

USC approach

Using our Responsible Sourcing Principles to create a high quality supply chain and provide suppliers with a way of enhancing their performance in the North West and beyond.

United Supply Chain (USC) underpins our supplier collaboration strategy to support the delivery of our sustainability goals for a Stronger, Greener, Healthier North West.

Our approach is centred on ensuring that the United Utilities Responsible Sourcing Principles are brought to life and embedded throughout the supply chain to create a high quality supply chain and provide suppliers with a way of enhancing their performance in the North West and beyond.

By moving towards a true business-to-business collaborative environment across our supply chain, we aim to build on the strengths of our suppliers and recognise them as an extension of our great service to customers.

USC aims to extend the values of United Utilities into our supply chain and to act as a platform from which to create, adopt and develop best practice across our delivery chain.



Overview

The purpose of this document is to detail the mechanisms of the USC strategy, the relationship between the strategy and our Responsible Sourcing Principles and the way in which United Utilities will engage with suppliers to measure and monitor performance to reduce risk and increase value across our supply chain.

The core premise of the USC approach is to develop relationships, new ideas and best practice between United Utilities and its supply chain to embed our Responsible Sourcing Principles whilst delivering the best service possible to customers at the lowest sustainable cost.



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The USC approach is centred on ensuring that the United Utilities Responsible Sourcing Principles are brought to life and embedded throughout our supply chain.

To do this, there are two levels of commitment options for a supplier as part of USC, to be either a **signatory** or to be a **leader**. Building upon the good work undertaken through AMP6 and AMP7 via our Sustainable Supply Chain Charter, as a minimum, existing suppliers will become **signatories** to the Responsible Sourcing Principles, with **leader** organisations representing those that we will work more closely with on key areas of risk and focus across our supply chain.

By combining our Responsible Sourcing Principles with the USC approach, we aim to work with our **signatories** and **leaders** to identify new ways of working, enhance practice and ensure the best service possible at the lowest cost to customers. By treating our supply chain as an extension of our service, USC is focused on ensuring that we embed that commitment and leverage knowledge and best practice.

NOTE: When you become a supplier to United Utilities, as part of our procurement process we will ask you to become a signatory (as a minimum) to the Responsible Sourcing Principles as part of the USC approach.



As a **signatory** to the United Utilities Responsible Sourcing Principles, a supplier commits to adhere to the principles, to develop their own supply chain by sharing resources, training and upskilling their staff, whilst working with United Utilities to assure this approach by identifying and mitigating risk.

As a **leader**, suppliers not only agree to uphold the United Utilities Responsible Sourcing Principles to the same level as a signatory but also commit to go further by demonstrating their commitment to the principles, collaborating with United Utilities in improving practice, and identifying new ways of working to enhance the value delivered to customers.

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How will it work?

The USC approach is made up of a number of elements:

- Suppliers will **engage** with United Utilities on the topics outlined in the Responsible Sourcing Principles and are encouraged to utilise the online resources provided by the Supply Chain Sustainability School to improve their knowledge in key topic areas. We would like suppliers to work with us and with each other to achieve collective outcomes and will facilitate supplier forums and events to which suppliers are encouraged to attend.
- United Utilities will continue to **measure** supplier performance through our existing Supplier Relationship Management approach. USC will allow us to focus on high risk areas and will provide us with a vehicle to showcase best practice and improvements in our supply chain performance against the Responsible Business Principles over the asset management period.
- **Managing** issues closely will allow us to highlight areas of significant or strategic importance. This could be topic focused and may centre on areas such as Modern Slavery or Climate Change. We may also work with a spend category area such as Construction or Chemicals if there are specific issues and risks facing a particular sector. This could lead to periods of increased scrutiny and assurance (such as document reviews, site visits and supply chain analysis) but it will also deliver increased learning and better practice throughout our supply chain.
- We will aim to **improve** our risk management and resilience by working collaboratively with our supply chain to increase transparency and visibility of issues. Understanding minimum requirements in key policy areas and sharing ideas will enable us to collectively develop and implement effective risk mitigation strategies.



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Benefits of USC

United Supply Chain is a way of working, it is a commitment between United Utilities and its supply chain to focus on efficiency and greater outcomes for customers at the same or lower cost. Becoming a **signatory** to the Responsible Sourcing Principles shows a commitment to our goals and values, and being a **leader** shows your commitment to adding value to customer service and pushing the boundaries in supply chain delivery. Benefits of this approach include:

- **Collaboration** – closer and improved working relationships between United Utilities and our suppliers, linking strategies, operational excellence and standards through supplier forums and engagement.
- **Value** – working with our suppliers to achieve our strategic aims will deliver extensive benefits for the environment, locally and globally, such as combatting climate change and the creation of more habitable green spaces for people and wildlife, as well as improved water quality. A focus on the health, safety and wellbeing of our collective workforce through enhanced provisions will deliver wider-ranging community and social benefits for all.
- **Assurance** – embracing innovation and sharing best practice, as well as resources, will build capability and resilience throughout the supply chain. We will work with our supply chain to define appropriate assurance practices throughout the AMP period.
- **Risk reduction** – identification and mitigation of risk will strengthen corporate governance for all.
- **Improvement** – by working collaboratively we will reduce inefficiencies, remove duplication and realise opportunities.

With a varied supply chain of partners from regional small and medium enterprises through to cross-industry multinational leaders, we appreciate the range of skills and diverse workforce available to us and want to work more closely and effectively with them to ensure best practice throughout our supply chain.

