



# Responsible procurement charter

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# Section 1: Introduction

## 1.1 Overview of Notting Hill Genesis

We are one of the largest housing associations in London and the south east, with roots that stretch back to the 1960s. Our residents reflect the diversity of the communities where we work. We house more than 130,000 people across multiple tenures and types of home, and provide a wide range of services. That volume and variety means that our relationship with our customers, and how we engage with them, differs considerably from one resident to another.

Although we have grown substantially through mergers over the years, we remain geographically focused in and around London. We own or manage more than 67,000 homes, almost nine out of 10 of which are in London. Our homes range from Victorian street properties older than 120 years, to new developments built in the 21st century.

Notting Hill Genesis spends in excess of £700m per annum on third party goods and services. These services vary from maintenance and repairs to IT consultancy and sales across a wide spectrum of approved suppliers. So, we have adopted a commercial outlook to enhance this clear social purpose. We reinvest surpluses to not only build around 1,500 new homes every year in places where people want to live, but also actively leverage the large scale of our procurement to broaden the positive outcomes of our work in and around our supply chain and to develop and enhance great communities for our customers.



## 1.2 What is Responsible Procurement?

Responsible procurement is about procuring goods, services and works in a manner that is mindful of both the environmental and social impacts arising from that purchase. It goes beyond assessing price and quality and provides a framework to purchase products and services in an ethical, sustainable, and socially conscious way.

Having a responsible procurement statement is crucial for NHG as it provides a benchmark to our existing and new suppliers on the ethical and environmental standards we expect of them, both directly as suppliers and through the wider supply chain.

We have highlighted the key principles of responsible procurement below and will elaborate on these further on in the statement.

### 1.3 Where This Charter Fits In

Considering the large sums involved in fulfilling our social purpose, we recognise the need, as part of our corporate agenda, to ensure the continuous improvement of the environmental, social and governance outcomes of our procurement activity, while also achieving value for money.

This Responsible Procurement Charter commits ourselves and our suppliers to a standard set of actions amongst all of our procurements, formalising a pre-existing, organisational golden thread and supporting our wider Sustainability Strategy and cultural change efforts.

This secures greater internal process

alignment, as well as external buy in to our efforts from the wider local, regional, national and international supply chain.

To do this, this charter is included within our tenders and used as a starting point for projects, as we expect our supply chain to follow and preserve these key principles when working in partnership with NHG.

This is part of broader work to support key supplier relationships, by collaborating and driving new ways of working with shared benefit, ensuring there is operational and strategic alignment and ensuring the supply chain understand our priorities, our values, and what's important to us.

## Section 2: Governance and monitoring of responsible procurement

### 2.1 Internal Governance

Responsible procurement activity is primarily managed and spearheaded through the Procurement Team and Central Services Directorate, placing the monitoring and governance of its activity at the highest decision-making level within the organisation.

### 2.2 Internal Policies

Several internal policies compliment and ratify this charter. NHG's Financial Regulations, the [Sustainability Strategy](#) (one home, one planet), the Procurement Policy and the Procurement Handbook assist all those involved procurement activity in ensuring responsible sourcing of goods and services.

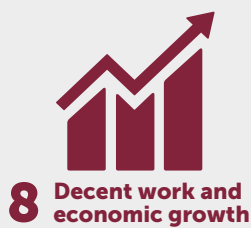
For example, the Procurement Policy has a dedicated section on Corporate Responsibility, which requires the consideration of value for money as the

most advantageous combination of cost, quality and sustainability to meet our customer requirements. This encourages procuring suppliers with whole-life costs in mind, as we have to consider the wider impact on communities and the environment with each purchase.

These policies, as well as many others, are updated consistently to reflect internal developments, lessons learned from procurement exercises, and industry best practice to ensure pro-active management.

Other policies which feed into how we conduct procurement responsibly include:

- Recruitment Policy
- Whistleblowing Policy
- Anti-bribery, gifts and hospitality policy
- Anti-money laundering policy
- Equality, diversity and inclusion policy



Our Sustainability Strategy also guides our focus on “using resources more efficiently”. Through embedding responsible procurement in our business, we leverage opportunities to deliver higher performing services that waste less.

## 2.3 Embedded External Principles

To maximise NHG’s wider responsible procurement impacts, we have signed up to several externally developed guidelines and frameworks to assist in the governance and monitoring of responsible procurement.

For example, NHG uses the ‘[Sustainability Reporting Standard for Social Housing \(SRS\)](#)’ tool alongside 120 others in the sector as the best-in-class tool for reporting responsible procurement activity. This tool

helps standardise ESG reporting, reducing complexity and improving the transparency and quality of our data.

Embedded in this reporting standard and therefore NHG as an organisation is the [United Nations Sustainable Development Goals](#) 8, 10, 11, 12, 13, 15 and 16. These include the goals to contribute to more decent work and economic growth, reduced inequalities and responsible consumption and production.

For NHG Procurement staff, at all times they must abide by the [Chartered Institute of Procurement and Supply \(CIPS\) Code of Conduct](#) and [Corporate Code of Ethics](#), as all staff are either Chartered or working towards Chartered Status.

## Section 3: What’s included in our tenders?

Each procurement is approached individually to determine the appropriate responsible procurement requirements, as each brings its own unique opportunities and challenges.

We expect our procurement activities to address the principal areas that define and make-up our ESG work.

### 3.1 Environmental Sustainability

The principal areas under environmental sustainability are our four priorities:

- Energy efficient homes,
- Net zero carbon,
- Improving green spaces and
- Using resources efficiently.

We include sustainability criteria in our tenders with significant weightings, to reflect these priorities and aid our data gathering activities under the Sustainability Reporting Standard for Social Housing (SRSSH) and Environmental, Social and Governance (ESG) framework.

We recognise that many of our environmental impacts originate in the services and works we procure, and to reduce carbon emissions and waste we need to work with our supply chain. To address this, we've committed to collaborate with our supply chain to measure impacts, develop best practice and collectively scale-up solutions.

This responsible procurement charter builds on our sustainability strategy and sets out our minimum expectations for new contracts as well as long-term aspirations that support our strategy goals.

## 3.2 Generating Greater Social Value

### **Social Value Matrix**

Increasingly, in our larger procurements and contracts, NHG now offer a flexible approach to undertaking social value tasks.

Included in the tender documentation is a Social Value Matrix, a document that sets out the social value credits (SVC) each NHG supplier will be required to deliver for the benefit of our local residents and communities as well as the wider public. The document also sets out the different activities that can be undertaken in order to fulfil their requirements.

This begins to standardise our social value activity, by ensuring it aligns with a core set of tasks we believe help attain our organisational objectives.

### **Resident Involvement**

NHG's main focus is to provide decent homes for our residents, so where the outcomes of a procurement are likely to impact our residents, either through their Service Charges or quality of life in our homes, we increasingly extend the opportunity to involve them in procurements.

This could be by contributing to the specification, how we measure contractor performance, and being part of the evaluation process.

This helps ensure that the real, on the ground, impacts of our procurements responsibly reflect our residents' needs.

### **Modern Slavery and Labour Rights**

We work in partnership with our building contractors, joint ventures, subsidiaries, and supply chain to implement risk mitigation actions and address any concerns. Due to the higher risk area of construction, we focus on investigating and responding to:

- The supply of a flexible labour force – the prevalence of outsourced workforces and the use of temporary migrant workers means that the lead contractors with whom we have relationship may have less control or transparency over the identity of their workforce or their working and living conditions.
- The supply of building materials – in construction, traceability can often be a problem because there are so many links in this fragmented chain. Whether it is bricks, timber, glass, granite, or a range of other products, it is often difficult to trace raw materials, and many are produced in countries where forced and child labour is rife.

In all Selection Questionnaires we also require Modern Slavery Act 2015 compliance when a company fits the requirements, and we conduct reviews of our top 100 suppliers to check ongoing compliance once in contract. We also encourage our Tier 1 suppliers and supply chain to pay the [Living Wage Foundation](#) Living Wage.

## 3.3 Corporate Governance

### **Equality, Diversity and Inclusion (ED&I)**

As a large housing association operating within the footprint of London and the South East, it's important that we encourage engagement with diverse suppliers that are representative of the communities that we work. This can done through direct supplier relationships or via the tiered supply chain.

NHG encourages the use of diverse supplier networks to develop opportunities with both minority owned businesses and also with SME's and localised suppliers. NHG prides itself on being an inclusive organisation and expects its suppliers to also drive forward a strong ED&I approach that encourages and supports underrepresented groups, whilst also promoting social inclusion and the development of cohesive communities for our customers.

### **NHG Supplier Code of Conduct**

All NHG suppliers must also adhere to the principles of the NHG Supplier Code of Conduct, which should be read for both current and aspiring suppliers and by their subcontractors in the supply chain.

We expect our employees to treat suppliers with fairness and respect and to work jointly with suppliers to build trusting, collaborative, and constructive working relationships. In return we expect suppliers to treat our employees in the same way, and to work with us to build those trusting, collaborative and constructive relationships that are focused on delivering for our customers.

### **Financial Sustainability**

As we are responsible for delivering high quality, consistent services for our residents, we have to ensure that the suppliers who work with our residents have the right capacity and financial strength to perform their duties. Should there be supplier failure, either through bankruptcy or poor performance the impact on our residents would be severe.

To mitigate this, we use Company Watch, a third-party analytics company to assist in assessing whether NHG financial risk thresholds are met. We continue to verify financial sustainability throughout the life of any awarded contract too and work together with suppliers to mitigate any realistically improvable hardships.

## Key Principles

### **Respectful treatment**

We will not tolerate discrimination, harassment or victimisation in the workplace or in connection with any service.

### **Professional behaviour**

As NHG delivers a range of front line services, often in the vicinity and within our customers' homes, we expect our suppliers to remain professional and respectful at all times.

### **Meeting service needs**

Goods and services being provided must meet the needs of users.

### **Vulnerable users**

Suppliers will ensure customers with particular needs placing them in a vulnerable position are treated at all times with courtesy and that their dignity, safety, security and wellbeing is always treated as a priority concern.

### **Continuous improvement**

We also expect suppliers to continuously improve these goods and services and bring innovation, ideas and expertise to help NHG address its corporate goals and objectives.

### **Reputation and trust**

We want to work with suppliers who are proud of their reputation for fair dealing and quality delivery.

### **Anti-Fraud and corruption**

We demand that suppliers adhere to anti-corruption laws, and we have zero tolerance of any form of corrupt practices.

## Section 4: Our ambitions and goals

We acknowledge that responsible procurement best practice constantly evolves. To stay at the cutting edge, NHG is pushing our teams and supply chain to focus on developing the following:

### 4.1 Collaborate with our suppliers

Increasingly, we are aware of considerable responsible procurement work in the Housing sector and beyond. We feel this is an untapped resource, that we can learn from to improve how we do things.

Often, our existing suppliers already conduct great activity, so we will increasingly partner with them to learn what we can be doing differently and collaborate on implementing innovative results together.

### 4.2 Continuous Professional Development

There is a concerted drive to attend more conferences, seminars and other public events that will allow those involved in procurement to hear the latest industry theory and practice, which can be brought back to NHG and implemented where appropriate.

Staff who are on their journey to achieving MCIPS will also continue to be encouraged to study and achieve their chartered accreditation, exposing them to further responsible procurement personal development opportunities.

### 4.3 Developing our Environmental Sustainability Approach

We recognise that our own corporate environmental impact on issues such as waste is dwarfed by that of our suppliers, so we need to influence our supply chain where we can. Our sustainability strategy

commits us to work with our supply chain to increase recycling and re-use, and reduce carbon emissions.

### Net Zero Carbon

We're aiming to make our business model net zero carbon in line with the UK government's target to achieve net zero carbon by 2050. We know that for the world to stay with a safe limit of global warming, every sector and business needs to cut emissions, including Notting Hill Genesis. Our goal is to achieve net zero carbon emissions for our business operations by 2035, and net zero carbon for our homes and supply chain by 2050.

*Our 2030 strategy commits us to:*

- **Baseline our scope 1, 2 and relevant scope 3 greenhouse gas (GHG) emissions**, and by the end of 2024 set targets to reduce our emissions year on year. We will explore setting science-based targets in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C.
- **Roll-out a carbon emission reporting tool**, starting with our first-tier contractors, to streamline reporting and improve visibility of our emissions across our supply chain.
- **Start to measure and report on embodied carbon** across our development programme, to enable us to develop strategies for setting targets and reducing embodied carbon in future years. This project will be rolled out on new developments of over 150 homes initially, with a view to expanding our approach across our entire development pipeline by 2025.

## ***Our minimum expectations***

Where suppliers can make a contribution towards our targets in this area, we may require them to:

- Measure and report on their scope 1 and 2 greenhouse gas (GHG) emissions
- Have targets to reduce GHG emissions, based on a clear understanding of their carbon footprint

### ***Key performance indicators we may ask you to report:***

- Total greenhouse gas emissions in CO<sub>2</sub>e (TCO<sub>2</sub>e) and breakdown of scope 1 and scope 2 emissions;
- Track differences in total greenhouse gas emissions year on year
- Water usage

## ***Medium term ambitions to 2030***

We want to work with suppliers to improve the accuracy of our scope 3 footprint, and drive emission reductions. We'll support net zero commitments that align with our own sustainability strategy and encourage the use of science-based carbon reduction targets through programmes like the Science Based Targets initiative.

## **Using Resources Sustainably**

### ***Our 2030 strategy commits us to:***

Over the next decade, we want to take steps to becoming a zero-waste organisation by 2050, one that prioritises reusing and recycling. By 2030, we'll aim to have circular economy principles embedded in most contracts, with many of our products from ethical and sustainable sources.

- Measure and baseline the impacts of our construction, maintenance, and refurbishment activities in relation to water use, waste and sustainable materials from 2023 onwards
- Start to set targets from 2023 to reduce

the impacts of our activities in these areas year on year with the target of sending zero waste to landfill by 2030

- Increase the proportion of sustainable, ethically sourced goods over time – so that by 2030, most of our products are sustainable

## ***Our minimum expectations***

Where suppliers can make a contribution towards our targets in this area, we may require them to:

- Have a clear plan and targets to reduce waste sent to landfill
- Support our ambition to move towards a circular economy by 2050

### ***Key performance indicators we may ask you to report:***

- tonnes of waste generated
- % waste diverted from landfill and recycled
- number of products with environmental certifications, like environmental product declarations 'EPDs'

## **4.4 Digital Transformation**

To make our responsible procurement activity more effective, we are increasingly looking to leverage digital and 3rd party systems. We will particularly make procurement due diligence simpler and more effective, to reduce the risk and impact of supplier failure.

## **Section 5: Working with us**

We will continue to update this Charter as a working document to reflect the progress we have made as an organisation, and hold ourselves and our supply chain to higher and higher standards.

Working with NHG, our supply chain will be our partners in this endeavour and, through responsible procurement, we can realise the best outcomes.