

NWG
living water



**RESPONSIBLE
PROCUREMENT**



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INTRODUCTION

Our vision is to become the national leader in the provision of sustainable water and waste water services.

Our values are the set of guiding principles which collectively define who we are, what we do and how we do it. They make us different from the rest, and allow us to make decisions and take actions which drive us towards our vision. Our values can be seen throughout the business, but they are at their most powerful when they are demonstrated through everything we do at every level.

Responsible procurement (considering the impact we have on the environment, the economy, and society in general when we purchase goods works and services) plays a vital role in making sure we can achieve our vision. This document sets out our commitment to responsible procurement which is reflected in how we select, and work with our supply chain.

FOREWORD

Our purpose is at the forefront of how we procure goods, works and services, from one-off purchases to high value partnerships.

As a business, we are committed to making sure our activities safeguard the future, whilst working with a supply chain that upholds our social, economic, and environmental standards and shares our vision of continuous improvement.

Our Responsible Procurement strategy enables the business to be well equipped to face ongoing challenges, both local and globally, whilst allowing us to evolve and champion more sustainable ways of working. This approach is essential to allow us to

have a real impact and make sure that as a business, we are striving to eliminate unethical behaviour that does not align with our values.

Our strategy will introduce our updated programme - Impact Initiative 7. Impact Initiative 7 lets us set a consistent approach and clearly show our commitments and expectations. It demonstrates how key initiatives will be hugely impactful on supporting our purpose and goals. It is based on seven key themes: Environmental, Local Spends, Social Value, Supplier Diversity, Skills Investment, Innovation and Modern Slavery.



Phil Hicks
Head of Procurement

Our Purpose

Caring for the essential needs of our communities and environment, now and for generations to come.

We do this by providing reliable and affordable water and wastewater services for our customers.

We make a positive difference by operating efficiently and investing prudently, to maintain a sustainable and resilient business.

Responsible Procurement Key Themes:

Environmental

Local Spends

Social Value

Supplier Diversity

Innovation

Skills Investment

Modern Slavery

Our Performance Measures:

Unrivalled Customer Experience

Leading Innovation

Building Successful Economies in the Region

Affordable and Inclusive Services

Our Finances

Reliable & Resilient Services

Improving the Environment

Great place to work

WHAT IS RESPONSIBLE PROCUREMENT?

'A process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment'. - (Chartered Institute of Procurement and Supply).

The objective of responsible procurement within the supply chain is to create, protect and grow long-term environmental, social and economic value for all stakeholders involved in bringing products and services to market. The UN Global Compact have some key areas of focus:

-  **HUMAN RIGHTS**
 - Businesses need to respect and protect the protection of internationally endorsed human rights
 - Businesses need to ensure they are not complicit in human rights abuses.
-  **LABOUR**
 - Businesses need to uphold the freedom of association and right to collective bargaining
 - Businesses need to eliminate all forms of forced and compulsory labour
 - Businesses need to abolish child labour
 - Businesses need to eliminate discrimination in respect of employment and occupation.
-  **ENVIRONMENT**
 - Businesses need to develop approach to environmental challenges
 - Businesses need to promote initiatives to promote greater environmental responsibility
 - Businesses need to encourage the development and use of environmentally friendly technologies.
-  **ANTI-CORRUPTION**
 - Businesses need to work against corruption in all its forms including extortion and bribery.

Through delivery of this Responsible Procurement Strategy, we are actively addressing the impacts associated with our own procurement activities, and encouraging suppliers to address their impacts. We will continue our focus on making sure our goods, works and services are sourced in an environmentally and socially responsible way that delivers value for money and benefits the local area. We will continue to work with our existing suppliers to help them develop responsible procurement action plans and identify new suppliers that can help us achieve our vision to be the national leader in the provision of sustainable water and wastewater services.

Estimated global annual profits made from the exploitation of all trafficked forced labour are **US\$ 31.6 billion**

An estimated **2.5 million people** are in forced labour (including sexual exploitation) at any given time as a result of trafficking

\$1,000 billion are paid in bribes per year



Global number of children in child labour estimated to be **168 million children.** More than half are in hazardous work

An estimated **18 million acres (7.3 million hectares)** of forest are lost each year



ALIGNING OUR GOALS

To the left are the 17 Sustainable Development Goals (SDGs) developed by the United Nations. They represent an urgent call for action from all regarding health, education, inequalities, climate and economic growth. We have aligned our Responsible Procurement theme with the relevant company performance measure and UN SDG where we can make the biggest impact.



WHY IS RESPONSIBLE PROCUREMENT IMPORTANT?



We strongly believe that responsible procurement is a powerful driver for delivering improved economic, environmental and social outcomes, and believes that responsible procurement underpins the achievement of cost effective, leading practice procurement.



We believe that responsible procurement is a means of generating value for money and gaining efficiencies within and between organisations, for example, from managing supply risk, and increasing resource productivity.



We believe that optimum business benefits from responsible procurement are realised through integrating sustainability throughout the procurement decision making process.



We believe in applying a whole life costing approach to procurement, rather than selecting on purchase price alone.



We contribute to encourage procurement and supply management professionals to ensure that all supply chain dealings meet the highest standards of governance and transparency which should be aligned with the NWG Code of Conduct and the responsible procurement charter.



We believe that maximum effectiveness is gained by a truly holistic perspective, with consideration of environmental, economic and social aspects of sustainability.



We believe that procurement and supply management professionals should be trained effectively in responsible procurement. Procurement professionals should upgrade and maintain their education. We will support this through activities aimed at developing and communicating responsible procurement.



We believe that procurement and supply management professionals can only deliver responsible procurement through ongoing engagement and collaboration with internal stakeholders, budget holders and key suppliers to reach the most effective solutions.



We believe that procurement is central to delivery of the organisation's corporate commitments on sustainability at an operational level due to reliance on high levels of purchased goods and services.



We acknowledge that responsible procurement is a priority when setting policy, which should be reflected in appraisal frameworks and procurement and supply management practices so that responsible procurement objectives are brought to the fore. Organisations should promote the principles of responsible procurement throughout their supply chains.



We believe that responsible procurement represents a significant opportunity for the profession to raise its profile and to demonstrate leadership in a key strategic area of the organisation.



CREATING OUR OUTCOMES

PURPOSE OF THIS STRATEGY

We have always worked hard to make sure the way we work is sustainable. We now recognise that our initial approach needs to include a wider remit. As part of this we have identified that suppliers should be viewed as partners in our Responsible Procurement journey

Over time what has been considered as best practice in this area has developed. Never before have supply chain practices come under such scrutiny from customers, investors, stakeholders and the media, resulting in the need for a robust strategy in order to manage the risks and opportunities in our supply chain. We know our approach will need to continuously evolve. This strategy sets out our vision, building on existing processes and allowing us to continually redefine our ideas as we move towards more strategic and transformal ways of engaging with our supply chain. Our aim is to deliver great impact with benefits for ourselves, suppliers, our customers and the community.

OUR APPROACH

The Responsible Procurement Strategy applies to purchases of products and services made by any of the companies or entities of NWL thus covering all suppliers and contractors of the Group. We also request that suppliers and contractors transmit the contents of our policies among their own subcontractors. In other words, the content of the Responsible Procurement Strategy addresses both direct and indirect suppliers of the Group.

We are mindful of the ongoing challenges faced regarding procuring goods, works and services in a responsible manner. While keeping our commitment to responsible business management and an effective contribution to responsible development, we have enhanced the Responsible Procurement Strategy, to include the newly developed objectives, allowing us to continuously improve our supply chain performance.

The Responsible Procurement Supplier Charter includes express statement of values, principles and standards of conduct for the performance of professional activities applicable to everyone in the supply chain, without exception. In addition to this, NWG Code of Conduct includes some general principles that should guide the relationship of NWG Group employees with contractors and suppliers and demonstrates the company's interest in basing this relationship on the principles of Responsible Procurement. This document can be found on our websites, www.NWG.co.uk.

RESPONSIBLE PROCUREMENT SUPPLIER CHARTER

Responsible Procurement plays a vital role in making sure we achieve our vision. We are committed to ethically procuring goods, works and services in a way that generates maximum value not only to our organisation but also to the society and economy, while enhancing the environment and complying with all the relevant laws.



We expect our suppliers to comply with all applicable local laws and regulations and respect internationally recognised human and labour rights. This responsible procurement supplier charter sets out some basic principles which we expect all of our supply chain to comply with when doing business with NWG.



CUSTOMER

We aim to deliver industry leading customer service. Our customers are at the heart of our company and we have a clear focus on getting things 'right first time every time'. Our suppliers must have a clear focus on customer service and always 'Think Customer' to make sure we deliver outstanding customer service every time.



COMMUNITIES

We recognise the important of communities and we want to build strong relationships in the communities which we serve. We are committed to working with our supply chain to make a positive contribution to the communities which are affected by our activities and NWG suppliers must be willing to work with us to promote initiatives such as apprenticeships, work experience, school visits, charity events and other opportunities which will leave a lasting legacy in the community.



LIVING WAGE

We are a Living Wage accredited Employer. We believe that paying a good wage not only helps the people who work for us but makes good business sense too. The Living Wage is an hourly rate set independently and updated annually and is calculated according to the basic cost of living for the UK. Our contracts for services and works will include a Living Wage obligation. That will mean that any contracted or subcontracted employee working regularly on our sites must also earn at least the living wage.



BRIBERY AND CORRUPTION

One of our five core values is to behave ethically. We are committed to not engage in bribery or any form of unethical inducement or payment including facilitation payments and 'kickbacks' and strictly prohibit our employees and suppliers from such activities. Suppliers must keep current, accurate, written accounts of all payments (including gifts, meals, entertainment, and anything of value) made on behalf of NWG, or from funds provided by us.



MODERN SLAVERY ACT

The Modern Slavery Act was introduced in 2015 in an effort to tackle slavery and trafficking. We are committed to complying with the Act and as such will work with suppliers to provide transparency through our supply chains. We include provisions in our contracts relating to the Modern Slavery Act and suppliers will need to evidence their compliance with the Act. Furthermore, we expect suppliers to be aware of the Ethical Trading Initiative (ETI) base code and where deemed appropriate will be asked to commit to signing up to the code.



HEALTH & SAFETY AND WELLBEING

We believe that the promotion of Health, Safety and Wellbeing is a fundamental requirement for us and our suppliers. Our suppliers will at all times and under all circumstances maintain a high level of safety including the achievement of all legal standards. We expect our suppliers to work with us to establish and maintain a culture and working environment in which Health & Safety is of paramount concern to all.



ENVIRONMENTAL

We are committed to sustainable development which minimises the effect on the environment. Suppliers are encouraged to ensure that in designs, supply or construction for NWG that the activities:

- Focus on whole life cost
- Minimise energy use
- Preserve and enhance bio-diversity
- Minimise waste
- Eliminate pollution
- Conserve water resources.



EQUAL OPPORTUNITY, DIVERSITY AND INCLUSION

We recognise the value that different backgrounds, experiences and perspectives can bring to our business and we oppose all forms of unlawful and unfair discrimination or victimisation. All NWG suppliers must ensure that no employee or job applicant receives less favourable facilities or treatment (either directly or indirectly) in recruitment or employment on grounds of age, disability, gender / gender reassignment, marriage / civil partnership, pregnancy / maternity, race, religion or belief, sex, or sexual orientation (the protected characteristics as defined by Equality Act 2010).



CONFIDENTIAL INFORMATION

We will handle confidential information lawfully and with care, while maintaining confidentiality. Suppliers should make sure they hold and process confidential information belonging or pertaining to NWG in accordance with all relevant laws and should take action to prevent its improper use or release.



CYBER SECURITY

We are a Critical National Infrastructure (CNI) company and rely on secure IT systems to provide essential services to our customers and stakeholders. It's paramount that our supply chain also follow good cyber security controls and follow the key principles of Confidentiality, Integrity and Availability of information and systems. Good practice Cyber Security controls should be applied to Technology, People and Process.



REPORTING

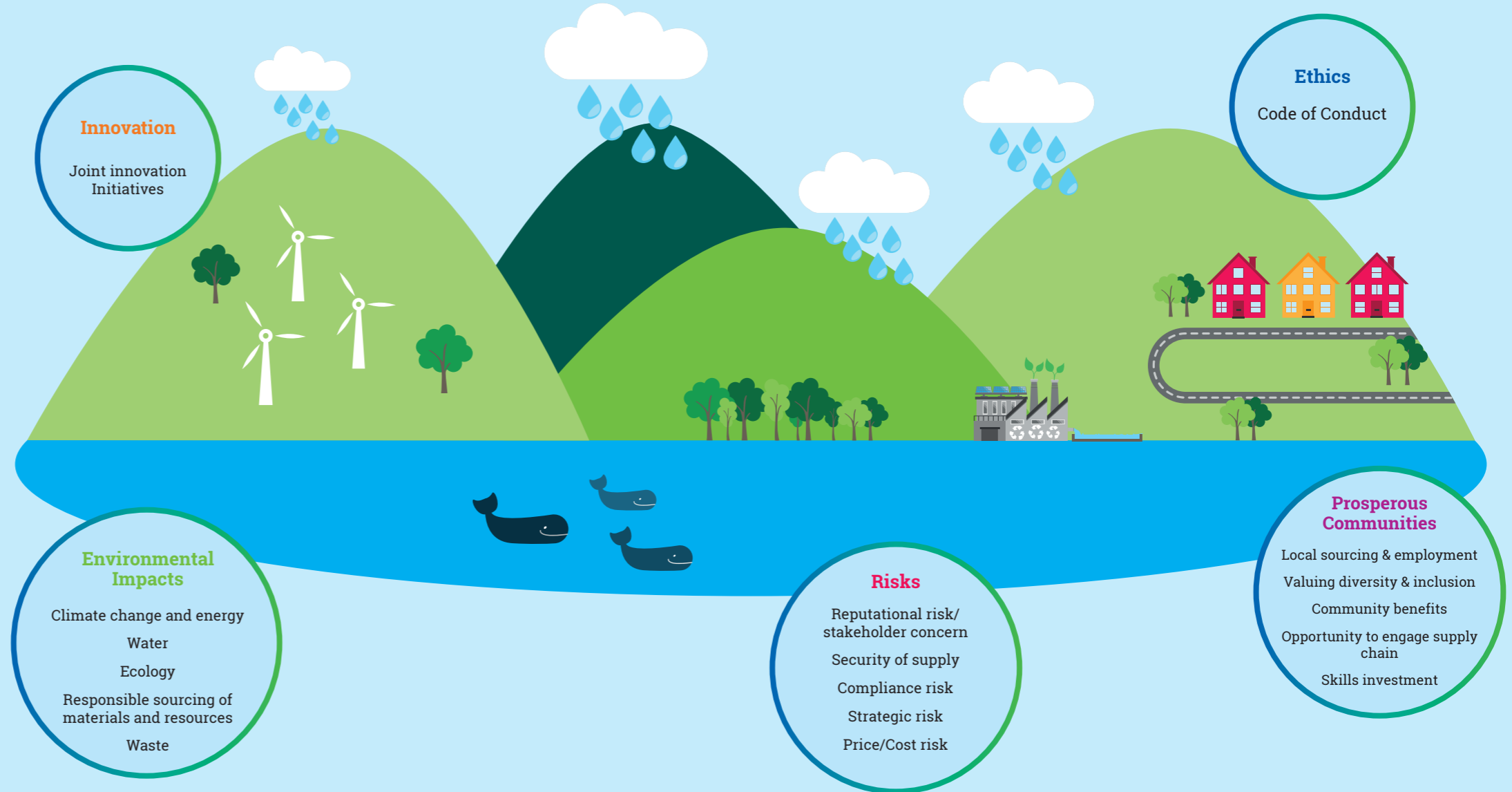
We want to work with our employees and suppliers to ensure compliance with this charter. Should any supplier become aware of or have a belief that a NWG employee or anyone acting on behalf of NWG (including suppliers) have engaged in illegal or improper conduct or are not complying with the principles of this charter then they should report the matter by calling our independent Whistleblowing line on 0800 915 1571. All reports will be treated confidentially.

MEETING OUR OUTCOMES

To meet our Responsible Procurement outcomes, we recognise the importance of understanding our current position and setting a baseline. We can then see what we need to improve and where the greatest supply chain risks manifest. To help us achieve this we are utilising a sustainability assessment tool, taking into account both sustainability impact and strategic importance.

THE SUSTAINABILITY ASSESSMENT TOOL

This is our tool kit for the assessment and prioritisation of sustainability risks and impacts of supplier spend. Each theme in the assessment criteria is designed to cover specific areas that will be important to us and are key behavioural and operational change programs that need to be delivered to enable us to deliver Responsible Procurement effectively.



HOW IT WORKS

Suppliers will score themselves based on a number of factors, covering a wide range of sustainability and risk based questions. The total score will be based on the Strategic Importance - related to the strategy elements of 'Innovation', 'Ethics' and 'Risks' and Sustainability Impact - related to the strategy elements of 'Prosperous Communities' and 'Environmental Impacts'.

Once the scores have been validated this will provide the relative positions on the 'Heat Map'. Following this an action plan is developed which includes all the activities identified as part of the scoring process.



MAKING AN IMPACT

Setting outcomes and understanding the supply chain is not enough to properly embed a culture of Responsible Procurement. We all need to fully understand the impact our business has on the wider environment in which we operate.

We recognise the need to drive continuous improvement to make sure the way we procure goods, works and services is impactful. Focusing our efforts where we can have greatest influence will allow us to instil Responsible Procurement in everything that we do. This will maximise value not only to our organisation, but also to society and the economy whilst enhancing the environment. To help us achieve this we have developed the Impact Initiative 7. This takes the form of a number of key activities within seven key initiatives, where we can really make the biggest difference when sourcing goods and services.



IMPACT INITIATIVE 7



IMPACT INITIATIVE #1 ENVIRONMENTAL

Outcome:

'Minimise and where possible eliminate the negative impact our supply chain activities have on the environment'.

4 Key Activities:

Work with our supply chain to reduce the use of plastic packaging, assist them in the use of recycled packaging and where possible eliminate the use of packaging.

Ensure we consider and use recycled materials where possible in all relevant contracts.

Build and maintain internal and external relationships with support groups to learn and share best practice through our Carbon Reduction working group and external organisations.

Understand our current supply chain environmental policies and activities to minimise the effect on the environment through use of the Sustainability Matrix, Achilles UVDB and Tender documentation.

IMPACT INITIATIVE #2

LOCAL SPENDS

Outcome:

'Protect relationships with **local suppliers** and continue to create awareness and opportunities'

4 Key Activities:

Maintain 60p in £ of supply chain spend with local businesses to our operating regions in the North East, Essex and Suffolk.

Build and maintain external relationships with local organisations to offer business mentoring and provide "Meet the Buyer" events.

Provide a pipeline of tendering opportunities on our website and use social media platforms such as LinkedIn to alert businesses of upcoming opportunities.

Membership of the County Durham Pound - A collaborative group of local partners who seek to work together to increase collective local spending, create business opportunities for local SMEs, VCSEs and other local businesses.

IMPACT INITIATIVE #3

SUPPLIER DIVERSITY

Outcome:

'Make sure procurement activities are **inclusive** of all suppliers, allowing fair and equal opportunities'

4 Key Activities:

Build and maintain internal and external relationships with support groups to learn and share best practice through our Diversity and Inclusion approach and external organisations such as MSDUK.

Capture supplier diversity information, through the use of our tender documents and supplier surveys, to better inform our approach to market and current levels of diversity.

Make sure public money is not spent on practices which lead to unfair discrimination.

Look towards a long-term goal of creating a diverse and integrated supply chain.

IMPACT INITIATIVE #4 SKILLS INVESTMENT

Outcome:

'Strengthen our supply chain contribution to the investment in our workforce'.

4 Key Activities:

Long term commitment to the **Energy and Utilities Skills (EUS)** Partnership and the Procurement Skills Accord to address the skills shortage in our sector.

Sign up at least one supplier annually to the Procurement Skills Accord in as part of the EUS.

Continue to review procurement processes to ensure we promote the Procurement Skills Accord to our supply chain.

Promote the use of the Supply Chain Sustainability School within our supply base and make sure we are constantly working to improve our own assessment scores against the School's models

IMPACT INITIATIVE #5 INNOVATION

Outcome:

'**Collaborate** with suppliers to challenge existing practices and foster a progressive and dynamic environment'.

4 Key Activities:

Schedule supplier engagement events with a focus on innovation and promote workshops with suppliers to challenge current practices and influence innovation.

Maintain two innovation ambassadors in the Procurement team as enablers to drive innovation in the wider team and supply chain.

Build and maintain internal and external relationships with support groups to learn and share best practice through NWL innovation approach and external organisations.

Have Innovation on the agenda of all supplier quarterly reviews, with a view to promoting regular open discussion on innovation.

IMPACT INITIATIVE #6

SOCIAL VALUE

Outcome:

'Assess the impact our suppliers' activities have on our **local communities** and the collective benefit we can achieve'.

4 Key Activities:

Integrate social value into Opex sourcing through tendering process and updated tendering and contract documents.

Membership of the County Durham Pound - A collaborative group of local partners who seek to work together to deliver social value outcomes within County Durham by the strategic use of procurement spending power and other resources.

Build awareness with our people of social value through training opportunities via the social value portal.

Encourage our supply chain to support and/or contribute to our company Just An Hour scheme

IMPACT INITIATIVE #7

MODERN SLAVERY

Outcome:

'Safeguard from unethical practices and strive for transparency in our supply chains'.

4 Key Activities:

Develop an anti-slavery culture within the organisation through CIPS ethical test for the Procurement team and "Lunch and Learn" sessions for internal stakeholders with the support of the Supply Chain Sustainability School.

Refresh and relaunch our whistleblowing hotline.

Clear identification of high-risk suppliers and enhance our onboarding checks for new suppliers through use of the Sustainability Matrix, Achilles UVDB and Tender documentation.

Steering group membership and collaborative industry work with Utilities against Slavery working group in conjunction with slave free alliance.

OUR SUCCESSES

Living water, loving customers, safeguarding the future.
Our journey so far...

SINCE 2016



ACCREDITED LIVING WAGE EMPLOYER
As part of our accreditation we have also committed to build the Living Wage Foundation rate into our terms and conditions when dealing with our supply chain



AWARENESS AND TRAINING
Awareness and Training sessions rolled out to all procurement staff regarding Modern slavery and ethical procurement



TERMS AND CONDITIONS
Standard terms and conditions now include areas such as modern slavery, bribery act and living wage as contractual terms

RISK ASSESSED
All categories of spend have been risk assessed and scored allowing for a prioritisation of areas that need high focus



RESPONSIBLE PROCUREMENT STRATEGY
AIME programme launched in 2016 resulting in a CIPS Award in 2018



MODERN SLAVERY
Incorporated questions on modern slavery and Bribery into our PQQ and RFP selection processes

LOCAL COMMUNITIES
One of the aspects of our business strategy is our role in supporting our local communities. Working with local suppliers is circa 60% (North / North East / South East)



SUPPLIER TRAINING SESSIONS
Facilitated supplier training sessions including understanding regulated procurement, how to find tender opportunities and a Supplier toolkit



In addition, through delivering our Asset and Assurance Capital Plan, during 2015 to 2020 our Capital Delivery providers delivered:




112

Trainees/Apprentices employed as part of delivering our Framework


480

Visits to construction sites


11,628

Students engaged


131

Industry awards received


51

Reactive legacy projects delivered


190

Days of placements organised & undertaken


113

Educational Establishments engaged

The logo features the letters 'NWG' in a bold, white, sans-serif font. Below it, the words 'living water' are written in a white, lowercase, cursive script. The background consists of abstract, flowing shapes in various shades of blue and green, suggesting water movement.

NWG
living water

www.nwl.co.uk
www.eswater.co.uk