

# Northern Gas Networks Supplier Code of Conduct

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## Foreword

At Northern Gas Networks (NGN) our business approach is built around ethical values, behaviours and responsible business practices that enables us to deliver gas safely and uninterruptedly to our 2.7m customers, whilst identifying and managing impacts on society, environment and economy.

Sustainability is an integral part of our RII0-GD2 business plan as we commit to support the achievement of the net-zero carbon emissions target by 2050 and embed the principles of sustainability into our supply chain. In this Supplier Code of Conduct ('the Code') we have set out key principles that underpin our business values and RII0-GD2 commitments alongside our expectations and requirements for our suppliers tailored to the nature of our procurement activities.

We want to partner with like-minded suppliers who share the same values and commitment towards operating responsibly and ensure compliance with all applicable national and international laws and regulations.

Our business values are aligned with the United Nations Sustainable Development Goals (UN SDGs), which are a high-level

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<sup>1</sup> Micro-Entity: In the UK section 384A of the Companies Act 2006 defines a micro-entity as one that has any 2 of the following: (1) a turnover of £632,000 or less, (2) £316,000 or less on its balance sheet, (3) 10 employees or less

<sup>2</sup> Small and Medium Sized Enterprises (SME): In the UK sections 382 and 465 of the Companies Act 2006 define a small company as one that has any 2 of the

blueprint to achieve a better and more sustainable future for all. Throughout this document we have indicated which of the UN SDGs each of our principles align to, helping you to understand how your actions will impact on a global scale.

## Compliance with the Code and Requirements

NGN requires all suppliers to recognise and comply with the Code, irrespective of the contract value and company size.

NGN will endeavour to make the procurement process more accessible to micro-entities<sup>1</sup> and SMEs<sup>2</sup>, and will provide support if required.

Supplier requirements under this Code are summarised below.

NGN will assess potential suppliers for compliance with the requirements of this Code through a pre-qualification questionnaire (PQQ) for each procurement event. Subject to the outcome of PQQ and if awarded a contract, suppliers are required to confirm they have read and understood the Code and provide NGN with a self-declaration of compliance with this Code during the initial term of their contract(s) with NGN. Thereafter suppliers are required to

following: (1) turnover of not more than £10.2 million, (2) a balance sheet total of not more than £5.1 million, (3) not more than 50 employees. A medium-sized company has any 2 of the following: (1) turnover of not more than £36 million, (2) a balance sheet total of not more than £18 million, (3) not more than 250 employees.

provide self-declarations of compliance with the Code in line with contract renewals. By providing NGN with a self-declaration of compliance with the Code (by signing and returning to NGN the compliance certificate contained in Schedule 1 of this document), suppliers thereby acknowledge the requirements placed upon them under the Code and agree to provide appropriate management systems and arrangements to ensure that compliance with the Code can be demonstrated. If suppliers identify to NGN that they cannot fully comply with the Code on commencement of their contract, NGN may agree a tapered compliance period with the supplier.

NGN reserves the right to verify the supplier’s compliance with the Code and expect suppliers to be supportive of this process. Where limitations or non-compliances are identified, the supplier shall take corrective actions to ensure conformance with the Code within timescales agreed with NGN. Failure to achieve conformance within the agreed timescales will constitute a breach of the Code.

NGN reserves the right to terminate the contract with any supplier that does not comply with the Code.

Suppliers must identify any compliance issues they have with the Code to NGN at the earliest opportunity, nominally within one calendar month of identification, and work with NGN to agree an appropriate corrective action plan, including timescales.

Suppliers are strongly encouraged to take reasonable steps to cascade the requirements of the Code to their own supply chains to drive improvement.

Supplier Requirement	Desirable (D) or Essential (E)
Recognition and compliance with NGN Supplier Code of Conduct	E
GDPR Policy	E
Modern Slavery Policy	D or E  Modern Slavery Policy essential for suppliers with an annual turnover of £36m or more
Additional Requirements	D or E - to be reviewed on a case-by-case basis depending on the nature of the contract.  Example requirements could include: Cyber Security Policy, Health and Safety Policy, or greenhouse gas emissions reporting requirements.

E = Essential requirement without which NGN will not enter into contract with a supplier

D = Desirable requirement which NGN wish suppliers to have or be working towards

Guidance on how to demonstrate compliance with the Code is provided in Schedule 2 of this document.

## Our principles, requirements and expectations

### Our Vision and Values

We aspire to become recognised as the UK's most loved, admired and respected brand and to establish a new paradigm for doing business really well through a united and empowered team that is mind-blowingly great.

We recognise the important role our suppliers play in supporting our operations and we want our suppliers to embrace NGN's culture and values.

### Customer

The customer is at the heart of everything NGN do, and we are acknowledged as best in class in the UK for achieving unprecedented levels of customer satisfaction. We go above and beyond to improve our processes in order to provide an efficient and safe response with excellent customer service.

We are a regulated business and one of our licence requirements is to adhere to the Fair Treatment Guidance<sup>3</sup>, where relevant. The Guidance is aimed at ensuring that NGN and our representatives treat our customers fairly, including customers in vulnerable

situations, and develop approaches that deliver fair outcomes for such customers.

We expect our suppliers to comply with the Fair Treatment Guidance and put the customer first to help us provide the best possible customer experience.

### Heart of the Community



We feel it is our duty to support communities we work in and we are constantly delivering diverse packages of support, such as: work placement opportunities for young people from disadvantaged backgrounds; providing free gas connections to vulnerable customers hit by fuel poverty; educating and protecting the region against carbon monoxide (CO) through school workshops; and encouraging and assisting SME in bidding for contracts and procurement opportunities.

We want to work with suppliers who are committed to supporting the communities they operate in through programmes and initiatives that contribute to the sustainable development of local communities and create job opportunities for SMEs.

<sup>3</sup> <https://www.ofgem.gov.uk/publications/consultation-fair-treatment-guidance>

## Inclusion and Belonging



We are constantly looking at ways we can continue to build a better, more inclusive workplace that will benefit our colleagues, customers, stakeholders and the communities we serve.

We expect our suppliers to have the same commitment towards their current and potential employees by ensuring equal opportunities for all and eliminating direct and indirect discrimination, harassment and victimisation based on the protected characteristics as set out in the Equality Act 2010. We also encourage our suppliers to promote awareness of Equality, Diversity and Inclusion in their businesses by providing training/awareness programmes which are delivered to their employees.

We recognise that the covid-19 pandemic has caused a widening of opportunity gaps in the UK, and in our regions, and as such we signed the Social Mobility Pledge in 2020. Being a part of the Social Mobility Pledge<sup>4</sup> has enabled us to assess our internal and external practices and put in place recommendations that help to remove barriers to career and educational opportunities to the most disadvantaged in society. For example, we've removed the

<sup>4</sup> <https://www.socialmobilitypledge.org/>

requirement for a driving license on our apprenticeship recruitment, and we're creating a universal work placement standard with a minimum number of students taking part each year.

We encourage our suppliers to consider looking at the Social Mobility Pledge and to understand whether there are simple steps they can take to remove barriers to employment or opportunity within their businesses.

## Health and Safety



NGN is committed to delivering a safe and reliable gas supply, protecting our colleagues, suppliers and stakeholders, and preventing risk of injury and occupational ill health. We believe that a happy and healthy workforce is beneficial to our business and nothing is so urgent it cannot be done safely.

We expect our suppliers to prioritise health and safety considerations at all times and work with us to continually improve health and safety management and performance.

## Environment



Our [Environment Strategy](#) commits us to putting the environment at the heart of everything we do and to work hard to enhance communities on a local and global scale. Our Environment Strategy commits us to:

- Take action against climate change
- Improve air quality
- Use resources responsibly
- Enhance life on land
- Enable lasting energy solutions

To deliver our Environment Strategy commitments during our RIIO-2 business plan period we have developed an [Environment Action Plan](#) with specific actions and deliverables for the 2021 to 2026 period including:

- Net Zero Scope 1 and 2 greenhouse gas (GHG) emissions (excluding gas shrinkage and leakage) by 2031
- Net zero total carbon emissions by 2050
- Measure and reduce our supply chain GHG emissions and the embodied carbon of our works
- Reduce office and depot waste by 20% over 2017/18 to 2025/26

- Embed sustainability and the Circular Economy within our supply chain

We expect our suppliers and sub-contractors to support us in achieving our strategic aims, and demonstrate their own commitment to continuous improvement. We expect our supply chain to embrace the principles of sustainability and the Circular Economy by ensuring their products and services are:

- energy efficient;
- minimise environmental emissions, natural resource consumption and hazardous substance usage;
- apply the waste hierarchy; and
- are compliant with all prevailing environmental legislation.

### *Greenhouse Gases Emissions (GHG) Reporting*

We encourage our supply chain to:

- monitor and report their own GHG emissions in accordance with best practice,
- set themselves challenging targets and action plans to reduce their emissions, and
- to engage with their own supply chain to encourage wider reductions through their value chain.

We commit to supporting our supply chain to report their own GHG emissions.

## Innovation



We are committed to undertaking research, developing innovative products and techniques and also demonstrating value to deliver a more cost-effective, future focussed and less disruptive service to customers. We continue to play an important role in the UK's transition to net zero carbon. An element of this comes from regulatory funding through Ofgem to support ambitious schemes that enable us to safeguard and support vulnerable customers and aid the transition to a net zero economy. Collaboration is key to what we do, and we work with an extremely broad range of businesses and stakeholders to develop novel solutions that deliver valuable benefits and make lives easier. We are seeking to share the risks of innovation with our partners and suppliers to enable shared benefits between all.

We encourage our suppliers to identify innovations and ideas that allow us to deliver a more cost-effective, high quality service for customers, while preparing for a greener future.

## Fair Procurement



Procurement activity at NGN is regulated by the Utilities Contract Regulations 2016, which sets out rules and fundamental principles for tendering contracts above certain financial thresholds. At NGN we ensure fair and transparent tendering process and equal treatment of all suppliers regardless of the contract value, and we develop a collaborative way of working for greater mutual value.

NGN's suppliers shall ensure transparency, fair competition and non-discriminatory practices in dealing with their supply chains.

### *Prompt Payment*

NGN understands the impact of late payment to suppliers and undertakes to pay invoices on time in line with the agreed payment terms. We provide suppliers with clear guidance on our payment procedures and ensure disputed invoices are resolved promptly and effectively.

We expect our suppliers to be fair in their payment practices and encourage the adoption of the same standards in their supply chains.

## Anti-Bribery and Corruption, and Anti-Facilitation of Tax Evasion



NGN believes that integrity and fair dealing are essential aspects of the company and this should be reflected in all activities.

Any person representing NGN, including suppliers and subcontractors, shall comply with all applicable laws, statutes, regulations, and codes relating to anti-bribery, anti-corruption and anti-facilitation of tax-evasion, including but not limited to the Bribery Act 2010 and Criminal Finances Act 2017.

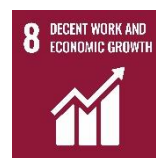
## Fair Labour and Working Conditions



At NGN we take compliance with national and international labour standards extremely seriously. We require our suppliers to comply with all applicable labour laws in the countries in which they operate and ensure the following:

- Employment is freely chosen
- Child labour must not be used
- Working conditions are safe and hygienic
- Working hours, wages and benefits are consistent with laws and industry standards
- Respect employees' right to freedom of association and collective bargaining

## Modern Slavery Act



The prevention, detection and reporting of modern slavery in any part of our business or supply chain is the responsibility of all those working for NGN or under our control.

We require our suppliers to comply with all applicable anti-slavery and human trafficking laws, statutes, regulations and codes including but not limited to the Modern Slavery Act 2015. Suppliers with an annual turnover of £36 million or more must have a Modern Slavery Policy setting out the steps they take to prevent modern slavery in their business and their supply chains, as per the requirement under section 54 (Transparency in Supply Chains) of the Modern Slavery Act 2015 (guidance: <https://www.gov.uk/guidance/publish-an-annual-modern-slavery-statement>).



## Data Protection



NGN recognises that the correct and lawful treatment of Personal, Commercial and Intellectual Property Data will maintain confidence in the organisation and will provide for successful business operations.

Protecting the confidentiality and integrity of our colleagues' and customers' Personal Data is a critical responsibility that we take seriously at all times.

NGN requires that its suppliers have the appropriate standards and procedures in place for the processing and protection of personal data in accordance with all applicable data protection laws

## Cyber Security



NGN invests a significant amount of time in ensuring that cyber security controls are robust and provide adequate protection to NGN systems, network, information and information processing facilities.

We require, when relevant, our suppliers to adhere to the NGN's Cyber Security Policy and have the appropriate cyber security procedures and controls in place, where there is a requirement for the storing, handling, processing or retention of NGN data.

## Whistleblowing and Reporting



NGN operates a whistle-blower service currently supplied by Safecall. This provides a safe and confidential way for employees, suppliers and other stakeholders to report concerns they may have about any wrongdoing at NGN.

If something is wrong, we want to know about it. We pride ourselves on creating a culture of integrity and openness, with clear policies and guidelines on how to do business. If someone has a concern, we want them to feel comfortable raising it immediately.

The service is:

- Totally independent
- Available 24/7
- There for everyone (all employees, contractors, suppliers, and other stakeholders)
- Anonymous if required

You can report an issue by:

- Freephone: 0800 915 1571
- Email: [northerngasnetworks@safecall.co.uk](mailto:northerngasnetworks@safecall.co.uk)
- Online: <http://www.safecall.co.uk/file-a-report>

## Code of Conduct Governance

As a minimum, the Code will be reviewed annually and updated as and when necessary to reflect any changes made to the requirements, NGN Procurement Policy and any applicable legislation.

## Contact Us

For general enquiries or feedback in relation to the Code, please email [suppliercode@northerngas.co.uk](mailto:suppliercode@northerngas.co.uk).

## Schedule 1 Supplier Compliance Certificate

As required by Northern Gas Networks' Supplier Code of Conduct (**Code**),

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

- *We are complying with the requirements in the Code as of .....[DATE].*
- *We have appropriate systems in place to ensure our own and our suppliers' continued compliance with the Code.*

Signed by .....[NAME OF SIGNATORY] on behalf of

..... [SUPPLIER NAME]

Position held: .....

Signed: .....

Date: .....

Please send a copy of this certificate to [suppliercode@northerngas.co.uk](mailto:suppliercode@northerngas.co.uk)

## Schedule 2 Guidance on how to demonstrate compliance with the Supplier Code of Conduct

Supplier Code of Conduct Criteria	Minimum Compliance Requirements	Good Practice
<i>Essential Criteria</i>		
Recognition of NGN Code of Conduct requirements	Return of signed Supplier Compliance Certificate (see Schedule 2 of this document) to NGN	Reference to how your company procedures ensure achievement of the Code requirements
GDPR Policy (and accompanying procedures)	Having a written company GDPR policy	Having supporting company GDPR management procedure(s).
Compliance with environmental laws	Having a written company environment policy	Having a documented environmental management system, ideally externally certified to a standard such as ISO14001.
Compliance with national labour and modern slavery laws where you operate. Specific requirement for a Modern Slavery Policy if annual turnover >£36m.	Having a written company modern slavery and human trafficking policy	Having your policy supported by relevant company management procedure(s).
Compliance with anti-bribery, anti-corruption and tax evasion legislation	Having a relevant written company anti-bribery, anti-corruption and tax evasion policy	Having your policy supported by relevant management procedure(s).
Compliance with NGN Cyber Security Policy	Reference to acceptance of requirement to comply with NGN policy requirements in PQQ and RFP return documentation.	Having your own company cyber security policy and management procedures, and referencing how these ensure compliance with the NGN policy.
<i>Desirable Criteria</i>		
Suppliers cascade requirements to own supply chains	Reference to acceptance of this requirement in PQQ and RFP return documentation	Reference to how your company procedures ensure achievement of the Code requirements
Comply with Ofgem customer Fair Treatment Guidance	Reference to acceptance of this requirement in PQQ and RFP return documentation	Reference to how your company procedures ensure achievement of the Code requirements
Fair, equal and inclusive workplaces	E,D& I Policy	Having company management procedure(s) and/or action plan to drive diversity and inclusion in your company
Make H&S a priority	Having a written company H&S policy	Having a documented H&S management system, ideally

<b>Supplier Code of Conduct Criteria</b>	<b>Minimum Compliance Requirements</b>	<b>Good Practice</b>
		externally certified to a standard such as ISO45001.
Support the Circular Economy and provide energy, resource and waste efficient goods and services	Identify our company environmental and sustainability aspects and impacts and measures taken to reduce these.	Environmental / Sustainability Action Plan identifying clear priorities and goals, KPIs with quantitative targets, actions required to achieve KPIs and monitoring and evaluation of performance.
Fair and prompt payment and fair and equal procurement by suppliers	Having a written company procurement/payment procedure or policy	Having a documented supplier management system to ensure policy commitments are achieved
Review Social Mobility Pledge and make positive changes to their businesses to remove barriers to opportunities	Commitment to Social Mobility Pledge, or similar	Company written procedures, policies and action plan to support how pledge commitments will be achieved. Publication of pledge and action plan on website or company documentation.
Monitor and report own carbon emissions, set own reduction targets / action plans, and engage own supply chain on carbon reduction	Reference to acceptance of this requirement in PQQ and RFP return documentation and timescales and scope of when this will occur	Annual publication (eg website or company documentation) of company carbon emissions (minimum Scope 1 and 2), quantitative reduction targets (preferably derived via science based methodology) extending appropriate duration into future (eg 15 years) and action plan to achieve reductions.
Identify innovation opportunities and ideas to NGN	Reference to acceptance of this requirement in PQQ and RFP return documentation	Reference to how your company procedures ensure achievement of the Code requirements