that you do not reveal their identity.

If you find that bribery, corruption or fraud has taken place and this relates to work done on National Grid's behalf or otherwise relates to our business, you should contact our Global Assurance Team, contact details below. International enquiries can call either number.

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### United Kingdom

Focus helpline: **0800 298 6231**

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

Email: **report@seehearspeakup.co.uk**

#### In-house

Business conduct helpline: **0800 328 7212**

Email: **business.conducthelp@nationalgrid.com**

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### United States of America

Alertline: **1-800-465-0121**

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

Email: **www.nationalgridalertlineus.com**

#### In-house

Toll-free helpline: **1-888-867-6759**

Email: **businessconduct@nationalgrid.com**

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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.

### 1c Entertainment, hospitality, gifts and cash rewards

We expect you to help us keep to our rules on business rewards, such as gifts, meals, hospitality and entertainment. We may accept hospitality and entertainment as long as it has a genuine business purpose, and is within the guidelines as set out in 'Always Doing the Right Thing.' The best way to avoid a potential conflict of interest is to avoid offering gifts, rewards, hospitality or entertainment to our employees altogether.

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

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

We do not allow our employees to seek or take part in any:

- offensive or inappropriate entertainment;
- hospitality or entertainment based on the value of anything we or another organisation has bought; or
- hospitality or entertainment in return for influence or for a specific decision

### 1d Testimonials

We will not give testimonials and you should not request them. This includes testimonials in return for a potential discount.

### 1e 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 website [www.promptpaymentcode.org.uk](http://www.promptpaymentcode.org.uk)

## 2. Health and safety

We want to be a recognised leader in the development and operation of safe, reliable and sustainable energy infrastructure to meet the needs of our customers and communities.

One of the ways we will achieve this is to deliver excellent levels of safety, and ensure the wellbeing of our employees.

We recognise that our operations potentially give rise to risk. We believe that we can eliminate or minimise those risks to achieve zero injuries or harm, and to safeguard members of the public. We further believe that everyone in National Grid and those who we contract with, collectively and individually, has a part to play to achieve this.

You must ensure safety, health, and environment (SHE) aspects of contracted work and supplies are managed and robustly undertaken so as to ensure compliance with legislative requirements and industry good practice and enable sharing of SHE information and continuous improvement.

You must be committed to creating an environment which is safe, healthy and secure for all of your employees.



### 3. Protecting the environment

At National Grid we recognise the value of sustainability. For us this means that we are committed to business practices that preserve natural resources, save money and that are good for the community. That's why we make decisions that have a positive impact on environmental factors linked to our operations, and also on social and economic factors. We look to our suppliers to support us in meeting our policy objectives.

As a minimum we expect all suppliers to comply with all legal requirements and obligations and to have in place an environmental management system that is aligned to the requirements set out in standards such as ISO14001. In particular you should:

- set meaningful targets to improve environmental performance and openly report on performance against these targets
- identify and manage any chemicals, other materials and substances which would be hazardous if released into the environment, and make sure that you handle, move, store, recycle and dispose of these materials safely and in a way that will not be hazardous to the environment
- use materials in a responsible way which does not affect the well-being of people, animals, and other living systems
- identify all chemicals and other substances in your products, communicate this to National Grid when required and show that you are working to substitute or reduce where possible any harmful substances from your products
- ensure that any activities that have an impact on natural habitats will be conducted in a manner that is compliant with all legal/planning requirements and conditions, including the restoration and where possible the enhancement of any habitats impacted

We expect our suppliers to use renewable and non-renewable resources more efficiently. In particular you should:

- make a reasonable effort to reduce all types of waste including reduction at source, reuse and recycling
- ensure all waste is managed, treated and disposed of as the law requires, measure and report how much waste you produce and put in place processes to continually reduce the amount of waste sent to landfill

- make an effort to focus on eco-design and think of the 'life cycle' of products, for example, think about using less packaging, using fewer natural resources, reducing the energy you use, using more recycled materials and facilitating reuse, refurbishment or recovery of materials
- reduce the amount of energy consumed and use recognised methods to work out and report on your carbon footprint (how much carbon dioxide and carbon dioxide equivalent you directly or indirectly release into the environment) and demonstrate how you plan to reduce this impact

### 4. Resilience and business continuity

National Grid expects all businesses in our supply chain to have business continuity arrangements in place 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) and providers. 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.

#### 4a Security

National Grid is committed to ensuring effective controls are in place to protect corporate assets and employees. Any significant compromise of physical or cyber security could result in disruption, with potentially serious social and economic consequences. We would expect our supply chain partners to demonstrate a similar commitment to security and have appropriate policies and procedures in place to provide a continued safe and secure work environment. Security related controls should be proportionate to the risk, the detail of which will be contained within, and managed, through individual contracts.



## 5. Work and human rights

National Grid expects all businesses in our supply chain to respect the people they employ and to offer a safe workplace that is free from harm, intimidation, harassment or fear. The Ethical Trade Initiative Base Code, and the UN Global Compact Principles along with any local employment health and safety legislation, will be considered to be the minimum standard.

The extent of these rights extends, as a minimum, to the right of collective bargaining, a fair, or living, wage (or minimum wage if determined by local legislation outside of the UK), working age and hours. You must not use any forced labour, whether in the form of involuntary prison labour, indentured labour, bonded labour, or otherwise. All of your employees must have volunteered to work and must be free to leave or end their employment by giving reasonable notice. You must comply with the requirements of the Modern Slavery Act 2015.

National Grid is committed to promoting equal opportunities to all our employees, customers and suppliers. We treat all people equally with respect and dignity including those contracting to supply goods or services. We do not discriminate on the grounds of age, colour, disability, race, ethnicity, gender, marital status, gender reassignment, sexual orientation, maternity, religion, faith, caste, or on any other unjustifiable or illegal grounds. National Grid expects the same standards to be adhered to by all suppliers in our supply chain.

### 5a The Living Wage Foundation (LWF)

In the UK National Grid has demonstrated its commitment to fair pay via accreditation with The LWF.

The commitment to our direct employees also extends to contractors and their work on behalf of National Grid. In particular, this is defined as contractors aged over 18 who work on our sites for two or more hours in any given day in the 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. How we go about our business is as important as what we do; doing the right thing in the right way.

We are asking for voluntary participation from suppliers within existing contracts, and the requirements of the Living Wage will be mandated for all new contracts.

## 6. Conflict minerals

National Grid is committed to complying with Section 1502 of the Dodd-Frank Act (“Conflict Minerals Rule”) which is a US federal law that requires us to publicly disclose the use of conflict minerals. The term “conflict minerals” refers to certain identified minerals:

- columbite-tantalite
- cassiterite
- wolframite
- gold ores

which are respectively refined into:

- tantalum
- tin
- tungsten
- gold

and other minerals that the US Secretary of State may designate in the future, emanating from mining operations in the following covered countries:

- Democratic Republic of the Congo (DRC)
- The Republic of the Congo
- Central Africa Republic
- Tanzania
- South Sudan
- Burundi
- Zambia
- Rwanda
- Angola
- Uganda

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 materials sourced illegally or unethically and in particular conflict minerals sourced from any of the covered countries.

However, 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 upon request and provide us with evidence of the origin of the conflict minerals in products supplied by you to us.

## 7. Community and supplier diversity

National Grid expects suppliers to have an understanding of how their activities impact their local area and wider community, and we encourage them to make positive contributions and investments, for example by providing appropriate local employment opportunities, workforce volunteering and charity activities. We expect our suppliers to minimise disruption to communities.

It is National Grid's corporate policy to provide small and local businesses, minority ethnic, women owned and diverse business enterprises, with an equal opportunity to participate in National Grid's procurement and sourcing processes. The Procurement Department will develop, administer, and implement processes to ensure these businesses have an opportunity to participate in the procurement process at National Grid, which will include extending this policy through our supply chain.

## 8. Monitoring and reporting

National Grid expects you to evaluate your own activities to make sure you are keeping to this code of conduct throughout your work. We expect you to have the ability to demonstrate compliance to the principles set out in this document whilst working on behalf of National Grid.

You must have a process in place to remedy any instances of breaches, non-compliance, or problems you find through audits, reviews or inspections.

You should bring to our attention immediately you are aware of any significant issue or potential breach of legislation which may affect your working with National Grid.

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 co-operate with us fully during any investigation we carry out, and we do not accept any type of retaliation against any person or business who raises any concerns.

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.

You should have suitable training in place for key personnel working with National Grid introducing this document along with your relevant policies and procedures.

## 9. Subcontracting and supply chain

Where you are allowed under the terms of your contract with National Grid to sub-contract work or services to third parties, we expect those third parties to be informed of the provisions of this Supplier Code of Conduct and to adhere to its provisions. The same shall apply to any third parties supplying goods to your organisation in relation to your contract with National Grid.

