



Supplier Code of Conduct

November 2019

nationalgrid

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 United Kingdom (UK) and United States (US), we play a vital role in connecting millions of people safely, reliably and efficiently to the energy they use.

Our vision is to exceed the expectations of our customers, shareholders and communities today and make possible the energy systems of tomorrow.

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, economically and environmentally responsible supply chain.

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

At National Grid, how we work is as important as what we do.

National Grid reserves the right to verify your compliance with this Code.



Vivienne Bracken
Chief Procurement Officer

If you have a concern regarding any of the requirements outlined in this document, please contact National Grid's Global Assurance Team using the details below. International enquiries can be made to either the UK or the US.

UK

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

US

Alert line: 1-800-465-0121 (lines are open 24 hours a day, seven days a week).
<https://nationalgrid.alertline.com/gcs/welcome>

In-house

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

1. Business ethics standards

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

Our values are:

- Do the right thing
- Find a better way

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 information available on the front 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.

1a. 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. In particular, we expect you 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 give you information on any unfair or inappropriate business activities (whistleblowing), ensuring that you do not reveal their identity. In return, we ask that you communicate with us about any business activities that could be deemed inappropriate so we can proactively work together to find resolution.

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.

1b. 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 Ethical Business Conduct](#). 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. In particular, 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.

1c. 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 request for work that has been completed on our behalf.

1d. 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 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.

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



2. Health and safety

Ensuring the health, safety and wellbeing of our employees, contractors and members of the public is our number one priority at National Grid. We want to be a recognised leader in the development and operation of a safe, reliable and sustainable energy infrastructure to meet the needs of our customers and communities.

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 for National Grid, you must understand your Health, Safety and Wellbeing 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. To provide assurance in this important matter, we may request that you are subject to periodic independent audits for the duration of your engagement with National Grid.

3. Protecting the environment

At National Grid, 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. 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

- implement an environmental strategy and establish relevant metrics and targets to drive positive impact
- act to prevent pollution which may result from your activities
- use resources more efficiently through good design, the use of sustainable materials, using less packaging, re-use, recovery and recycling of materials
- assess ways to reduce the impact of climate change by implementing mitigation and adaptation measures
- reduce Greenhouse Gas (GHG) emissions (support the CDP supply chain program if requested)
- ensure that any activities that have an impact on natural habitats are conducted in a manner to protect biodiversity
- seek ways to enhance the natural value of the area for the benefit of local communities and/ or environment
- track energy usage and use renewable resources where feasible and non-renewable resources more efficiently. Provide energy efficiency strategies upon request
- implement a waste management process and, if requested, report how much waste you produce aiming for zero waste sent to landfill
- manage water related risks including current and future water stress.



4. Resilience and business continuity

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

4a. 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 cyber security could result in disruption, with potentially serious economic, delivery, safety and social consequences.

We 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. Data protection

Personal data should be protected fully in compliance with all relevant data protection legislation including the General Data Protection Regulations or equivalent provisions.

Data protection and privacy laws regulate the collection, storage, use, disclosure 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 consents from your personnel for us to receive and process this personal data.

We expect you to:

- process personal information in a fair, lawful 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.



6. 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 National Global Compact Ten Principles, the International Labour Organisation (ILO) standards, the US 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
- payment of a living wage
- 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, and we encourage you to publish a statement on modern slavery regardless of whether this is a legal obligation to do so.

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

6a. The Living Wage Foundation

In the UK, National Grid has demonstrated its commitment to fair pay 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 set by the Living Wage Foundation. 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.

The requirements of the Living Wage Foundation are mandated for all new 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.

6b. 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 the 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 materials 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.

7. Supplier diversity and inclusion

We recognise that the markets in which we operate are becoming increasingly 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 provide small and local businesses, minority ethnic, women owned and all diverse business enterprises including those who support people with disabilities, with 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.

National Grid has a Supplier Diversity Policy, and this should be understood and applied into the supply chain ensuring there is an established approach to fairness, inclusion and respect in all aspects of business.

8. Community and workforce resilience

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 and ensure workforce resilience to meet future infrastructure demands. We expect our suppliers to support our approach to developing the workforce of the future 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.

9. 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.

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.

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 Supplier Code of Conduct and its provisions along with your relevant policies and procedures.

10. Subcontracting and supply chain

Where you are allowed under the terms of your contract with National Grid to subcontract work or services to third parties, we require 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. We may request evidence of this taking place.



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