



# Supplier Code of Conduct

November 2020

nationalgrid

# Introduction

**National Grid lies at the heart of a transforming energy system spanning the UK and the US and is committed to being a responsible business in everything we do. It is enshrined in our purpose – to Bring Energy to life. 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.**

**Based in the United Kingdom (UK) and United States (US), we play a vital role in delivering electricity and gas to millions of people. We will always do this safely, reliably and in a fair and affordable way for all.**

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.

The purpose of this Supplier Code of Conduct is to share our expectations and fundamental principles, which should extend into your business and 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, to act in accordance with the highest ethical standards and comply with all relevant laws, regulations and licenses when working for National Grid.

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.



**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](mailto:report@seehearspeakup.co.uk)

In-house  
Business conduct helpline: 0800 328 7212  
Email [business.conducthelp@nationalgrid.com](mailto: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](mailto: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
- Make it happen

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 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.

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 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. 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 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.

## 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

In line with our key values, 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 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
  - seeking 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)



## 4. 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.

## 5. 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 our supply chain partners to demonstrate a similar commitment to security and have at a minimum the;

- appropriate internal policies and procedures covering people, 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
- have the necessary controls in place to detect security anomalies
- plans defining the appropriate activities to perform to respond to security incidents and events

## 5a. 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.

## 6. 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.



## 7. 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
- 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 2015, 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.

### 7a. The Real Living Wage

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 promoted 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 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 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.

## 7b. 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.

## 8. 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. 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, small and medium enterprises and other diverse businesses reflective of the communities we serve across the globe.

The Procurement department will develop, administer and implement processes to address social inequalities and provide opportunities to diverse suppliers 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.

## 9. Community and workforce resilience

Our approach to responsibility in our communities goes beyond safely maintaining the resilient energy system society expects. It's 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.

## 10. 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.

## 11. 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 any and all acts of any subcontractor or third parties
- Provide evidence upon request that the above is taking place.



## 12. 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 avoid 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 being prepared for changes to the off-payroll working rules (IR35) which will take effect from April 2021. To optimise compliance, individuals must only be engaged in providing services via a personal service company (PSC) within our supply chain in exceptional circumstances.

If in exceptional circumstances, you are supplying workers to National Grid through an intermediary (such as a PSC), you must inform your National Grid Hiring Manager as soon as possible and no later than 1 March 2021 so that compliance checks can be undertaken. There is a continuing obligation on you to notify the National Grid Contract Hiring Manager before any other individuals are supplied to National Grid to whom IR35 may apply. Failure to do so could place your organisation and National Grid at risk of being in breach of tax law. National Grid reserves the right to require the immediate removal of any individuals providing services via a PSC without approval.

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