

# Global Procurement: Our Sustainability Policy

Version 2.0 – August 2015

## Introduction

National Grid has an ambition to transform the way we do business and provide a sustainable legacy as a result of our operations. National Grid has set targets across the business around being leaders through business practices that save natural resources, save money and that are good for the community and reduce impact on the environment.

Our Sustainable Procurement policy, when linked to National Grid's [Supplier Code of Conduct](#) and Environmental Policy, presents a robust approach to procuring goods and services sustainably and works towards delivering sustainability throughout the lifecycle of the contract. National Grid is committed to embedding sustainability into its decision making at tendering, sourcing processes and throughout contract management in order to create value, preserve natural resources and respect the interest of our communities.

We strongly encourage supplier innovation and sharing of ideas, new products and co-develop ways to address sustainability issues. 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.

*(This Global Procurement Sustainability Policy provides a framework to support the embedding of sustainability within our Procurement Sustainability Strategy and should be read alongside additional sustainability guidance documents.)*

## Principles

Our Procurement Sustainability Policy is grounded on the premise that all supply chain management decisions should be made in consideration of three elements;

- Environmental
- Social
- Economic

It is our intent that our suppliers will also make their own supply chain decisions this way.



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**Environmental** - National Grid's Environmental Policy clearly states our environmental ambitions and can be found here: [Environmental Policy](#)

Environmental performance can be measured and we take strides to do so. Reducing air emissions, water and land impacts as well as waste reductions are important to us and can be readily measured. We have set challenging targets for Greenhouse Gas (GHG) emissions reduction, metallic asset recovery and site plans to enhance biodiversity and ecosystems. We have also made external commitments, including putting a price on carbon and signing up to the Carbon Disclosure Project (CDP) and Infrastructure Carbon Review, committing us to considering environmental sustainability in our investment decisions.

Our supply chain is fundamental to helping us achieve our targets and deliver on commitments. In addition we see progress being made in the area of protecting biodiversity and encourage our suppliers to grow in this space as well.

**Social** - We expect 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 believe that suppliers and the supply chain are an important and integral part of helping create a more socially and environmentally responsible supply chain. This also includes complying with the United Nations Global Compact.

**Economic** - We believe that sustainable business is good business and that considering environmental and social factors in decision-making and contract management leads to risk reduction and improved financial performance over the lifetime of projects and services. Suppliers are expected to remain competitive during the tendering process while fulfilling their commitment to this policy. Where these commitments bring additional cost, these costs shall be clearly separated as optional extras and a rationale provided if increased initial costs will lead to lower life cycle costs.

## **Specific Considerations for Supply Chain**

National Grid encourages all of its suppliers to be innovative and creative in both addressing our tenders, delivering the contract and in conducting their own business. We encourage innovation and creative solutions in the following areas where applicable, relevant and appropriate.



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## Biodiversity

Suppliers should:-

- Identify, measure and manage the impact of their activities in order to mitigate the risk of any damage to ecosystems and habitats in order to protect biodiversity.
- Propose innovative or creative approaches to enhance habitats, biodiversity and the community benefit this brings through the goods and services provided to National Grid.



## Energy Efficiency

Suppliers should:-

- Track energy usage and sources in relation to the operations of their manufacturing, facilities and operations.
- Provide energy efficiency strategies upon request.



## Greenhouse Gas Emissions (GHG)

Suppliers should be proactive in:-

- Monitoring, reporting and publicly disclosing their GHG emissions through a globally recognised programme.
- Taking steps to reduce their GHG emissions across the lifecycle of projects and services.



## Logistics, Travel and Transportation

Transportation, travel distances, fuel consumption and environmental impact for all products and services supplied to National Grid will be minimised by techniques such as route optimisation, shared vehicles, use of energy efficient transportation methods and alternative fuel technologies. We encourage meetings to be held via video conferencing or other electronic solutions where possible.

## Material usage

From the design phase onwards suppliers should aim to minimise usage of finite materials and consider recoverability of materials from products at end of life where possible.

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## Packaging

Suppliers should:-

- Minimise the packaging of all goods supplied to National Grid, while still providing the required level of protection.
- Use re-usable packaging rather than disposable packaging.
- Ensure the wood for wood packaging comes from a certified sustainable source.



## Timber/ Wood Products

Where products containing wood are provided to National Grid, suppliers should provide certification proving the wood has been obtained from a certified sustainable source.



## Waste Management

- Waste shall be kept to a minimum and designed out where possible.
- Suppliers should implement a suitable waste management process and aim for zero waste to landfill.



## Water

Suppliers should manage water related risks (including current and future water stress), particularly the impact of their operations and activities on water availability and quality wherever they occur and put in place plans to minimise any impacts.



*National Grid suppliers shall ensure they comply with this Policy along with our Supplier Code of Conduct and National Grid may, at any point, request information or evidence from suppliers to ensure compliance. If a supplier is found to be in breach of either document National Grid will take additional action to ensure its supply chain acts in a sustainable manner. This may where appropriate result in joint development plans or action plans being issued, contractual penalties or, in extreme cases, early termination of contracts.*

## Timing

Effective Date: 19 August 2015

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## Version History:

Date of Release	Version	Changes Made	By Whom
22-Aug-16	2.1	<ul style="list-style-type: none"> <li>Classification changed to Internal Use Only</li> </ul>	UK/US Process Teams
24-Aug-15	2.0	<ul style="list-style-type: none"> <li>Policy refreshed and agreed UK/US by Band A/Bs; Corporate communications have formatted and edited in line with branding regulations. Policy to be implemented and rolled out by 1 September 2015</li> </ul>	Sonia Gandhi
23-Feb-15	1.1	<ul style="list-style-type: none"> <li>Added Version History to 8. Timing paragraph.</li> <li>Cosmetic change only made. Full review to be commenced and changes will be incorporated when the work is completed. Decision made not to standardise the format at this stage; will be done as part of the wider review being led by Bridget Ferrari.</li> </ul>	UK/US Process Teams
Dec-13	1.1		UK/US Process Teams

## Review & Approval Status:

Version	Status	Date	Comments
2.0	Draft	09-Jul-15	See Version History above for changes made.
2.0	For Review	09-Jul-15	
2.0	Approved	28-Jul-15	Approved by Band A.
2.0	Published	01-Sep-15	Uploaded to Infonet
2.1	Date of next review	31-Aug-17	