



RESPONSIBLE PROCUREMENT

Living water, loving customers, safeguarding the future.
NWG Procurement strategy 2016-2020.



CONTENTS

04
INTRODUCTION

06
WHAT IS
RESPONSIBLE
PROCUREMENT?

08
WHY IS
RESPONSIBLE
PROCUREMENT
IMPORTANT TO
NWG?

10
CREATING THE
NWG STANDARD

12
RESPONSIBLE
PROCUREMENT
IS AT THE HEART
OF EVERYTHING
WE DO

14
NWG RESPONSIBLE
PROCUREMENT
SUPPLIER CHARTER

16
MEETING THE NWG
STANDARD

20
SUPPLY CHAIN
PRIORITISATION

22
MAKING THE
DIFFERENCE

24
THE AIME
PROGRAMME

38
OUR SUCCESSES

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 to achieve our targets.

Quite simply, our values are the way we do things at NWG, and in our activities as NWG, as we strive to become the national leader. One team. Our vision. Our values. Our way.

Responsible procurement plays a vital role in ensuring we can achieve its 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 society and the economy, while enhancing the environment. This document sets out our commitment to responsible procurement which is reflected in how we select and work with our supply chain.

FOREWORD

Responsible procurement is at the heart of everything we do when procuring goods, works and services, from one off purchases to high value partnerships.

As a Business, we are committed to taking responsibility to safeguard and ensure we work with a supply chain that uphold our social, economic and environmental standards and shares our vision of continuous improvement. Our responsible procurement strategy 2016 – 2020 will enable the business to be well equipped to face ongoing challenges, both local and globally, whilst allowing NWG to evolve and consume more sustainable way of working. This approach is essential to allow us to have a clearer visibility of our supply chain partners and it will ensure that we as a business we are striving to do all we can to eliminate unethical behaviour in the supply chain that does not align with NWG values.

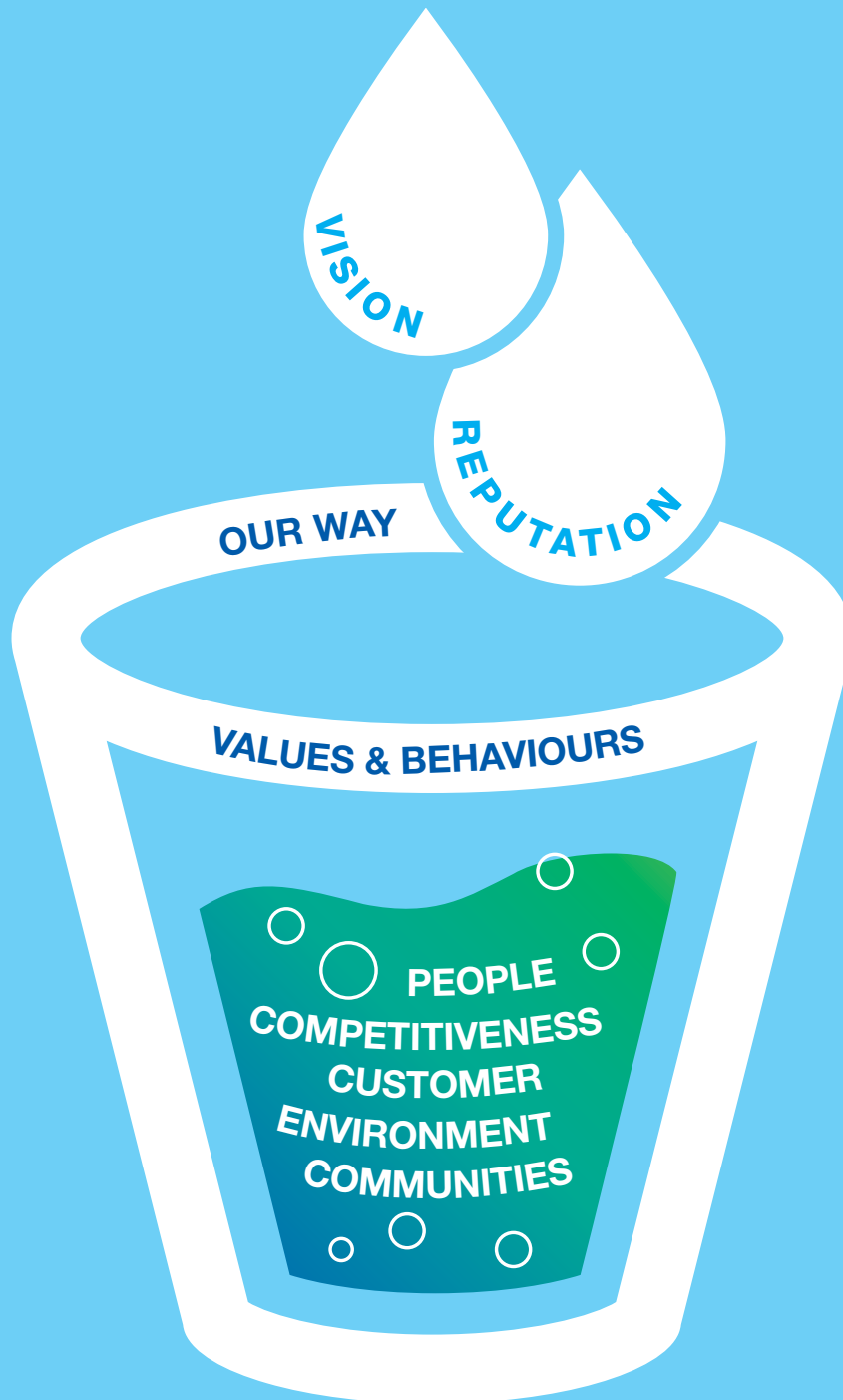
As part of our strategy we will introduce the AIME programme which allows us to set a consistent approach and articulate our commitments and expectations. It will demonstrate how NWG will build Awareness of procuring responsibility, Identify the

main risk areas through our prioritisation model, Measure performance to look for opportunities to improve and celebrate success and Enhance supply chain performance allowing us to communicate and share best practice.

Responsible Procurement at NWG - Living water, loving customers, safeguarding the future.

Steve Crake
Head of procurement





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).

To NWG 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.
- **ENVIRONMENT**
 - Businesses need to develop approach to environmental challenges
 - Businesses need to promote initiatives to promote greater environmental responsibility
 - Businesses to need encourage the development and use of environmentally friendly technologies.
- **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 to need abolish child labour
 - Businesses need to eliminate discrimination in respect of employment and occupation.
- **ANTI-CORRUPTION**
 - Businesses need to work against corruption in all its forms including extortion and bribery.

Through delivery of this Responsible Procurement Strategy, NWG are actively addressing the impacts associated with its own procurement activities, and encouraging suppliers to address their impacts. NWG will continue its focus on ensuring that goods, works and services are sourced in an environmentally and socially responsible way that delivers value for money and benefits the local area and 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 corporate vision to be the national leader in the provision of sustainable water and waste water services.

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

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

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



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

Global number of children in child labour estimated to be **168 million children.**

More than half are in hazardous work

WHY IS RESPONSIBLE PROCUREMENT IMPORTANT TO NWG?



NWG strongly believes 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.



NWG believes 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.



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



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



NWG continues to encourage purchasing 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.



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



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



NWG believes 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.



NWG believes 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.



NWG acknowledges 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.



NWG believes 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 THE NWG STANDARD

PURPOSE OF THIS STRATEGY

NWG has continually sought to ensure the way we work is sustainable. We now recognise that our initial approach requires enhancing to encompass a wider remit. For the seventh year in a row NWG have been named on the World's Most Ethical Company list, by the Ethisphere Institute which demonstrate our commitments to acting ethically. As part of this we have identified that suppliers should be viewed as partners in our responsible procurement journey.

Over time what has considered as best practice in this area has developed and will continue to evolve. 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. This strategy sets out our vision for next few years, building on existing processes and allowing us to continually redefine our ideas and how we might implement them. This strategy aligns our processes and policies in terms of responsible procurement and supports our commitments such as the living wage, Modern Slavery Act, and Diversity and Inclusion. As we build on existing practices, we are moving towards more strategic and transformal ways of engaging with our supply chain. This will lead to a great impact with benefits for both NWG, Suppliers, our Customers and the Community.

OUR APPROACH

The responsible procurement strategy applies to all purchases of products and services made by any of the companies or entities of the NWG, 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.

Northumbrian Water Group (NWG) are mindful of the ongoing challenges faced regarding ensuring they procure goods, works and services in a responsible manner. Whilst maintaining our commitment to responsible business management and an effective contribution to Responsible development, NWG developed and approved this Responsibility Procurement Strategy 2016-2020, establishing the roadmap that the company would follow to achieve its objectives.

In 2017, the company published its responsible procurement supplier charter which 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.nwl.co.uk and www.eswater.co.uk.

RESPONSIBLE PROCUREMENT IS AT THE HEART OF EVERYTHING WE DO

NWG commit to...

“Health & safety, environment and quality assessment of suppliers”

“Be ethical, transparent and fair in all our activity”

“Encourage challenge from the supply chain helping us to deliver innovative and creative solutions”

“Promote equality, diversity and inclusion treating all stakeholders equally irrespective of age, gender, disability, race or religion”

“Building our local supply chain and supporting SMEs to grow”

“Procure responsible products from renewable sources wherever possible”

“Strong, long term supplier relationships built on mutual goals and trust”

“Eliminate and mitigate supply chain risk”


“Reduce usage, and to re-use and recycle”

NWG RESPONSIBLE PROCUREMENT SUPPLIER CHARTER

Responsible Procurement plays a vital role in ensuring NWG can achieve its 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

NWG 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'. NWG suppliers must have a clear focus on customer service and always 'Think Customer' to ensure we deliver outstanding customer service every time.




COMMUNITIES

NWG recognises the important of communities and we want to build strong relationships in the communities which we serve. NWG 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

NWG is 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. NWG's contracts for services and works will include a Living Wage obligation. That will mean that any contracted or subcontracted employee working regularly on NWG sites must also earn at least the living wage.




BRIBERY AND CORRUPTION

One of our five core values is to behave ethically. NWG are committed to not engage in bribery or any form of unethical inducement or payment including facilitation payments and 'kickbacks' and NWG strictly prohibit its 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 NWG.




MODERN SLAVERY ACT

The Modern Slavery Act was introduced in 2015 in an effort to tackle slavery and trafficking. NWG are committed to complying with the Act and as such will work with suppliers to provide transparency through our supply chains. NWG include provisions in its 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 ETI base code and where deemed appropriate will be asked to commit to signing up to the code.



HEALTH & SAFETY AND WELLBEING

NWG believes that the promotion of Health, Safety and Wellbeing is a fundamental requirement for us and our suppliers. NWG's suppliers will at all times and under all circumstances maintain a high level of safety including the achievement of all legal standards. NWG expects its 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

NWG is 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

NWG 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

Some of the information we deal with has to be treated confidentially. We will always handle confidential information about NWG's business lawfully and with care, while maintaining confidentiality. Suppliers should ensure that 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

NWG is a Critical National Infrastructure (CNI) company and relies 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

NWG want to work with its 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 to NWG. To report the matter to NWG you can call NWG's independent Whistleblowing line on 0800 915 1571. All reports will be treated confidentially.



MEETING THE NWG STANDARD

In order to meet the responsible procurement standards we have set, NWG recognise the importance of understanding our current position, where we need to improve and where the greatest supply chain risks manifest. To help us achieve this we have approached this by using the flexible framework and a risk base prioritisation model.

THE FLEXIBLE FRAMEWORK











NWG have followed the Flexible Framework model devised by the government led Sustainable Procurement Task Force, which identifies five key themes of people, policy, strategy and communications, procurement process, engaging suppliers and measurement and results. These are in effect the key behavioural and operational change programs that need to be delivered to enable NWG to deliver responsible procurement effectively.





MEETING THE NWG STANDARD

The Flexible Framework allows NWG to assess the quality of its procurement activity and gives a clear route map to better performance.

Below is a copy of the flexible framework along with NWG current and target position:

FLEXIBLE FRAMEWORK	FOUNDATION LEVEL 1	EMBED LEVEL 2	PRACTICE LEVEL 3	ENHANCE LEVEL 4	LEAD LEVEL 5
People	 Sustainable procurement champion identified. Key procurement staff have received basic training in sustainable procurement principles. Sustainable procurement is included as part of a key employee induction programme.	All procurement staff have received basic training in sustainable procurement principles. Key staff have received advanced training on sustainable procurement principles.	Targeted refresher training on latest sustainable procurement principles. Performance objectives and appraisal include sustainable procurement factors. Simple incentive programme in place.	 Sustainable procurement included in competencies and selection criteria. Sustainable procurement is included as part of employee induction programme.	Achievements are publicised and used to attract procurement professionals. Internal and external awards are received for achievements. Focus is on benefits achieved. Good practice shared with other organisations.
Policy, Strategy and Communications	Agree overarching sustainability objectives. Simple sustainable procurement policy in place endorsed by CEO. Communicate to staff and key suppliers.	 Review and enhance sustainable procurement policy, in particular consider supplier engagement. Ensure it is part of a wider Sustainable Development strategy. Communicate to staff, suppliers and key stakeholders.	Augment the sustainable procurement policy into a strategy covering risk, process integration, marketing, supplier engagement, measurement and a review process. Strategy endorsed by CEO.	 Review and enhance the sustainable procurement strategy, in particular recognising the potential of new technologies. Try to link strategy to EMS and include in overall corporate strategy.	Strategy is: reviewed regularly, externally scrutinised and directly linked to organisations' EMS. The Sustainable Procurement strategy recognised by political leaders, is communicated widely. A detailed review is undertaken to determine future priorities and a new strategy is produced beyond this framework.
Procurement Process	Expenditure analysis undertaken and key sustainability impacts identified. Key contracts start to include general sustainability criteria. Contracts awarded on the basis of value-for-money, not lowest price. Procurers adopt Quick Wins.	Detailed expenditure analysis undertaken, key sustainability risks assessed and used for prioritisation. Sustainability is considered at an early stage in the procurement process of most contracts. Whole-life-cost analysis adopted.	 All contracts are assessed for general sustainability risks and management actions identified. Risks managed throughout all stages of the procurement process. Targets to improve sustainability are agreed with key suppliers.	Detailed sustainability risks assessed for high impact contracts. Project / contract sustainability governance is in place. A life-cycle approach to cost / impact assessment is applied.	 Life-cycle analysis has been undertaken for key commodity areas. Sustainability Key Performance Indicators agreed with key suppliers. Progress is rewarded or penalised based on performance. Barriers to sustainable procurement have been removed. Best practice shared with other organisations.
Engaging Suppliers	 Key supplier spend analysis undertaken and high sustainability impact suppliers identified. Key suppliers targeted for engagement and views on procurement policy sought.	Detailed supplier spend analysis undertaken. General programme of supplier engagement initiated, with senior manager involvement.	 Targeted supplier engagement programme in place, promoting continual sustainability improvement. Two way communication between procurer and supplier exists with incentives. Supply chains for key spend areas have been mapped.	Key suppliers targeted for intensive development. Sustainability audits and supply chain improvement programmes in place. Achievements are formally recorded. CEO involved in the supplier engagement programme.	Suppliers recognised as essential to delivery of organisations' sustainable procurement strategy. CEO engages with suppliers. Best practice shared with other / peer organisations. Suppliers recognise they must continually improve their sustainability profile to keep the clients business.
Measurements and Results	 Key sustainability benefits of procurement activity have been identified.	Detailed appraisal of the sustainability benefits of the procurement activity has been undertaken. Measures implemented to manage the identified high risk impact areas.	 Sustainability measures refined from general departmental measures to include individual procurers and are linked to development objectives.	Measures are integrated into a balanced score card approach reflecting both input and output. Comparison is made with peer organisations. Benefit statements have been produced.	Measures used to drive organisational sustainable development strategy direction. Progress formally benchmarked with peer organisations. Benefits from sustainable procurement are clearly evidenced. Independent audit reports available in the public domain.

- KEY:
-  Current position 2017
-  Target position 2018
-  Target position 2018
-  Target position 2018
-  Target position 2019

(NWG will follow this Responsible Procurement Strategy in order to progress towards the targets shown above.)

SUPPLY CHAIN PRIORITISATION

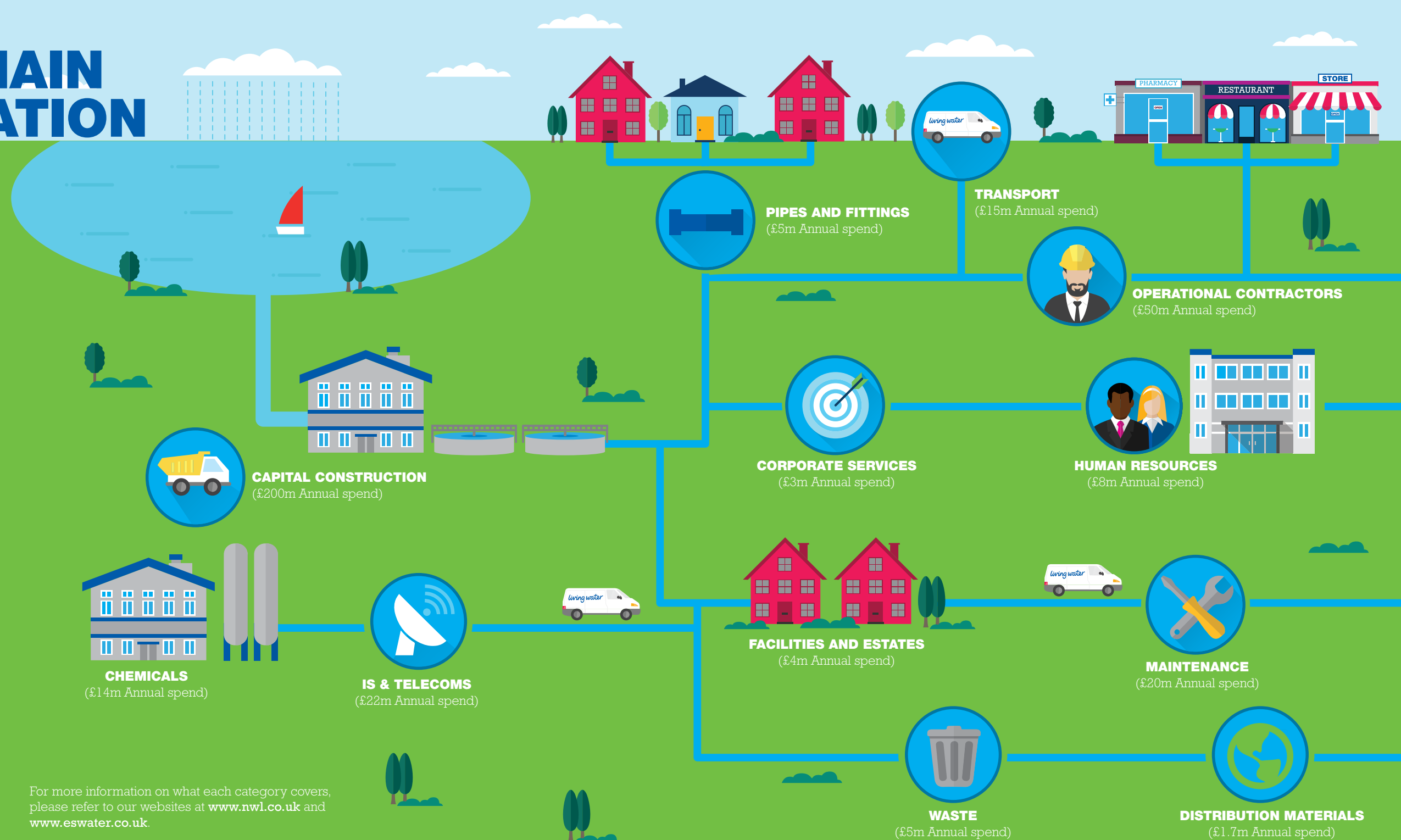
In order for NWG to ensure that the responsible procurement approach we establish is relevant to our sector, geography, risk profile and operational context, it is imperative that we understand the supply chain upfront. A first step of our due diligence is to form an initial understanding of the most salient risks and potential opportunities in our supply chain and how these may impact the business.

Developing this understanding will help us to determine what our priorities are and the most appropriate engagement methods.

NWG take a category management approach to procurement activity. For each category NWG have developed a risk score based on the associated works, services and goods of each category in terms of the economic, social and environmental impact. From this the top 12 highest risk categories were identified in order for NWG to develop a prioritisation action plan.

Using this risk based approach it has allowed us to identify and focus on the contracts within each category that we perceive to be the high risk areas for NWG. To have a consistent strategy for engaging the high risk suppliers we have developed the AIME programme. This program is something NWG feel can be implemented and embedded to really make the difference to the way that we procure goods, works and services. These suppliers will be reviewed annually ensuring NWG continue to focus on the high risk areas.

For more information on what each category covers, please refer to our websites at www.nwl.co.uk and www.eswater.co.uk.



MAKING THE DIFFERENCE

Setting the standard and understanding our supply chain is not enough to properly embed a culture of responsible procurement.

NWG recognise the need to drive continuous improvement to really make a difference to how we procure goods, works and services. Only by increasing awareness, identifying risk, measuring performance and enhancing it, will allow us to instil responsible procurement in everything that we do to maximise value not only to our organisation but also to society and the economy while enhancing the environment. In order to help us achieve this we have developed the AIME Programme.

**THE AIME
PROGRAMME**



THE AIME PROGRAMME

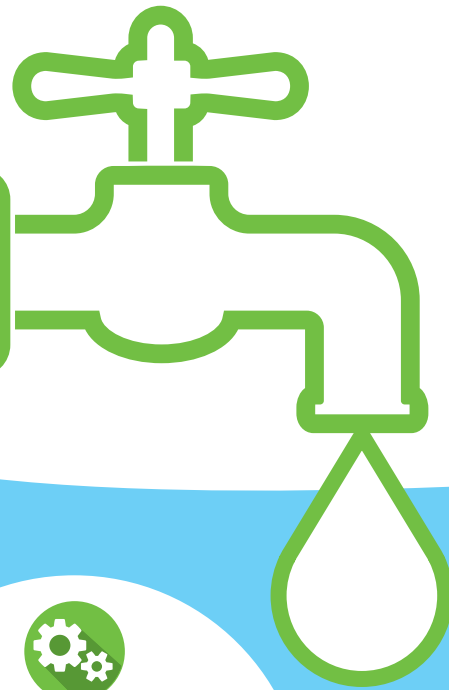
AWARENESS

The first step on the road to embedding responsible culture when sourcing goods, works and services is to build awareness on what responsible procurement means to NWG. The focus is not only on the NWG procurement team but other internal stakeholders along with the supply chain. In order to do this we have developed a number of objectives which will assist in raising the awareness.



OBJECTIVE 1

To build skills and knowledge of the procurement team in relation to responsible procurement.



PURPOSE

To positively engage the procurement team to enable them to constructively challenge existing norms and driving innovation and creativity.



HOW

To undertake responsible procurement training using internal and external experts. Attendance at external events and the production of a responsible procurement toolkit will enable ongoing support for staff.



OUTCOME

All staff are able to understand and communicate to stakeholders the need for responsible procurement while ensuring all sourcing activities embed responsible procurement principles.

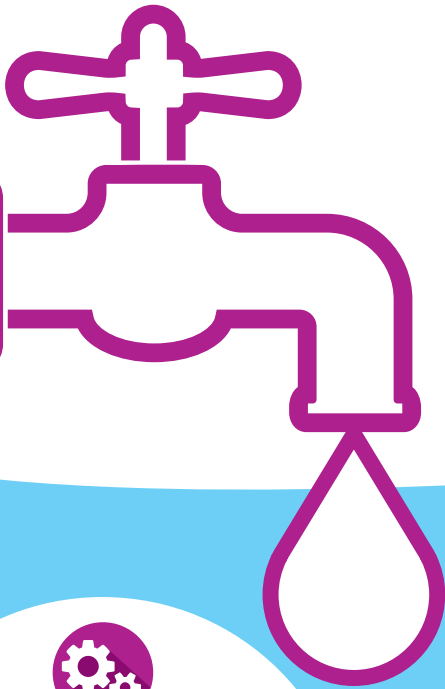


TIMESCALES

Initial Training by June 2017 with an annual review as part of individual appraisals. Toolkit to be produced by April 2018.

OBJECTIVE 2

To provide direction and guidance to internal stakeholders on responsible procurement.



PURPOSE

To ensure that internal stakeholders have sufficient knowledge and understanding of responsible procurement to make informed decisions.



HOW

To communicate initiatives and legislation through company intranet pages. The production of a responsible procurement toolkit will enable ongoing support for staff. Ensure stakeholder engagement plan incorporate responsible procurement principles and are shared with key internal stakeholders.



OUTCOME

Stakeholders are kept informed and updated and are supported by procurement experts when undertaking sourcing activities.

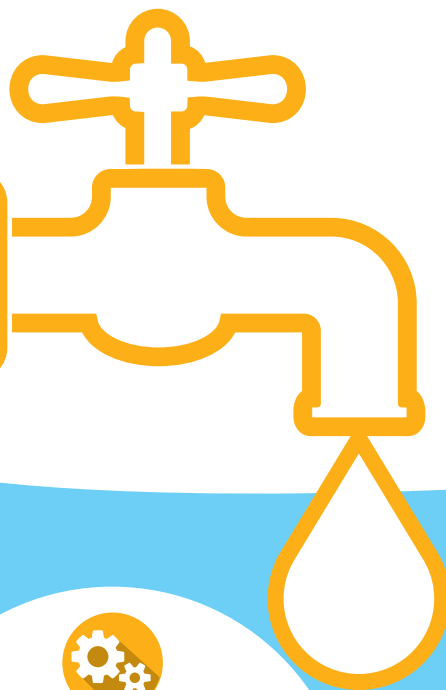


TIMESCALES

Intranet pages live by June 2017, toolkit to be produced by June 2018. Stakeholder plans reviewed annually.

OBJECTIVE 3

To build knowledge and share best practice with supply chain.



PURPOSE

To create awareness and enhance the understanding of responsible procurement within the supply chain.



HOW

Provide links to e-learning modules, links to best practice guidance, dedicated section on the NWG website. Provide guidance and advice at annual supplier meetings. Business mentoring and meet the buyer events.



OUTCOME

To ensure goods, works and services are ethically procured to generate maximum value to the society and the economy while enhancing the environment and complying with all relevant legislation.



TIMESCALES

Establish by June 2018 and carry out ongoing.

IDENTIFICATION

In meeting the standard we introduced the high risk areas by prioritising categories of spend based on economic, social and environmental impacts. Having identified these categories NWG will utilise a number of tools to help get a better understanding of the associated risk and how this can be mitigated.

SUPPLY CHAIN VISIBILITY

NWG will look to identify the key supply chain under each of the high risk contracts. This will allow us clearer visibility of the supply chain which will enable us to take appropriate action where required.

DUN AND BRADSTREET PORTFOLIO MANAGER

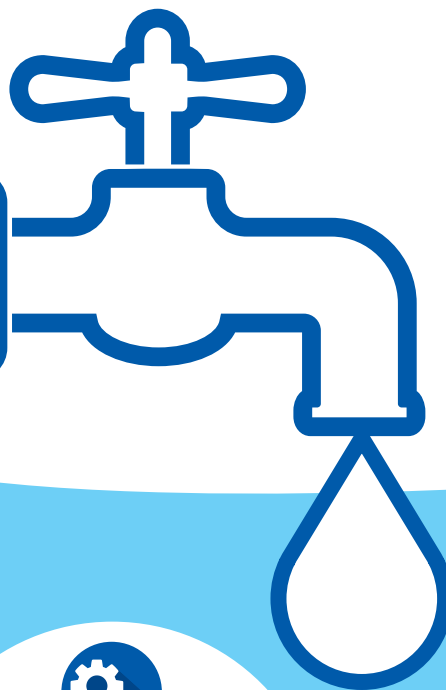
Portfolio Manager is an online analysis tool that NWG utilises to gain a better understanding of financial performance across our supply chain, and pinpoint the main areas of risk and opportunity. This will ensure NWG have the right information to ensure the most appropriate procurement strategy is developed.

CATEGORY RISK MANAGEMENT PLANS

The identification tools form the basis of the category risk management plans which are developed on an annual basis and reviewed bi-annually by the procurement team in conjunction with key stakeholders. The risk management plan covers five broad risk areas including legal, financial, contractual, reputation and sustainability. Each area highlights the key risks and allows the procurement team to consider appropriate mitigation measures.

OBJECTIVE 4

To have a clear classification of risks associated with our supply chains.



PURPOSE

To identify high risk areas within the supply chains and to focus responsible procurement principles which will mitigate the risks identified.



HOW

Category risk management plans which are reviewed bi annually, supply chain questionnaires, CIPS sustainability Index, Dun and Bradstreet portfolio manager.



OUTCOME

Early identification of risk and provide intelligence for areas of immediate attention. Prioritise a list of contracts which could have a responsible procurement approach applied to them from the identification of need through the tender exercise and to the contract terms and management.



TIMESCALES

Establish by June 2017 and carry out ongoing.

MEASUREMENT

We recognise the importance of understanding supply chain performance so we can actively look to drive improvements to ensure our standards expected of our supply chain partners are met.

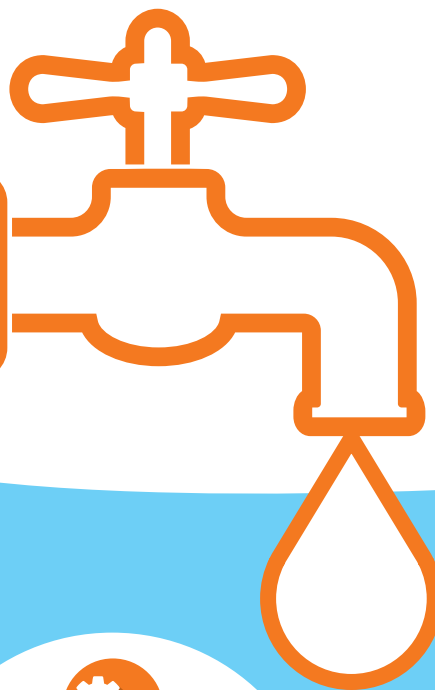
To set targets and measure supplier performance we will engage with the Chartered Institute of Purchasing and Supply (CIPS) to use the CIPS Sustainability Index (CSI). The CSI is an independent assessment of suppliers economic, environmental and social sustainability credentials. The system allows suppliers to prove their sustainability credentials and will help us obtain essential sustainability information in an efficient manner.

Our suppliers are required to answer a number of questions which produce an independent rating for each of the three key areas of sustainability: environment, social and economic. The ratings will provide us with a benchmarking and target setting tool. We will work in partnership with suppliers to identify and improve areas of concern and we will ask our best performing supplier to share experiences and best practice within our supply chain. For more information see <https://cips-sustainabilityindex.com>.

Once established it is our intention to recognise and reward suppliers based on their performance.

OBJECTIVE 5

Top 100 supplier registered and scored with the CIPS sustainability index.



PURPOSE

Allow understanding of supplier performance and to enable identification of areas of strengths and weakness.



HOW

Incentive suppliers through awards / recognition, make it a contract term, communicate with supplier as to importance for registration.



OUTCOME

Ability to benchmark supply chains and understand performance against responsible procurement policies.

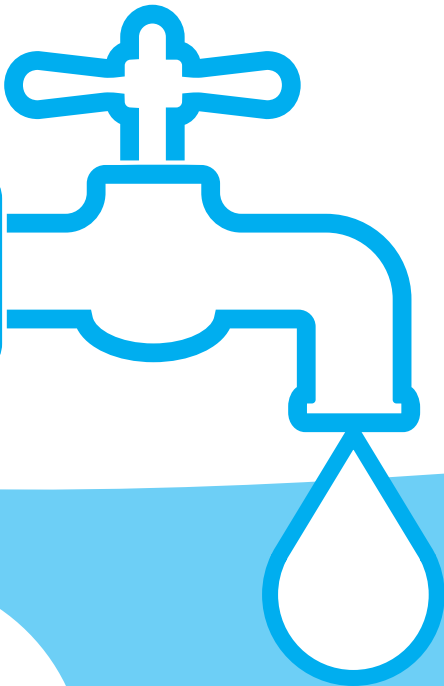


TIMESCALES

Establish by December 2018 and carry out ongoing.

OBJECTIVE 6

To communicate areas of improvement required by the supplier and look for opportunities to enhance their responsible procurement performance.



PURPOSE

Drive continuous improvement in sustainability performance and to mitigate risks.



HOW

Annual reviews with the suppliers, incentivise suppliers through awards / recognition.



OUTCOME

Suppliers have better knowledge of performance and areas of improvement required resulting in mitigation of risks.



TIMESCALES

Establish by December 2017 and carry out ongoing.



ENHANCEMENT

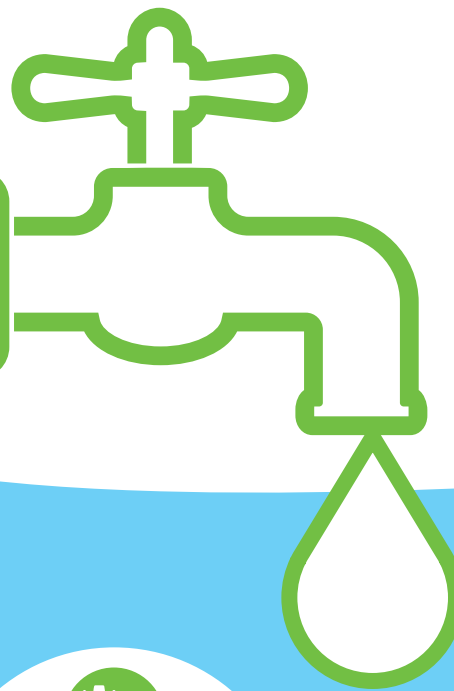
Continuous improvement is a key element of the responsible procurement strategy for NWG.

Having measured the performance of NWG and the supply chain we will engage with suppliers in order to improve the overall position through our 'Excellence in Practice' model. This model will be developed to allow NWG and the supply chain to evidence, communicate and share best practice.

Innovation is also a vital part of the responsible procurement strategy. At NWG we continuously strive for innovative and better ways to deliver our business. We have developed the Market Innovation & New Technologies (MINT) forum which will allow suppliers to propose new technology, product or service offerings. For more information on this initiative please visit www.nw1.co.uk/business/innovation and www.eswater.co.uk/business/innovation.

OBJECTIVE 7

Engage with suppliers to communicate, evidence and promote best practice.



PURPOSE

Drive continuous improvement and mitigate risk and foster innovation. Demonstrate their culture is aligned with NWG.



HOW

Produce an excellence in practice model which evidence suppliers initiatives against key areas.



OUTCOME

Ability to benchmark supply chains and understand performance against responsible procurement policies.

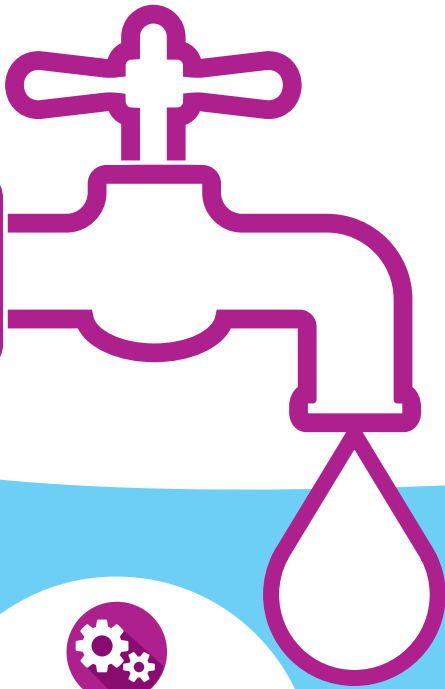


TIMESCALES

Establish by December 2018 and carry out ongoing.

OBJECTIVE 8

Increase the social value of contracts awarded by NWG.



PURPOSE

To increase the social value of contracts awarded by NWG to ensure an increased community benefit.



HOW

Inclusion of social enterprise initiatives within tender documents with a contractual provision on commitments provided.



OUTCOME

An increased community benefit in terms of areas such as apprenticeships, work placements, school visits etc.



TIMESCALES

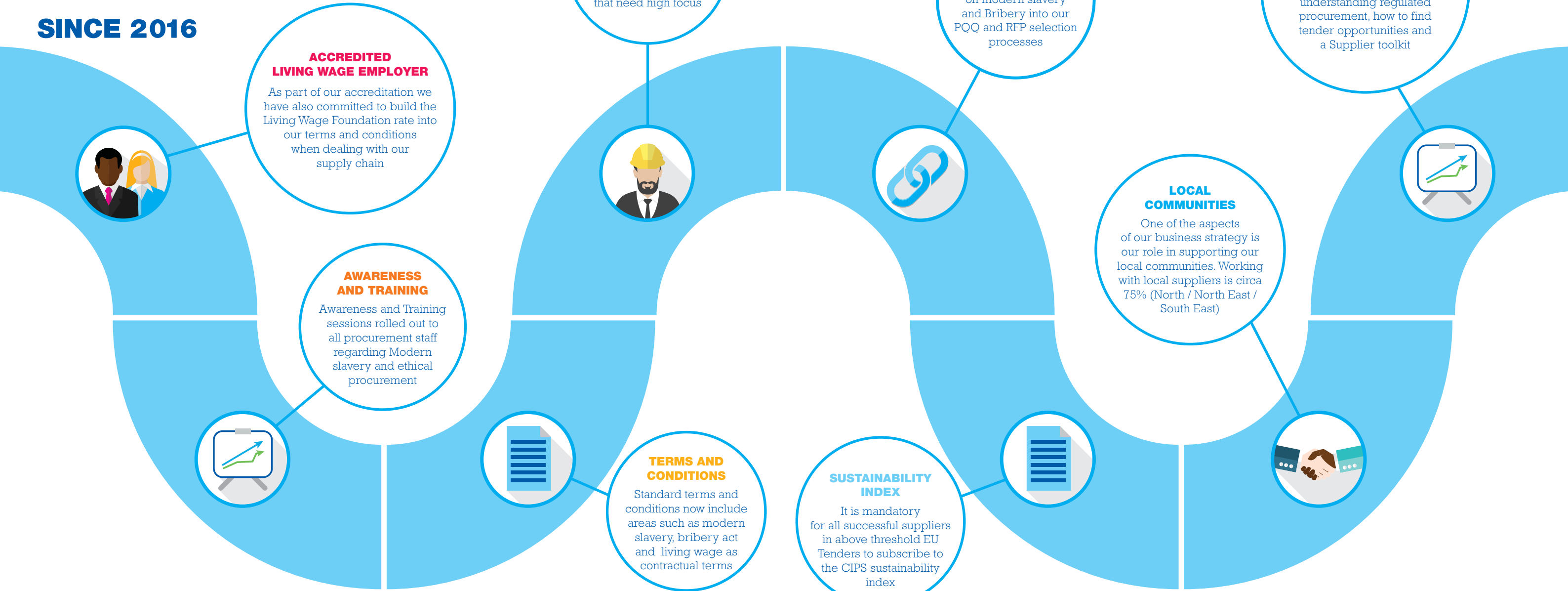
By June 2018 and ongoing.



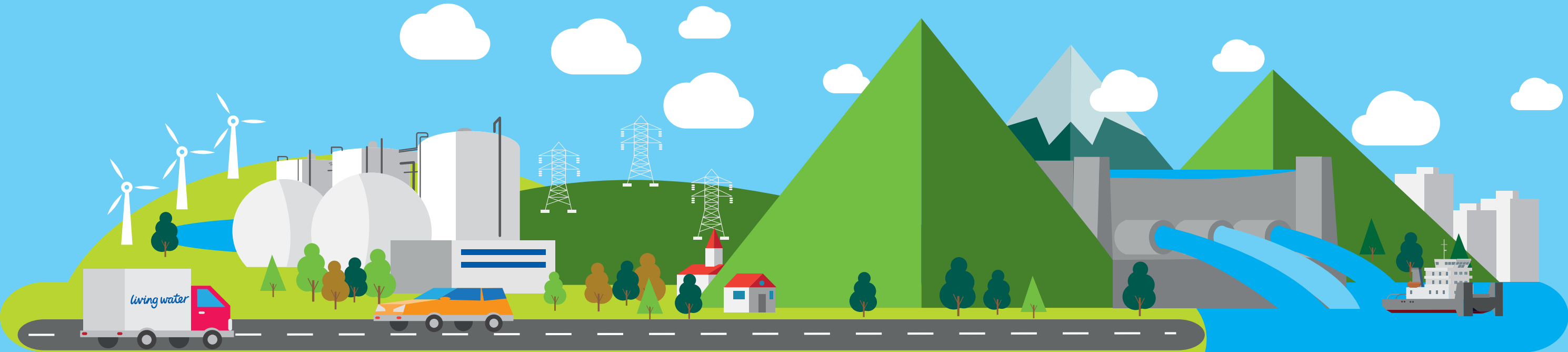
OUR SUCCESSES

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

SINCE 2016



In addition through delivering the NWG Asset and Assurance Capital Plan our Tier 1 Partners since 1st October 2015 they have committed to and provided:





SUMMARY

If you would like to discuss any elements of this responsible procurement strategy please contact the responsible procurement champions at NWG:

Laura McMain

*Category Manager
Procurement and Supply Chain*



Laura.McMain@nwl.co.uk

John Murray

*Category Manager
Procurement and Supply Chain*



John.Murray@nwl.co.uk

FURTHER INFORMATION

For more information on Responsible procurement best practice please refer to;

- BS8903:2010 Principals and framework for procuring sustainably
- Chartered Institute of Purchase and Supply (CIPS) – Responsible Procurement May 2009
- Supply Chain Sustainability, A Practical Guide for Continuous Improvement, Second Edition, United Nations Global Compact.
- Sustainable Procurement in Government: Guidance to the Flexible Framework, revised 2011, Defra
- Procuring the Future, Sustainable Procurement National Action Plan: Recommendations from the Sustainable Procurement Task Force, 2006.



NWG
living water

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