



SUPPLY CHAIN SUSTAINABILITY STANDARD

DERWENT
LONDON

PURPOSE

The primary purpose of this standard is to clearly set out our principles and expectations in terms of the environmental, social and ethical issues which relate to our supply chains. These issues have been determined by undertaking a comprehensive review of our supply chains and the sustainability focused issues which pertain to them, whilst looking beyond simple legislative compliance. The issues have been characterised under the following headline issues:

- Governance;
- Employment and labour practices;
- Payment practices;
- Health and safety;
- Community; and
- Environmental standards.

Furthermore, we have reviewed best practice in terms of sustainable supply chain management e.g. BS 8903 and the Ethical Trading Initiative (ETI) Base Code, to understand how we can improve our performance and that of our supply chains.

All our suppliers are expected to read, acknowledge and comply with this standard. However, it has not been designed to be a 'one-size-fits-all' document, recognising that its emphasis will be different for each supplier depending on their service provision to us, although the fundamental principles will be the same throughout.

Set out in the following pages are the standards we expect our suppliers to abide by.

GOVERNANCE

As a minimum:

- We will not tolerate any form of corruption, bribery or anti-competitive behaviour/actions in our supply chain.

Moreover we expect:

- Suppliers to operate an ethical business policy which sets out how they govern their business and supply chains.
- Suppliers to ensure robust data protection and IT procedures for their business, clients and supply chains.
- Suppliers to have the correct financial procedures in place to record all transactions in accordance with accepted accounting principles.

EMPLOYMENT AND LABOUR PRACTICES

As a minimum:

- Suppliers are to comply with the relevant employee based legislation.

Moreover we expect:

- Fair pay and working time practices which ensure compliance with national minimum wage and the London living wage together with working time legislation.
- No use of exclusive zero hour's contracts.
- No illegal, forced or child labour.
- Suppliers to respect the rights of employees with regards to collective bargaining and the rights of freedom of association.
- Suppliers to have in place appropriate equality and diversity policies to ensure the active promotion of employment diversity.
- Suppliers to have appropriately documented grievance procedures which are clearly communicated and made fully available to employees.

PAYMENT PRACTICES

As a minimum:

- Unless otherwise stated we aim to pay our suppliers in 30 days or otherwise will do so in accordance with specified contract conditions, and are signatories of the Prompt Payment Code further demonstrating our commitment to fair payment.

Moreover we expect:

- Suppliers to adopt similar payment practices throughout their supply chains to ensure fair and prompt payment.

HEALTH AND SAFETY

- Suppliers are to maintain an adequate health and safety policy and management system(s) appropriate to the nature and scale of their business and service provision, to ensure compliance with all relevant health and safety legislation.
- Suppliers working on our development sites and in our buildings are expected to comply with Derwent London health and safety standards and procedures. Evidence checks to ensure compliance will be made by our in-house health and safety team.

COMMUNITY

- Suppliers are expected to support us in the successful delivery of our Community Strategy which means:
 - They are, where appropriate (and with our consultation and prior approval) to engage with local community stakeholders to develop relationships and minimise disruption.
 - Development contractors on or larger schemes are to achieve our minimum target score (currently 38) in the Considerate Constructors Scheme. Likewise undertake at least one community day every year during the life of a project.
 - Offering full and fair opportunity for local suppliers to actively participate in their/our supply chains.
 - Offering local employment and apprenticeship opportunities.

ENVIRONMENTAL STANDARDS

As a minimum:

- Suppliers are to have robust environmental management policies and procedures in place appropriate to the nature and scale of their business. Likewise to have read and comply with the Derwent London Sustainability Framework for Developments and/or Assets whichever is applicable to the nature of their business/service provision.
- On our development projects we expect our main contractors to have a certified environmental management system (EMS) in place accredited to ISO14001 or EMAS (Eco-Management and Audit Scheme).

We also expect:

- Suppliers to support us in achieving our targets:

For information our current targets are:

Building assessment methods:

- Minimum of BREEAM Excellent for all new build projects
- Minimum of BREEAM Very Good for all major refurbishment projects
- Minimum of LEED Silver for all major new build and major refurbishment projects

Energy/carbon:

- 15% reduction in landlord influenced energy consumption across our like-for-like managed portfolio by 2018 compared to our 2013 baseline
- 10% reduction in landlord influenced scope 1 & 2 emissions across our like-for-like managed portfolio by 2018 compared to our 2013 baseline

Water

- 5% reduction in water consumption intensity across our like-for-like managed portfolio by 2018 compared to our 2015 baseline
- Maintain portfolio mains water consumption in the like-for-like managed portfolio below 0.43 m³/m²
- All new build and refurbishment projects >5,000m² to be designed to achieve mains water usage of better than 0.40m³/m² or less

Materials and waste

- Divert a minimum of 90% of total construction and demolition waste tonnage from landfill
- 100% of timber procured to be from FSC or PEFC certified sources
- Increase recycling rate to 70% for managed waste in all properties for which Derwent London has management control of waste by 2017

It is to be noted that the above targets are not static and will change over time, however changes will be communicated accordingly.

DELIVERY

In delivering this standard we recognise that not everything we purchase will have a sustainability impact – significant or otherwise. However, to ensure we are focusing our efforts in the right areas of our supply chain we have undertaken a spend risk review set against the sustainability issues set out above, to identify and prioritise the areas of highest risk. By using the spend threshold of £20,000 we are able to review and subsequently influence the most significant and regular areas of our total spend. As a result we are confident we are reaching sufficiently into our supply chains to ensure good visibility and compliance.

We will prioritise those high risk areas identified during reviews and where appropriate seek further clarification and evidence from our suppliers to ensure they are compliant with our requirements. In addition, those suppliers with whom we spend less than £20,000 will still be expected to identify and address any significant risks.



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