

Responsible Procurement Charter

1. Introduction

We aim to be the best electricity network operator in serving our customers, while powering everyday life for more than eight million people across our region. We are committed to constantly maintaining the highest ethical standards in the conduct of our business.

We are committed to leading the drive to decarbonisation in our regions as we transition to net zero emissions. This is a significant undertaking and will require collaboration and close working between Northern Powergrid and its supply chain to achieve.

The Northern Powergrid Responsible Procurement Charter ("Charter") sets forth expectations for our suppliers and business partners that are intended to supplement, not replace, requirements established by contract, policy or a supplier's own ethics and compliance guidelines.

The Charter also details some of the targets that we aim to achieve during the next regulatory period, known as RII0-ED2 ("ED2"), which runs from 2023 to 2028.

During ED2 we will also align our procurement process with ISO 20400, the international standard for sustainable procurement.

2. Ethical and Legal Requirements

- We require suppliers to adhere to the highest level of ethical conduct and fair dealing. We are committed to compliance with all laws in every country where we do business.
- No supplier shall enter into a transaction or engage in a practice that would constitute an actual or apparent conflict of interest between such supplier and Northern Powergrid. A conflict of interest occurs when a representative of a supplier (or a family member) has a personal interest or involvement in an activity that could interfere with an objective, impartial and effective business relationship with Northern Powergrid. An apparent conflict of interest occurs when personal interests or activities could lead others to doubt the supplier's objectivity or impartiality.
- We expect our Suppliers to share our commitment to ethics and compliance with legal requirements and to comport with the highest level of ethical standards when conducting business.

2.1. Bribery and Kickbacks

- Entertainment, gifts or cash payments should not be used to influence individuals or groups who are in a position to award contracts or affect the award of contracts, business or other benefits to the company. Bribes and kickback payments to influence agents or employees of any third party are strictly prohibited and may violate various national laws including bribery. The UK Bribery Act prohibits all bribery by, or on behalf of, a company which is incorporated or carrying on business in the UK. Requesting or accepting a bribe is also a crime. The law covers bribery which takes place anywhere in the world.

3. Safety and Health

- We are committed to providing a safe and healthy environment for all workers and the public. We set high standards for health and safety and believe all work should be performed without injury.

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- We expect suppliers to ensure safe working conditions and provide safe and healthy working environments for workers, including appropriate controls, training, work procedures and personal protective equipment.
- Suppliers are required to comply with all applicable laws and regulations regarding working conditions. If contract or purchase order terms and conditions are more stringent than applicable laws and regulations, the contract or purchase order conditions shall prevail.
- Poor safety performance and/or failure to adhere to our safety and health policies may result in termination of the supplier's business relationship with us.

3.1. Health and Mental Wellbeing

- We prioritise the health and mental wellbeing of our colleagues and expect our suppliers to do the same.

4. Environmental Compliance and Stewardship

- Environmental respect is one of our core principles and being good stewards of the environment is essential to the way we operate.
- We expect our suppliers to share our commitment to the environment by abiding by the letter and spirit of all environmental laws and regulations, as well as our policies and procedures related to pollution, waste disposal, emissions, and wildlife and habitat protection. Suppliers are required to obtain and maintain all permits and registrations necessary to conduct their work. Suppliers are also expected to perform all work and maintain their equipment in a manner that avoid spills and releases to the environment and, if a spill or release does occur during the performance of supplier's work, to report those incidents in accordance with our policies.
- Suppliers are encouraged to collaborate with us to eliminate waste and cost from the supply chain and minimise the use of energy and natural resources.

5. Security of our Assets and Data Protection

- Providing safe, reliable and sustainable services to our customers and communities is our highest priority. Our resources, including company facilities, equipment, systems, technology assets, intellectual and informational property, data, materials, time, information and office and field supplies, are critical to providing the required level of service to our customers.
- Suppliers are expected to protect our resources, including those referenced herein, and adhere to all access, network security and physical security. Suppliers are expected to safeguard our confidential and proprietary information, trade secrets and other intellectual and informational property (which includes patents, copyrights, inventions, and other discoveries).
- Suppliers are expected to implement and maintain a cyber security system designed to prevent unauthorised access to, and maintain the security of, their own computer systems, networks and information to prevent the unauthorised access to, and to maintain the security of, our computer systems, networks and information. Suppliers must notify us immediately in the event of suspected or actual unauthorised access to the supplier's or our computer systems, networks or information.

6. Human Dignity and Labour

- We are committed to fair employment practices including diversity and inclusion as well as equal employment opportunity. We respect the differences and unique talents and background of every employee and we provide equal employment and promotional opportunities to all employees based on their abilities, achievements and experience without regard to race, colour, religion or religious creed, age, national origin, ancestry, citizenship status (except as required by law), gender, gender identity,

gender expression, sex, pregnancy, sexual orientation, genetic information, physical or mental disability, marital status or any other status as provided by the laws of the country where we do business.

- We are also committed to observing those laws that pertain to freedom of association, privacy, recognition and the right to engage in collective bargaining and to otherwise fully comply with all applicable employment discrimination laws wherever we do business. We do not tolerate harassment of any kind, including but not limited to sexual harassment, racial harassment or any other type of behaviour that is hostile, disrespectful, abusive or humiliating and we do not tolerate workplace violence of any kind, including intimidating or threatening actions.
- We expect our suppliers to share our commitment to a humane, diverse and inclusive workplace free from discrimination, harassment, coercion and any form of violence. Suppliers have a responsibility to uphold that commitment and report any acts (verbal, physical or visual) of harassment, intimidation or coercion related to race, colour, religion or religious creed, national origin, ancestry, citizenship status (except as required by law), gender, gender identity, gender expression, sex, pregnancy, sexual orientation, genetic information, physical or mental disability, marital status or any other status or classification protected by law.
- Suppliers shall support and respect internationally recognised human rights. Suppliers shall not use, or participate in the exploitation of workers, forced, trafficked or involuntary labour. Use of child labour is unacceptable. Suppliers shall not employ any person under the minimum legal age for employment as prescribed by the local authority. Suppliers are expected to ensure that wages, benefits and hours of work comply with all applicable laws and regulations.

6.1. Conflict Materials

- We are committed to complying with Section 1502 of the Dodd-Frank Act (the United States Conflict Minerals Law).
- We expect our suppliers to provide information on the content of goods that utilise or contain Conflict Minerals.
- Conflict Minerals are columbite-tantalite (coltan), cassiterite, gold, wolframite and their derivative metals, which are limited to tantalum, tin and tungsten (the stated minerals are based on the related regulations at the time this document was issued, however they may be updated at any time, so reference should be made to the regulations for the current list).

7. Customers and the Community

- We work to deliver excellent customer service and make a positive difference to the environment and communities we serve.
- Our aim is to deliver a 10 out of 10 service to our customers, which is only possible through the support of our Supply Chain.
- We have clear customer service standards and objectives mapped out and ambitious targets to achieve these right across the ED2 period. Furthermore the performance across these standards is closely monitored with a clear drive to continuously improve and to eradicate any issues identified that are driving an underperformance. When delivering work on behalf of Northern Powergrid you are serving our customers. As such all the commitments and promises that we have made will be the commitments of our service providers.
- We understand that all our domestic customers are individuals and have unique needs. Through our Priority Services Membership we support vulnerable customers and ensure that they receive extra help when required.
- Our investment in infrastructure and services, together with our commitment to attracting and retaining a diverse and inclusive workforce, makes us a major contributor to the regional economy. Our large-

scale apprenticeship program, combined with positive industry and education partnerships, is successfully powering a new generation of talent.

7.1. The Procurement Skills Accord

- We are committed to sustainable skills development in the energy and utilities sector. We are a leading partner and signatory to the Skills Accord, which was developed by the Energy & Utilities Skills Partnership to address skills challenges in the sectors' supply chain.
- As a signatory we demonstrate our commitment by supporting our suppliers, through our procurement and contracting processes, enabling effective and efficient skills development through their business and also encourage the same through their supply chain.

8. Transparency and Governance

- Suppliers must notify us of and promptly remedy any violation of this Charter. A violation of this Charter, including failure to report a violation, will jeopardise the supplier's business relationship with us and may result in termination of such supplier's business relationship with us.
- We may conduct periodic assessments of human rights, diversity and inclusion, health and safety, environmental compliance and stewardship, asset protection and ethics and compliance to determine whether suppliers' processes, practices and systems meet the spirit and intent of this Charter. By conducting such assessments, we do not assume oversight or direct responsibility for our suppliers.

9. ED2 Commitments

In this section we set out:

- What we will do – What we aim to deliver in ED2.
- What we expect of our Supply Chain – We are only able to achieve these targets with the support of our suppliers. During ED2 we are aiming for at least 90 percent of our suppliers (based on contract value) to be compliant with our Charter. We will also require suppliers to provide certain metrics at regular reporting intervals, specifics of which may alter depending on the type of goods/services provided.

	What we will do:	What we expect of our Supply Chain:
Safety and Health	<p>During ED2 we will work with our contractors to reduce their accident rates by at least 50%. This will be delivered through:</p> <ul style="list-style-type: none"> • Implementing a methodology on contractor safety performance improvement target-setting and monitoring. • Integrating hazard and near-miss reporting systems through applications programming interface (API) solutions. • Updating safety performance expectations for contractors with ED2 targets. • Delivering an increased proposition of enhanced audits on contractors based on risk assessment. 	<p>We want to work with suppliers who understand the importance of safety and health and comply with all relevant legal requirements, and also engage with us on health and safety issues for mutual benefit for all our employees.</p> <p>We expect suppliers to:</p> <ul style="list-style-type: none"> • Carry out work safely (for employees and the public) with consideration of our safety and health requirements when working on our behalf • Provide an environment free of mis-use of drugs and alcohol • Engage with your workforce on H&S issues • Adhere to the D&A policy, aware of requirements and implications of failing to comply • Share examples of best practice <p>Suppliers are required to provide the following health and safety metrics on a quarterly basis for the period of the contract:</p> <ul style="list-style-type: none"> • Accident/incident statistics inc. RIDDOR reportable for last 3 months • Near miss statistics • Details of any internal H&S inspections, safety audits carried out and/or H&S meetings

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		<ul style="list-style-type: none"> • Employee competence/training matrix updates • CV of internal/consultant H&S advice (if there have been any changes) • Details of any toolbox talks delivered in the last 3 months (where appropriate) • Any prosecutions or notices of intended prosecutions • Any new arrangements the supplier has in place for improving the H&S of its employees
Health and Mental Wellbeing	<p>We aim to further improve the standards of health and mental wellbeing amongst our workforce by implementing a health and wellbeing management system that is externally verified against ISO 45003.</p>	<p>We want to work with suppliers who raise awareness of mental health, offer support and guidance, and work towards maintaining an environment free of work-related ill-health.</p> <p>Suppliers are required to provide the following health and mental wellbeing metrics on a quarterly basis for the period of the contract:</p> <ul style="list-style-type: none"> • Number of mental health first aiders • Any amendments to mental health procedures or policies • Any new arrangements the supplier has in place for improving the mental health and wellbeing of its employees
Environmental Compliance and Stewardship	<p>Our environmental management system is certified to ISO 14001 and we will support our supply chain to achieve the same. Through this support we aim to have at least 98 percent of the suppliers working on our network ISO 14001 certified by 2028.</p> <p>We have set the following targets and objectives for our business, relating to carbon emissions:</p> <ul style="list-style-type: none"> • Achieving net zero operations by 2040 • Reducing our scope 1 and 2 emissions by 4.2% per year in line with our 1.5 degree science-based target (SBT) • Reducing contractor emissions rate by 4.2% per annum in line with SBT methodology • Replacing 40% of our fleet vehicles with low or zero emission alternatives by 2028 	<p>Suppliers are required to provide the following environmental metrics on an annual basis for the period of the contract:</p> <ul style="list-style-type: none"> • Emission reduction in last three years • Percentage of fleet vehicles that are ULEV / ZEV • Percentage of office energy offset by Low Carbon Technologies • Percentage of 'green' office supplies • Waste reduction in last three years • All applicable Scope 3 emissions • Any new developments designed with environmental considerations in mind <p>Suppliers are required to provide the following environmental metrics on a monthly basis for the period of the contract:</p> <ul style="list-style-type: none"> • Fuel use – volume and type • Percentage of office waste recycled

	<ul style="list-style-type: none"> 90% of waste diverted from landfill by 2028 	<ul style="list-style-type: none"> Percentage of office waste diverted from landfill Excavated spoil - volume reused, recycled, recovered and sent to landfill Details of biodiversity activities, including no. of sites and biodiversity net gain achieved Environmental incident statistics for the last 3 months
Human Dignity and Labour	<p>During ED2 we will increase the diversity of our workforce and develop a more inclusive workplace culture, supported by increasingly effective data insights.</p>	<p>We want to work with suppliers who understand diversity, equity and inclusion, and the benefits that go beyond being the right thing to do. We expect suppliers to be committed to creating a diverse workforce and strive for an inclusive culture that nurtures people of all genders and backgrounds.</p> <p>Suppliers are required to provide the following labour metrics on an annual basis for the period of the contract:</p> <ul style="list-style-type: none"> Gender ratio of staff Gender pay gap (for organisations with a headcount of 250 or more)

10. Supplier Compliance Certificate

As required by the Northern Powergrid Responsible Procurement Charter,

..... [SUPPLIER NAME]
certifies that:

- We are complying with the requirements in the Charter as of [DATE] or we aim to be compliant with the requirements in the Charter as of [DATE].
- We have appropriate systems in place to ensure our own and our suppliers' continued compliance with the Charter.
- We are agreeing to provide the reporting set out in the ED2 Commitments.

Signed by [NAME OF SIGNATORY] on
behalf of

..... [SUPPLIER NAME]

Position held:

Signed:

Date:

Please send a copy of this certificate to responsible.procurement@northernpowergrid.com

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