

# Working with UK Power Networks



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## Contents

1. INTRODUCTION .....	3
PURPOSE .....	3
CONDUCT .....	3
2. ABOUT UK POWER NETWORKS .....	4
WHO WE ARE .....	4
OUR VISION AND VALUES .....	5
STANDARDS AND CERTIFICATIONS .....	6
3. SUSTAINABLE PROCUREMENT .....	7
WHY IT MATTERS .....	7
OUR APPROACH .....	7
4. ENVIRONMENTAL ISSUES.....	9
OUR FOOTPRINT .....	9
CARBON .....	9
EMISSIONS .....	10
SF6.....	10
MATERIALS.....	10
RECYCLING AND WASTE.....	10
5. SOCIAL ISSUES .....	13
OUR APPROACH .....	13
HEALTH AND SAFETY.....	13
MODERN SLAVERY .....	15
DATA PROTECTION .....	16
ENERGY AND UTILITIES SKILLS ACCORD.....	17
COMMUNITY SUPPORT .....	17
6. ECONOMIC ISSUES .....	19
VALUE.....	19
LIFE-CYCLE COSTS.....	19
PROMPT PAYMENT .....	19
CONFLICTS OF INTEREST, FRAUD, BRIBERY, CORRUPTION.....	19
WHISTLEBLOWING .....	20
7. COMMUNICATIONS .....	21
COMMUNICATING WITH UK POWER NETWORKS.....	21
BRANDING.....	21

## 1. INTRODUCTION

### PURPOSE

This document outlines UK Power Networks' approach to business ethics and sustainable procurement, and clarifies the standards and behaviours we expect to be adopted throughout our supply chain. The purpose of this document is to provide clear guidance to suppliers, both current and prospective, on how to operate in accordance with the UK Power Networks vision, values, and standards. UK Power Networks expects its suppliers to go beyond minimum legal requirements and seek to continually improve and innovate. We will work to assist our supply chain to meet our expectations as far as possible.

This document will also set out the way UK Power Networks and suppliers should communicate. The term 'supplier' will be used in this document to refer to individuals, contractors, subcontractors, consultants and businesses who provide UK Power Networks with materials, products, equipment, works, or other services.

UK Power Networks is a strong advocate of undertaking business with responsible suppliers who recognise their onus to act in an ethical, inclusive and sustainable way, and exhibit due consideration for their employees, for local communities in which they operate, for the environment, and for society in general.

### CONDUCT

UK Power Networks maintains a zero-tolerance approach to illegal or unethical conduct. The UK Power Networks Code of Conduct (HR 00 027) must be reviewed and accepted as a minimum by suppliers as part of accepting a contract with UK Power Networks. Suppliers should amend their own codes of conduct to incorporate the UK Power Networks Code of Conduct or its core principles in cases where their existing code of conduct does not meet UK Power Networks' minimum standards. We will work with our supply chain to ensure compliance in this area.

Contractors and Agencies are responsible for ensuring that their own policies and arrangements provide at least the same standard as UK Power Networks, and for issuing the policy to individuals, they assign to UK Power Networks work. UK Power Networks has the facility to audit records in order to ensure compliance with the UK Power Networks policy.

They are also responsible for ensuring that their own employees, any agency workers and sub-contractors are aware of, and abide by, the requirements that apply within this policy.

## 2. ABOUT UK POWER NETWORKS

### WHO WE ARE

UK Power Networks owns and manages electricity distribution cables and lines across London, the South East and East of England. We maintain and upgrade the networks to make sure the lights stay on. In doing so, we have a responsibility to ensure that our electricity network is sustainable for future challenges.

As a key player in the UK's power infrastructure, UK Power Networks contributes towards a sustainable future in many ways. From promoting the health and well-being of our employees to addressing inequalities and climate change; from supporting the sustainable development of cities and communities to providing affordable, clean energy, we set ourselves ambitious targets and we are delivering on them.

UK Power Networks has a cultural focus on sustainability. We recognise our responsibility to promote and deliver the highest standards while managing health, safety, welfare, and environmental risks through our activities.



Fig 1: The UK Power Networks vision

## OUR VISION AND VALUES

Our vision is to become an employer of choice, a respected corporate citizen, and sustainably cost efficient. We seek to achieve this vision by demonstrating our values in all we do. However, we cannot achieve this vision alone, and as such, we expect our suppliers to commit to supporting our values in all their activities.

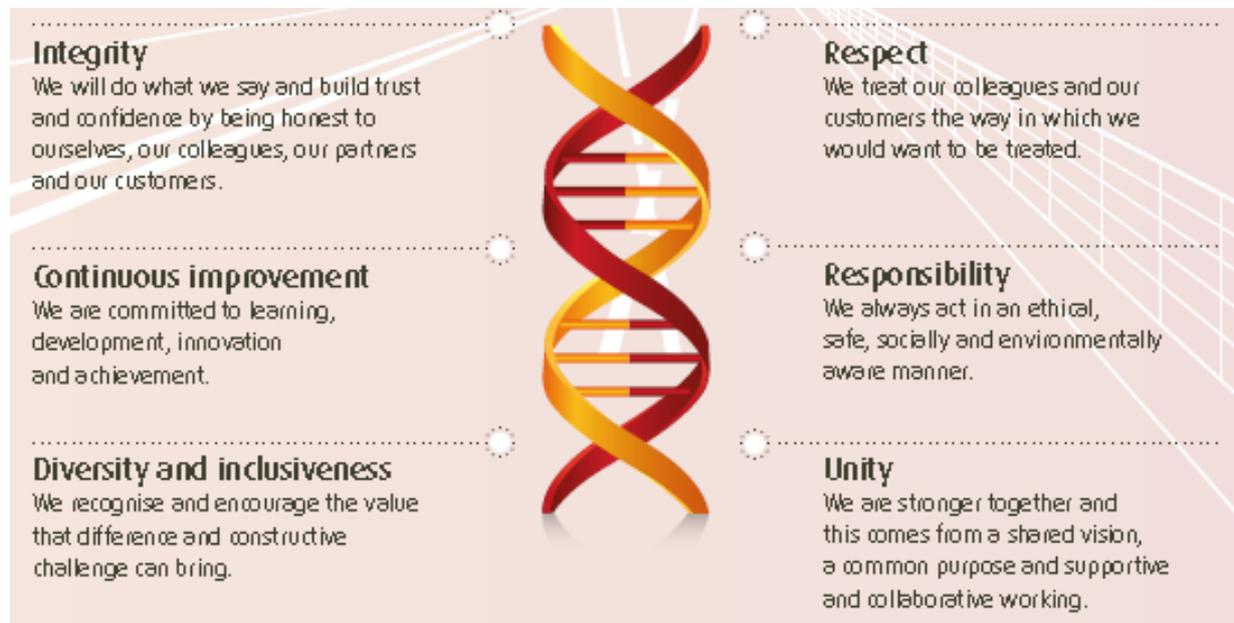


Fig 2: UK Power Networks values

## STANDARDS AND CERTIFICATIONS

UK Power Networks is committed to measuring our success in achieving our vision to be an employer of choice, a respected corporate citizen, and sustainably cost efficient. Continuous improvement is also central to UK Power Networks.

UK Power Networks is certified against the following standards:

<b>STANDARD</b>	<b>CERTIFICATION</b>
ISO 9001	Quality Management
ISO 14001	Environmental Management
ISO 55001	Asset Management
OHSAS 18001	Occupational Health and Safety

UK Power Networks is also a signatory to, or a member of, the following covenants:

<b>COVENANT</b>	<b>STATUS</b>
Energy and Utility Skills Accord	Lead Partner and Signatory to
Prompt Payments Code	Signatory
EW Inclusive Culture Pledge	Signatory
Business Disability Forum	Member
BITC Gender Equality campaign	Member
BITC Race Equality campaign	Member
HM Government Think, Act, Report campaign	Signatory
Major Projects Association	Member
Infrastructure Carbon Review	Member of Working Group; Signatory

UK Power Networks has been awarded the following:

<b>ACCREDITATION</b>	<b>LEVEL</b>
Investors in People	Gold
Sunday Times Best 25 Big Companies	9 (2019)
Chartered Institute of Procurement and Supply (CIPS)	Platinum
Utility Week Awards	Utility of the Year (2012, 2015, 2016)
National Equality Standard	Achieved 2018

## 3. SUSTAINABLE PROCUREMENT

### WHY IT MATTERS

Following the internationally recognised definition provided in ISO 20400 (Sustainable Procurement), UK Power Networks understands sustainable procurement to be *'procurement that has the most positive environmental, social and economic impacts possible over the entire life cycle.'* This ensures that *'the needs of the present are met without compromising the ability of future generations to meet their own needs.'*

This means considering social and environmental factors, alongside financial factors in making procurement decisions. Each procurement decision follows this Triple Bottom Line approach.

As well as to the environment and to society in general, sustainable procurement provides real benefits to organisations, including minimising business and reputational risk, providing cost savings, and promoting innovation.

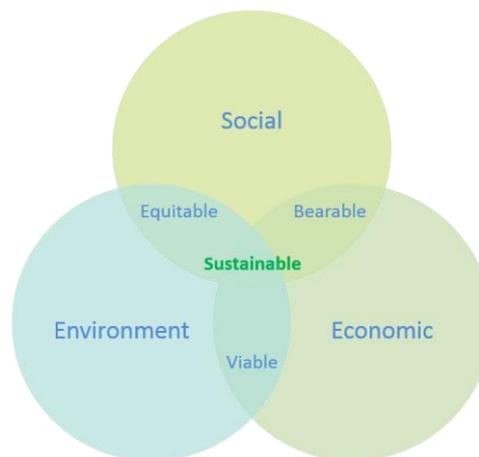


Fig 3: The three facets of sustainability

### OUR APPROACH

As established in the Utilities Contracts Regulations 2016, UK Power Networks bases the award of contracts on the 'most economically advantageous tender assessed from the point of view of the utility.' We consider environmental and social factors as well as cost in our procurement decisions.

For UK Power Networks, being a sustainable organisation makes sound business sense and our aim is to continue to embed sustainability into our daily decisions and operations. To support our vision and values, UK Power Networks expects suppliers to adopt, and commit to continuously improving, business practices that are equitable, bearable, and viable.



UK Power Networks' sustainability strategy focuses on four main areas: Community, Environment, Futureproofing, and Workforce.

We expect our suppliers to adhere to the UK Power Networks Sustainable Procurement Policy (PRO 01 003), and ensure that all goods and services have been produced in compliance with all applicable regulations.

All suppliers must be able to provide information regarding a product's provenance and social and environmental impacts when requested, including locations of production.

Fig 4: UK Power Networks  
sustainability strategy

We strongly encourage suppliers to recognise their responsibility to act in an ethical and sustainable way, and exhibit due consideration for their employees, for local communities in which they operate, for the environment, and for society in general.

Products and services must be delivered to the agreed technical and quality standards. We expect suppliers to have robust performance testing and quality assurance procedures, and that products are fit for purpose upon delivery. We will conduct performance reviews of contracts, and if issues arise, these will be addressed as part of the contract management review process. Suppliers are expected to work with UK Power Networks to resolve any issues in an open and transparent manner.

Suppliers must also ensure that any sub-contractors employed on UK Power Networks projects comply with UK Power Networks contractual obligations. The terms under which sub-contractors have been employed should be no less onerous than those under which suppliers have been employed. This must include a rigorous pre-qualification process.

## 4. ENVIRONMENTAL ISSUES

### OUR FOOTPRINT

Our electricity distribution network covers an area of almost 30,000km<sup>2</sup>, extending from The Wash on the North of the Norfolk Coast to Littlehampton on the Sussex Coast. There is a wide array of environmental features within this footprint, including seven Areas of Outstanding Natural Beauty, two National Parks, and many Sites of Special Scientific Interest and archaeological sites. With such environmental diversity, we take real care over the environmental impacts of our work, both within our footprint and more widely.

All members of our supply chain must have in place environmental management systems that are appropriate for the nature and scale of the business and services that they provide, and that identify and mitigate environmental risks. Where appropriate, this may be achieved by working under the direction of UK Power Networks. Suppliers are also expected to share innovation and best practice with UK Power Networks.

Environmental issues will be incorporated into our tender decision-making process where appropriate.

### CARBON

UK Power Networks is committed to reducing its business carbon footprint by 20 percent by 2021. Measuring carbon helps organisations understand their environmental impact and supports carbon reduction efforts across the entire supply chain. We publish our business carbon footprint in accordance with the Companies Act 2006, which provides us with the insight we need to make informed and sustainable decisions on how we run our business.

We expect our suppliers to support us in this commitment. Suppliers are encouraged to measure both embodied and operational carbon in the products and materials they supply, as well as the carbon consumption of works and activities carried out on site.

Embodied and operational carbon may be used as a measure that influences decision-making in UK Power Networks' procurement process. Suppliers will provide UK Power Networks with documentary evidence of embodied carbon and use-phase carbon of products and materials supplied if requested.

### Environment



23. Reduce our business carbon footprint by 2 per cent per annum
24. Continue to recycle 70 per cent of office and depot waste and 98 per cent of street works spoil
25. Maintain sulphur hexafluoride (SF<sub>6</sub>) leakage at less than 0.2 per cent as a proportion of SF<sub>6</sub> in service
26. Reduce cable fluid leakage of 207,000 litres by 2 per cent per annum
27. Undergrounding the equivalent of 80km of HV overhead line in SPN and 96km of HV overhead line in EPN in Areas of Outstanding Natural Beauty and National Parks
28. Innovation expenditure of 0.5 per cent of allowed revenues and win largest market share of the NIC competition
29. Investigate all noise issues and address all non-compliant sites

Fig 5: UK Power Networks' environmental commitments under RIIO-ED1

## **EMISSIONS**

UK Power Networks supports the government's target to reduce the UK's greenhouse gas emissions by 80 percent by 2050. We also expect our suppliers to support and take steps to achieve this target.

Suppliers are strongly encouraged have a Carbon Management Policy equivalent to ISO 14064-1, for example Certification in Carbon and Energy Management and Reduction Scheme (CEMARS), to monitor emissions and to use clean, low-energy and cost efficient sources, based on full life-cycle costs, and reduce emissions where possible. We may require our supply chain to provide documentary evidence of emissions and steps taken to reduce them.

## **SF6**

We are committed to maintaining sulphur hexafluoride (SF6) leakage at less than 0.2 percent as a proportion of the total SF6 in service. We are also committed to upholding fulfilling our requirements for monitoring and reporting on SF6 under the Fluorinated Greenhouse Gases Regulations 2015.

Suppliers are expected to support our commitments in this area.

## **MATERIALS**

We expect our suppliers to understand the provenance and environmental impacts of the materials used in products and works. Materials must be sourced ethically and sustainably. Materials with reduced environmental impacts should always be used where possible and economically viable.

All timber must be legally sourced in compliance with the Timber Regulations and other applicable legislation. The use of sustainably sourced and harvested timber is encouraged. Traders are required by law to keep records of their timber suppliers. We may request a copy of a supplier's Felling Licence or details of their suppliers as appropriate.

Suppliers shall, as far as is reasonably practicable, minimise the concentrations of heavy metals and brominated fire retardants in products and packaging being supplied. The total content of the heavy metals Cadmium, Hexavalent Chromium Lead and Mercury in packaging or in any packaging components must not exceed 100ppm.

Suppliers may be required to provide documentary evidence of the environmental impacts associated with their products, in line with current regulations.

## **RECYCLING AND WASTE**

UK Power Networks is committed to reducing waste and maintaining a high level of reuse and recycling and have a target to divert 90 percent of waste from landfill. All suppliers must adhere to the relevant waste regulations and all other applicable legislation.

Suppliers are expected to support UK Power Networks in its waste reduction commitments by following the principles of the waste hierarchy: reusing materials where possible; increasing the use of recycled materials; and reducing waste, whether in terms of materials, energy, resources or time.

This can also be understood as the 'Four Rs': reduce, reuse, recycle, rethink. By focusing on this at the very start of the procurement process, it is possible to reduce the impact on the environment and the economy significantly. The most sustainable item is one not procured.

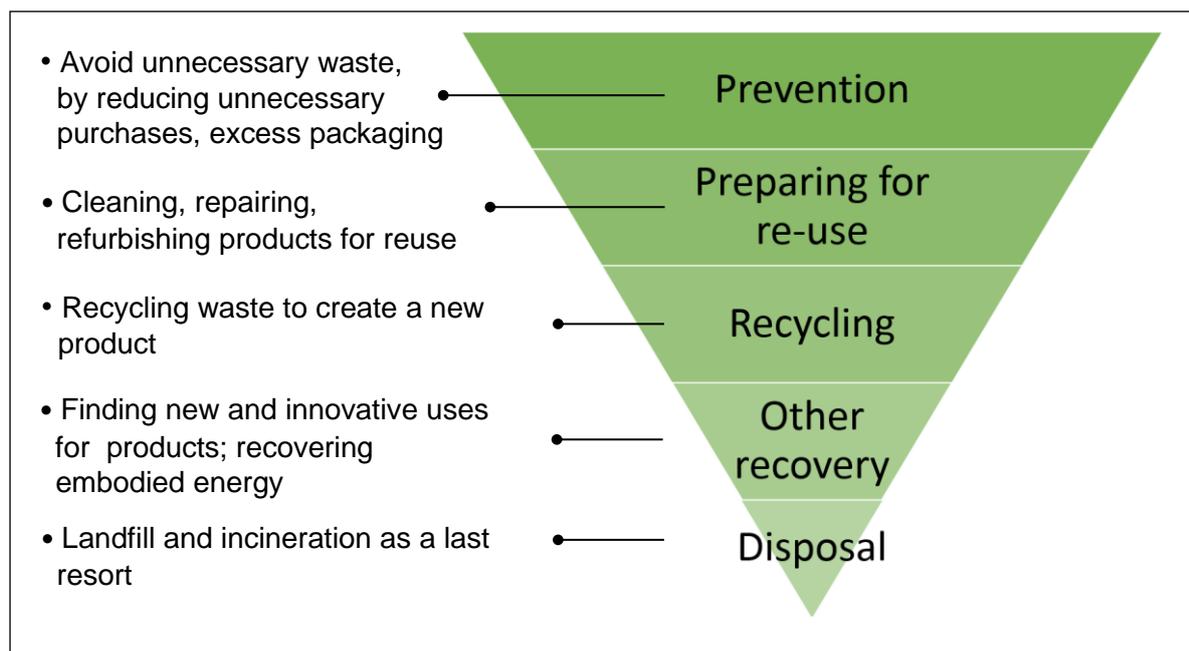


Fig 6: The waste hierarchy

UK Power Networks require suppliers to provide the weight and quantity of packaging around materials and goods supplied, to meet the requirements of the Producer Responsibility Obligations Regulations. Where relevant, we may also request documentary evidence regarding the recycled content of material and products as well as information relating to steps taken to reduce waste and increase reuse and recycling.

## WATER

UK Power Networks recognises the importance of effective water management in achieving environmental sustainability, and so seeks to reduce consumption and increase conservation and recycling of water resources. We have a target to save 10-15 percent of the water we use from our baseline in 2019 by 2021.

Suppliers are expected to support UK Power Networks in this effort by avoiding water-intensive activities, measuring water consumption, and recycling water. UK Power Networks may request details of suppliers' water consumption, as well as details of

steps taken to reduce water consumption and increase efficiency, conservation and recycling.

Suppliers are also expected to keep pace with ongoing development and regulations in this area, and commit to continuous improvement.

### **TRANSPORT**

Suppliers should use low-emission transport where possible, and transport efficiency is encouraged through effective route planning, driver training, and the use of driver data and telematics.

Fuel data for UK Power Networks fleet vehicles is captured via fuel cards. We monitor the amount of emissions produced by operational transport, including contractor transport data, as part of our business carbon footprint reporting. We may require our supply chain to provide documentary evidence of transport emissions and steps taken to reduce them.

UK Power Networks is supporting the change to low emission vehicles. In 2018, we were the first of London's Utility Networks to put Electric Vehicles on the Capitals' roads as part of its operational fleet. To date we have trialled the use of eight electric Renault Kangoo vans to improve air quality and reduce our Carbon Footprint.

## 5. SOCIAL ISSUES

### OUR APPROACH

At UK Power Networks, we recognise that it is good for our employees and for business to maintain a good work environment. It is our vision to become an Employer of Choice, and this means promoting and maintaining a culture that places health and safety as a top priority, creates a positive and rewarding work environment, and champions diversity and inclusiveness.

We are also committed to serving and balancing the best interests of our employees, our contractors, our customers, the local communities in which we work, and society in general. This involves a wide array of issues, including Modern Slavery, data protection, skills development, and working to tackle fuel poverty, and is at the heart of our vision to become a respected corporate citizen. Suppliers are expected to support our values and help us work to achieve our vision.

### HEALTH AND SAFETY

The safety, health and welfare of our employees, customers, members of the public and suppliers is central to the UK Power Networks vision. We are accredited against OHSAS 18001 (Occupational Health and Safety), and have very high standards for health and safety performance. Our goal is to have zero lost time incidents (including contractors), and we are committed to reducing both our Total Recordable Injuries rate and our Lost Time Recordable Injuries rate by 10 percent per annum.

Suppliers must ensure that all works are carried out in compliance with relevant legislation and with guidance issued by the Health and Safety Executive. Health and safety performance is crucial to UK Power Networks, and as such will be used as a key criterion in the selection process, and the performance of prioritised suppliers will be regularly assessed.

As part of any tendering activity, bidders will be supplied with a copy of the UK Power Networks Health and Safety Policy as well as a copy of Additional Health, Safety and Environment Requirements for Contractors Working for UK Power Networks. These must be adopted by all suppliers working with UK Power Networks.

Suppliers will also be required to provide details of their own health and safety policy, procedures, and records of performance. UK Power Networks will work with suppliers to improve their health and safety policies if appropriate.

Suppliers must have effective health and safety management systems, as well as suitable monitoring and control processes, and will be subject to periodic inspections

### Safety



55. No formal notices or prosecutions by the HSE under applicable legislation
56. Deliver the high safety criticality element of the asset health/risk index (deliver all asset improvements with a high safety criticality score (4) in the asset risk index)
57. Reduce the Total Recordable Injuries rate (accident rate per 100,000 hours worked) by 10 per cent per annum to less than 0.5
58. Reduce the Lost Time Recordable Injuries rate (accident rate per 100,000 hours worked) by 10 per cent per annum to less than 0.05
59. Achieve at least one year with no RIDDOR reportable lost time incidents for employees and contractors by the end of the period
60. At least one year with no RIDDOR reportable public harm resulting from our activities
61. Engage with two million children and members of the public, either through face to face or via on line interaction, on public safety issues over RIIO-ED1

Fig 6: UK Power Networks' safety commitments under RIIO-ED1

and audits carried out by UK Power Networks or external auditors. It is the suppliers' responsibility to demonstrate compliance with all relevant legislation.

### UK Power Networks' five principles of health and safety

Every job will be done safely and with due care for the environment, no matter how important or urgent it is

Each of us has a personal responsibility for our own health & safety and for those around us

Putting people to work carries a specific responsibility and accountability for safety and health, which will be visibly demonstrated

Each near miss we learn from reduces the chance of harm next time

Each of us will spot, report and deal with hazards to help create a harm free workplace

UK Power Networks aims to have a safe working environment free from the effects of drugs and alcohol, and provide support to employees who suspect or know they have a drug- or alcohol-related problem. Employees, contractors and sub-contractors working for UK Power Networks are required to be aware of and comply with the UK Power Networks Drugs and Alcohol Policy (HR 00 003).

### EQUALITY, DIVERSITY AND INCLUSIVENESS

UK Power Networks is committed to developing an inclusive and empowered culture in which all employees feel valued and engaged. This is at the heart of our Everyone Matters campaign, which supports our objective to become the best performing Distribution Network Operator with the best performing people.

We do not discriminate against protected characteristics, as detailed in the Equality Act 2010. We are committed to promoting equal opportunity and non-discrimination among our employees, customers, and across the supply chain. Our approach to equality, diversity and inclusiveness is championed by the UK Power Networks Diversity and Inclusiveness (D&I) Taskforce. The Taskforce develops and oversees our D&I strategy, which has three objectives:



- To create an inclusive environment in which differences are valued and integrated into every part of our organisation.
- To leverage diversity and inclusiveness to enhance business performance.
- To contribute towards our vision of becoming an employer of choice.

Suppliers are expected to share these principles and to support our D&I objectives. We expect suppliers to have a policy promoting socially responsible behaviours, which embeds diversity and inclusiveness, and we may require documentary evidence of policies, initiatives, and charitable endeavours, as well as workforce diversity statistics. This information may be used as part of our tender decision-making process. We will work with our suppliers to develop effective diversity and inclusiveness policies if appropriate.

UK Power Networks is also committed to promoting diversity and inclusiveness across our supply chain. We recognise the value of small suppliers, and suppliers run by minority groups, and are happy to discuss any perceived barriers to access with suppliers. We encourage suppliers of all sizes and types to bid for contracts.

In compliance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, UK Power Networks, like all private and public sector employers with more than 250 employees, will now report on gender pay gap. UK Power Networks expects all suppliers with more than 250 employees to comply with this mandatory requirement, and encourages smaller companies voluntarily to do so as well.

## MODERN SLAVERY

UK Power Networks is fundamentally opposed to slavery and human trafficking, and will not conduct business knowingly with those engaged in such activities or knowingly permit them to be carried out as part of their business.

It is a precondition of submitting a bid for UK Power Networks tenders that the tenderer takes all necessary steps to prevent the commission of offences under the Modern Slavery Act 2015. This is also the case for subcontractors and across the supply chain. This includes, but is not limited to:

- Ensuring that the work environment is safe and healthy;
- Ensuring that all employment is undertaken voluntarily;

## Social



Continue to improve the service provided to vulnerable customers:

62. Double the number of customers on our priority service register
63. Proactively contact all registered vulnerable customers to offer support if they are without power
64. Extend our local authority joint response pilot across our geographical footprint and standardise triggers
65. Provide every vulnerable customer an alternative high priority dedicated number
66. Distribute welcome packs to all new priority service register customers

Maintain community engagement during RIIO-ED1:

67. Host two subject-specific priority issue focus groups on vulnerable customers and fuel poverty every year
68. Maintain our community fund investing £300,000 per annum

Work proactively with third parties to reduce the level of fuel poor in our three networks:

69. Work with National Energy Action (NEA) to map and profile fuel poor customers within our footprint
70. Publish information to targeted customers on how energy efficiency and demand-side activity can be used to manage energy consumption
71. Deliver a series of targeted consumer surgeries for vulnerable residents designed to raise awareness of energy efficiency and how to manage energy bills
72. Publish a strategy to explain how smart meters can be used to reduce fuel poverty
73. Create a group of UK Power Networks local community energy champions
74. Develop a project with NEA to educate young carers about energy efficiency
75. Organise and deliver school activity days to encourage safe, efficient use of energy

Be an employer of choice:

76. Measure ourselves against other companies and seek inter and intra sector recognition/accreditation by participating in external benchmarking such as achieving membership of the Sunday Times Top 100 Best Companies
77. Recruit and train over 1,000 staff as well as up-skill and develop existing employees to ensure that we maintain a suitably skilled and motivated workforce

Fig 7: UK Power Networks' social commitments under RIIO-ED1

- Following all local applicable laws pertaining to minimum age requirements, wages, number of hours worked in a seven-day week, and freedom of movement;
- Ensuring that there is a safe and reliable method for reporting grievances or whistleblowing;
- Implementing sufficient due diligence procedures to identify key vulnerabilities and risks in the supply chain, and conduct, or be willing to undergo, rigorous, independent auditing of key supply sites.

In compliance with Section 54 of the Modern Slavery Act, UK Power Networks produces an annual modern slavery and human trafficking statement. Suppliers with an annual turnover of over £36m must comply with their legal obligation to produce an equivalent statement, including, among other things:

- An outline of steps taken during the previous financial year ‘to ensure that slavery and human trafficking is not taking place in any of its supply chains, and in any part of its own business’;
- Details about the supplier’s structure, business operations, and supply chains;
- Details of parts of the business and supply chain which are identified as at risk of slavery or human trafficking, and procedures taken to manage those risks; and
- An outline of training or capacity building measures for staff to manage and mitigate risks.

For guidance in this area, refer to the UK Government document ‘Transparency in supply chains: a practical guide.’

As well as stating a zero-tolerance policy, UK Power Networks expects suppliers to take a proactive role in ensuring that their supply chains are transparent and ‘slavery-proof’. We will work with suppliers to improve business practices and processes as appropriate.

Failure to comply with the Modern Slavery Act will be treated as a material breach of contract with UK Power Networks.

### **DATA PROTECTION**

UK Power Networks believes that every person has the right to regulate how their personal information is handled. During the normal course of business, personal information is likely to be collected, stored, and processed. Each of us has the responsibility to deal with that information in an appropriate and lawful manner.

UK Power Networks has the policies, procedures, and controls in place to protect personal data, including our Data Protection Policy (LEG 00 002) which is provided to tenderers and suppliers. Suppliers must adhere to and incorporate the UK Power Networks Data Protection Policy and its core principles into their own data protection policies. Relevant data protection clauses will be written into contracts.

In instances in which suppliers will have access to UK Power Networks data or information systems, those suppliers must accept the UK Power Networks Information Security Standard for Service Providers (IST 01 005) and adhere to the UK Power Networks Information Security Policy (IST 00 001), which is issued with the RfX.

At a minimum, we expect suppliers to comply with the requirements of the General Data Protection Regulation 2016, which has replaced the Data Protection Act. This includes providing sufficient levels of data protection, by ensuring that data is accurate, avoiding holding data for longer than is necessary, and taking measures against the unlawful or unauthorised processing, accidental loss of, and damage to, personal data.

### ENERGY AND UTILITIES SKILLS ACCORD

UK Power Networks is a leading partner and signatory to the Energy and Utilities Skills Accord. The Skills Accord seeks to address skills gaps in the energy and utilities sector, by requiring signatory companies to ensure that responsible procurement practices are used to drive investment in skills through the delivery of contracts.

Signatories of the Skills Accord agree to the following commitments:

1. To address sector-wide skills gaps and shortages. This entails supporting the sector to reach its 5 per cent sector target for enrolment in relevant skills development programmes;
2. To promote signing up to the Accord through the supply chain, with the aim that the entire supply chain eventually meets the requirements of the Accord;
3. To promote relevant skills development across the supply chain through the development of responsible procurement practices;
4. To continuously improve performance in sustainable workforce practices; and
5. To monitor and report compliance with these commitments.

Embedding the commitments requires broad support, and as such, we encourage our suppliers to sign up to the Accord, and to promote signing up to the Accord throughout their own supply chains.

### COMMUNITY SUPPORT

To support our vision to become a respected corporate citizen, UK Power Networks is proactively engaged in community outreach activities, including funding community projects, employee volunteering, and supporting vulnerable customers. Community Matters encompasses all of UK Power Networks'



## Working with UK Power Networks



corporate social responsibility schemes, from funding for local projects and initiatives to employee volunteering and Give as you Earn.

Suppliers are encouraged to support community projects; open apprenticeship, trainee and work experience opportunities to residents, under-represented groups, students, and people who are not in employment, education and training (NEET) in the local community. Details of these initiatives and charitable endeavours and their social value may be required, and this may be used to inform our tender decisions.

## 6. ECONOMIC ISSUES

### VALUE

UK Power Networks is committed to delivering the best value to its customers and stakeholders. This is central to our social commitments, our focus on customer service, and our vision to become the best performing Distribution Network Operator.

This includes consideration of social and environmental factors as well as life-cycle costs. The lowest cost option may not always represent the best value. As noted in the Utilities Contracts Regulations 2016, *'the utility will specify in the procurement documents the relative weighting which it gives to each of the criteria chosen to determine the most economically advantageous tender, except where this is identified on the basis of price alone.'*

### LIFE-CYCLE COSTS

UK Power Networks encourages suppliers to demonstrate the full life-cycle costs of their products. This includes costs associated with initial production, use, maintenance, and disposal, as well as information on energy consumption and durability. Suppliers should also keep abreast of developments in this area and outline any steps taken to reduce life-cycle costs. This information may be requested during the tender process, and may be used to inform procurement decisions.

### PROMPT PAYMENT

As part of our vision to become a respected corporate citizen, UK Power Networks aims to pay all suppliers within 30 days as standard. In compliance with the Reporting on Payment Practices and Performance Regulations 2017, UK Power Networks will commence reporting its payment practices and performance in relation to qualifying contracts from September 2018.

UK Power Networks and UK Power Networks Services are signatories, to the Prompt Payment Code. This is an initiative, co-sponsored by the Chartered Institute of Credit Management and the UK Government, which sets standards for payment practices and best practice. Signatories undertake to pay suppliers within a maximum of 60 days, to work towards adopting 30 days as a norm, and to avoid any practices that adversely affect the supply chain.

Suppliers are encouraged to sign up to the Prompt Payment Code.

### CONFLICTS OF INTEREST, FRAUD, BRIBERY, CORRUPTION

As per our Code of Conduct, UK Power Networks employees are required to maintain the highest ethical standards of behaviour, and suppliers are expected to maintain the same high standards. Conflicts of interest, fraud, bribery and corruption are bad for business and undermine a company's reputation. Suppliers must work actively to prevent any ethical breaches from occurring.

Suppliers must review and accept the UK Power Networks Anti-Bribery and Anti-Corruption Policy (LEG 00 001), or incorporate its core principles into their own anti-bribery and corruption policies. UK Power Networks expects its suppliers to be able to demonstrate that they have adequate policies and procedures to detect and address all fraud, bribery, corruption, and conflicts of interest. This includes conducting effective due diligence of their own supply chains, and operating a whistleblowing function.

In their work with UK Power Networks, suppliers should avoid any situations in which a conflict of interest is likely to arise. Suppliers must inform UK Power Networks of any actual or suspected conflict of interest that does arise.

UK Power Networks maintains an absolute prohibition on improper payments, kickbacks, and other forms of bribery. Gifts, tokens of goodwill, and hospitality should not be accepted if accepting them would put, or would appear to put, an employee or supplier under an obligation to a person or company seeking to do business with UK Power Networks. Additionally UK Power Network seeks to ensure that employees and third parties are not able to facilitate the evasion of tax, in line with the Criminal Finances Act 2017 and expects their supply chain to maintain this position. Further information can be found in the Code of Conduct (HR 00 027), the Anti-Bribery and Anti-Corruption Policy (LEG 00 001) and the Taxation Policy (FIN 01 002).

### **WHISTLEBLOWING**

UK Power Networks encourages all staff and suppliers to report any fraud, bribery, corruption, conflicts of interest, or suspicious activity to the independent, anonymous Whistleblower Hotline.

This can be accessed free at any time on 0800 069 8594. Alternatively, a report can be submitted online at [www.ukpowernetworks.ethicspoint.com](http://www.ukpowernetworks.ethicspoint.com)

## 7. COMMUNICATIONS

### COMMUNICATING WITH UK POWER NETWORKS

UK Power Networks undertakes Supplier Relationship Management (SRM) in order to ensure effective delivery of business requirements and to meet its vision to be An Employer of Choice. In practice, this means:

- Managing and improving supplier performance and relationships;
- Promoting safety at all times and in all places;
- Maximising value, efficiency and minimising cost throughout its supply chains;
- Maintaining and improving quality of all goods and services;
- Identifying, managing and minimising risk;
- Managing and improving customer service;
- Managing continuous improvement opportunities;
- Maintaining high ethical standards of behaviour.

UK Power Networks employs the following methods of relationship management:

- **Reviews.** Timely, regular, structured, minuted and communicated.
- **Information Gathering.** Information needed to effectively manage suppliers is available and transparent
- **Performance Measurement.** Delivery performance and activity levels, quality, service support, issue resolution and account management, cost reduction, added value, industry benchmarking.
- **Risk assessment.** Tailored risk assessments and joint risk reduction activities
- **Development & Opportunities.** Volume growth, process improvement, shared cost reduction initiatives, new product development, complexity reduction, market alignment, etc.

### BRANDING

All supplier external communications about UK Power Networks or UK Power Networks projects must be approved by the UK Power Networks Customer Engagement team before being published. This includes, but is not limited to, publishing press releases, company news stories, website pages and social media posts referencing UK Power Networks.

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