



Annex A16.19

Supply Chain Sustainability Benchmarking

December 2019

As a part of the NGGT Business Plan Submission

nationalgrid

To develop the supply chain sustainability commitments in the responsible procurement action plan (annex A16.20), 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
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 level in relevant categories of spend, managed under Global Procurement, where low wages are a potential risk	Leader All 3 rd party contractors are required to pay real living wage	Leader Verification of implementation and quantification of positive impact	<ul style="list-style-type: none"> • SSE 'committed to be a leading company' by paying the living wage in the future • Marshalls – LWF accredited • 36 of the FTSE100 are LWF members
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	Leader	Leader	<ul style="list-style-type: none"> • Heathrow commitment - Support skills development to reduce local unemployment • Social Value in Government Report – Outcome: Improved employability and skills
Maintain top quartile FTSE100 position for modern slavery index rating Collaborative projects with suppliers	Leader (12 th Leader 'One of a small cluster of leaders')	Leader	<ul style="list-style-type: none"> • Marshalls – Alignment to UNGC and ETI base Code/ promote transparency • M&S – top of FTSE 100 • Heathrow - Fair employment practices including labour standards and human rights
75% of our suppliers engaged via CDP to have carbon reduction targets	Expected KPI of 80% response rate	Leader	<ul style="list-style-type: none"> • BT - Approved Science Based Targets 23+ achieve carbon reductions in supply chain of 29% by 2030 • Tesco – reduce scope 3 emissions by 17% by 2030 • McDonalds – 31% reduction in supply chain emissions by 2030 • HPE – By 2025 80% of spend will go to suppliers with science based targets • Walmart – reduce emissions in supply chain by 1 gigaton by 2030 • Target – 80% of suppliers will set science based targets for scope 1&2 by 2023 • SSE - Global Goals commitments including Carbon

Target (What)	Current Position	Future Position	Industry Benchmark
			<ul style="list-style-type: none"> • Costain – leading the industry in low carbon engineering solutions and operations • Heathrow – Carbon trust supply chain accreditation • Ingersoll Rand - Achieve carbon neutral operations • 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"> • Network Rail – ‘supporting SMEs and local communities’ • Costain ‘providing a positive legacy’ – 75% of new projects >£100m calculating social economic value • Amey supporting the ‘buy social’ corporate challenge to support social enterprises • Heathrow – #SMEs securing deals through attending business summits • Tideway - aims to provide visibility of all supply chain opportunities
Ensure equal opportunities are provided in the supply chain	Expected 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 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 ISO 20400 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

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 a number of 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 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.

Additional benchmarking evidence has been added into our Responsible Procurement Action Plan (annex A16.20).