



Annex

A11.04 – Procurement Benchmarking

December 2019

As a part of the NGET Business Plan Submission

nationalgrid

Supply Chain Sustainability Industry Benchmarking

June 2019

To develop the supply chain sustainability commitments, industry benchmarking was carried out to ensure the plan was ambitious and reasonable. A summary of the benchmarking is included in the table below. The table also shows our current industry position in these areas, and where we plan to be in future based on our targets.

Target (What)	Current Position	Future Position	Industry Benchmark
<p>We commit to all our UK suppliers, Tier 1 and beyond, paying the real living wage to their employees and that we will verify this to Tier 1. We will prioritise verification in relevant categories of spend (where low wages are a potential risk). This may also extend beyond Tier 1 where the employees are sub-contracted to work on our sites.</p>	<p>Leader</p> <p>(All 3rd party contractors are required to pay real living wage)</p>	<p>Leader</p> <p>(Verification of implementation and quantification of positive impact)</p>	<ul style="list-style-type: none"> • SSE 'committed to be a leading company' by paying the living wage in the future • Marshalls – Living Wage Foundation (LWF) accredited • 36 of the FTSE100 are LWF members
<p>We commit to driving skills development in the supply chain by requesting that a minimum of 5% of the supply chain technical headcount is upskilled annually</p>	<p>Leader</p>	<p>Leader</p>	<ul style="list-style-type: none"> • Heathrow - support skills development to reduce local unemployment • 'Social Value in Government Procurement' report – Outcome: Improved employability and skills
<p>Maintain top quartile FTSE100 position for modern slavery index rating</p>	<p>Leader (12th Leader)</p>	<p>Leader</p>	<ul style="list-style-type: none"> • Marshalls – Alignment to United Nations Global Compact (UNGC) and Ethical Trading Initiative (ETI) base

	‘One of a small cluster of leaders’)		Code to promote transparency <ul style="list-style-type: none"> • M&S – top of FTSE 100 • Heathrow - Fair employment practices including labour standards and human rights
75% of our suppliers engaged via CDP will have carbon reduction targets	Expected (KPI of 80% response rate)	Leader	<ul style="list-style-type: none"> • BT - approved science based carbon reduction target in supply chain of 29% by 2030 (2016/17 baseline) • McDonalds – 31% reduction in supply chain emissions by 2030 • Skanska - committed to reduce the carbon emissions of its UK business to zero by 2045, without purchasing carbon credits for offsetting
Provide equal opportunities to relevant suppliers as part of the sourcing process	Expected (part of Supplier Code of Conduct)	Expected	<ul style="list-style-type: none"> • Costain - ‘providing a positive legacy’, 75% of new projects >£100m calculating social economic value • Amey - supporting the ‘buy social,’ a corporate commitment to spend x% with social enterprises • Heathrow – #SMEs securing deals through attending business summits
Ensure equal opportunities are provided in the supply chain	Expected (Part of Supplier Diversity Policy/Supplier Code of Conduct)	Leader	<ul style="list-style-type: none"> • Kier - Disability Confident Commitments • Fairness Inclusion and Respect (FIR) Commitments – supply chain sustainability school signatories
Alignment to ISO20400 Sustainable Procurement Guidance Standard	Expected (Sustainability considered in sourcing process)	Leader (Annual gap analysis and action plan agreed to address gaps Sustainability and responsible sourcing process)	<ul style="list-style-type: none"> • Balfour Beatty - independently assessed to the ISO20400 standard for sustainable procurement – recognised as leader • Heathrow = # senior managers trained on sustainability
Drive change through industry collaboration	Expected	leader	<ul style="list-style-type: none"> • Balfour Beatty, Costain, Marshalls etc. support industry commitments +

			membership of working groups
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Additional information

To ensure we establish a process that is aligned to industry standards we undertook a gap analysis against the ISO20400 Sustainable Procurement Guidance Standard in 2018.

This allowed us to identify key areas to enhance our approach to sustainable/responsible procurement. We have now embedded sustainability considerations into our sourcing process to ensure relevant criteria are included in our engagement with the supply chain.

We use the Achilles UVDB (Utilities Vendor Database) to pre-qualify our suppliers and undertake Verification audits of our suppliers to ensure compliance with our standards.

National Grid has taken a leading position in many areas to drive the sustainability agenda through the supply chain and is using its influence as a client to support several collaborative industry initiatives and commitments including the EU Procurement Skills Accord, CDP Supply Chain Climate Change program, the Achilles UVDB working group, the Construction Protocol and the United Nations Global Compact (UNGC) working group to address modern slavery amongst others. We also work collaboratively with our peers and suppliers to ensure we are aligned on requirements and drive positive change.

We attend conferences and networking events to continually inform our position and share best practice/benchmark our approach in these areas.