

# Sustainable Procurement Commitment

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**LNER**  
LONDON NORTH EASTERN RAILWAY

 A Better  
Journey





## Finance Director Message

I am pleased to introduce our LNER Sustainable Procurement Commitment, a roadmap that reflects our commitment to responsible, ethical, and sustainable procurement practices. Our vision is to become the most loved, progressive, and responsible way to travel for generations to come.

To achieve this, our Responsible Business approach goes beyond just the operation of the railway. The concept of sustainable procurement, as explained in this document, reflects our dedication to achieving value for money, while also generating societal, economic, and environmental benefits. At the core of this document lies our promise to source with care and respect for individuals, businesses, communities, and the planet.

After embedding social value within our procurement process over the last few years, and consistently exceeding our delivery target, this approach is a clear next step that will build on our current achievements and hard work. Through our Sustainable Procurement Commitment, we not only aim to influence our suppliers towards more sustainable practices but also to encourage innovative solutions that reduce emissions, enhance local environments, protect workers' rights, and deliver community benefits.

In the following pages, you'll find in-depth insights into each of our commitment themes and our strategies for putting them into action. These four key themes — improving environmental sustainability, ethical and fair working practices, supporting the local economy, and creating social value — are essential for achieving our broader goals. These themes seamlessly fit with our Responsible Business Programme, 'A Better Journey'.

I invite all our colleagues, suppliers, and stakeholders to embrace these principles, contribute their expertise, and join us on this transformative journey. Together we can drive positive change and have a lasting impact on our society and the environment, while continuing to provide exceptional service to our colleagues, customers, and communities.

**James Downey**  
Finance Director

# Welcome to the LNER Sustainable Procurement Commitment Policy

Sustainable procurement is defined as a process whereby an organisation meets their needs for obtaining goods, services, works and utilities in a way that provides value for money on a whole life basis, whilst also generating benefits for not only the organisation, but also to society and the economy, as well as minimising environmental harm.

At LNER, our sustainable procurement commitment is key to achieving our vision of being the most loved, progressive, and responsible way to travel for generations to come, whilst also contributing to broader societal and global objectives. It aims to ensure that LNER procurement activities contribute to the social economic and environmental well-being of our communities, both now and in the future. We have set our ambitions high and intend to take a tailored approach to delivering the sustainable procurement commitment to channel the efforts made by our supply chain partners and achieve the greatest impact possible.

As a service provider, we recognise our responsibility to procure sustainably while delivering optimal outcomes and value for money. Our commitment to be Carbon Net Zero by 2045 requires us to examine our supply chain and the goods and services we procure, which account for a significant portion of our carbon emissions. Through our sustainable procurement commitment, we can influence our suppliers, resource utilisation, and encourage innovative solutions to reduce emissions, improve our local environments, and protect worker rights in our supply chains, whilst also delivering community benefits.

## Our Policy

At the heart of this document is our commitment to source with care and respect for individuals, communities, and the planet. We aim to meet consumer expectations on how our services are created and where the components come from. We are dedicated to implementing the core conventions of the International Labour Organisation and the United Nations Sustainable Development Goals. We are a strong advocate for collaborative work within this area. We work closely with industry partners as well as anchor institutions along our route. Our goal is to integrate sustainable procurement principles into every stage of the procurement cycle. We will incorporate sustainability considerations throughout the procurement process, starting from assessing the need, defining the need, evaluating options, design and specification, supplier selection, tender evaluation, post-contract management, and supplier development.

This policy connects LNER's strategic priorities with our procurement practices. By ensuring that our spending aligns with our priorities, we can achieve our key ambitions. The purpose of this policy is to provide clarity to all LNER staff and suppliers on what we mean by sustainable procurement and how we plan to achieve it. This policy governs all procurement activities, outlining our commitments as a business and service provider to the UK public, our expectations of suppliers, and how organisations will be expected to demonstrate their support for our sustainable procurement goals when bidding for LNER contracts.

## Current position and achievements

In 2022 our procurement practice was externally audited under the ISO20400 standard for sustainable procurement. This standard is for guidance only so there is no formal certification or rating available. This assessment has provided us with a baseline that we will improve on each year, whilst also emphasising our commitment to adhering to the only sustainable procurement standard.

This policy focuses on four key themes:

Improving environmental sustainability

Ethical and fair working practices/  
Labour and human rights

Supporting the local economy and  
creating a diverse supply chain

Social Value

Each theme aligns with our themes of Better for People, Better for Places and Better for Planet and the established 'A Better Journey' strategy and focus areas. However, due to the incorporation of the UN Sustainable Development Goals and the nature of our global supply chains, they do not directly correspond.

The sustainable procurement commitment will be reviewed and updated annually to reflect changing priorities, new strategies, and national policy or legal framework changes. The policy will be strengthened as LNER develops capacity in this area and sectors increase maturity levels in ethical and sustainable practices.

In 2023 the procurement team undertook the relevant steps to achieve the CIPS Corporate Ethics Mark. This is a statement of our commitment to ethical procurement and supply. We will be ensuring that this is renewed each year.



## Theme 1: Improving Environmental Sustainability

As we strive to achieve Net Zero by 2045, we are dedicated to minimising our impact on climate change through responsible procurement of goods, works, and services.

We understand that addressing the climate emergency requires collaboration, and we cannot do it alone. That is why LNER seeks to partner with suppliers who share our commitment to reducing carbon emissions and environmental impact. Together, we can achieve our sustainability goals and make a positive impact on the environment.

We will improve environmental sustainability by:

- Identifying opportunities to reduce emissions associated with purchases of products, works, and services that contribute to climate change. Our approach will consider all stages of the life cycle, including design, resource extraction and sourcing, manufacturing and production, transportation, service delivery, operation and maintenance, reuse, recycling, and disposal. We will use a whole life impact model to analyse new procurement projects to determine their value.
- Procuring goods, services and works that cause the least amount of environmental damage, where possible. We will where appropriate and where it is sustainable, purchase fewer new goods by re-using, repairing, refurbishing, or re-manufacturing existing goods. Thus constantly pushing upwards on the waste hierarchy and applying a circular economy approach to waste management. We will encourage the procurement of products created from sustainable, renewable, or recycled resources, requiring minimal transportation, and which have minimal environmental impact during their use (e.g. durable, energy efficient, reusable). We will strive to exclude environmentally damaging products where a viable alternative is available. This may include goods works and services that create substantial amounts of untreatable waste, cause pollution to air, water, or land, and are made from non-renewable materials.
- Encourage our suppliers to adopt sustainable practices by including sustainability conditions and criteria in specifications and tenders, such as setting environmental accreditation requirements and evaluating suppliers on their commitments and procedures related to energy, air quality, biodiversity, adaptation, water and waste minimisation, and sustainable procurement. We will ensure our requirements are relevant, proportional, and acceptable by establishing relative levels of maturity in each sector.
- Set reporting requirements to establish a baseline for our scope 3 emissions, agree on meaningful reduction targets and related actions for our organisation and our suppliers. Whenever possible, we will request data already reported on to minimise additional workload for suppliers.
- Asking our suppliers to demonstrate how they can help us with contributing to the protection, restoration, and enhancement of the natural environment along our route.
- Implementing the waste hierarchy and setting industry-specific targets on recycling and waste to incineration, whilst broadening our zero waste to landfill scope to suitable suppliers. We will use supplier evaluation criteria to assess supplier approaches to waste management, resource efficiency, and circular economy principles. We acknowledge that reducing waste saves money and resources.
- Exploring innovative, clean, and smart technology and solutions through partnership working with strategic contractors to understand and respond to industry contexts.

As we work towards reducing our carbon emissions and environmental impact, we recognise that suppliers must also embark on this journey. LNER understands that improving environmental sustainability is a new and developing area for many organisations, and maturity levels in this area will vary. Therefore, we will collaborate with our suppliers to develop commitments to moving towards environmentally sustainable practices, rather than imposing strict standards.

## Theme 2: Ethical Working Practices and Human Rights

We are committed to upholding ethical and responsible business practices, and we expect the same from our suppliers and throughout our supply chain.

We respect international human rights principles, including those expressed in the UN Declaration of Human Rights, United Nations guiding principles, and the UK Government Modern Slavery Act 2015. Following the UK Modern Slavery Act 2015 we update and publish our modern slavery statement annually. We will not knowingly purchase goods and services from suppliers that engage in slavery, child labour, prostitution, or illegal drug trade. We will also not work with suppliers who breach international labour organisation conventions.

To combat modern slavery and other labour rights abuses, we will use responsible procurement and supply chain due diligence to ensure legal and fair employment. We will also use our purchasing power to ensure proper pay and conditions, safe working environments free from bullying and harassment, and appropriate complaint procedures.

LNER seeks to collaborate with organisations that uphold high standards of ethical conduct, treat their employees fairly, and promote equality and diversity in employment and service provision.

We will improve ethical and fair working practices/ labour and human rights practices by:

- Requiring suppliers, where relevant to the contract, to complete a compliance statement and provide evidence of compliance with their obligations under relevant international legislation upon request, in accordance with the Modern Slavery Act 2015.
- Adopting the nine provisions of the Ethical Trading Initiative's Base Code or an equivalent standard as the minimum we expect from our suppliers to support legal, fair, and safe working conditions.
- Collaborating with organisations that prioritise health and safety practices, as reflected in their policies, procedures, audits, and workforce.
- Collaborating with organisations that prioritise staff wellbeing and development, including mental health and wellbeing training and opportunities for personal development.
- Working with organisations that clearly demonstrate promoting equality and diversity within their own organisations.
- Increasing monitoring of legal and fair employment and treatment by collaborating with our suppliers to understand and regularly assess the terms of employment in our supply chain, and ensuring they are not exploitative or unlawful.
- Increasing internal awareness and capability to address modern slavery risks for procurement staff through training and learning, including completing the supply chain sustainability school's modern slavery learning pathway.
- Monitoring tier one supplier behaviours, such as payment practices, to prevent or mitigate negative practices towards sub-contractors.
- Undertaking supply chain mapping and hot spotting of risks relevant to our contracts to identify contracts and areas of spend where there may be a high risk of poor working conditions, modern slavery, forced labour, human rights abuses, sourcing from conflict-affected areas, or negative impacts on security and crime.
- Establishing sector maturity and setting continuous improvement targets to support supplier progress and ensure transparency and overall understanding of risk and supply continuity.

## Theme 3: Supporting the local economy and creating a diverse supply chain

We are committed to supporting our customers as well as the communities along our route.

We will use sustainable procurement practices to ensure that we are supporting the local economy, including local, micro, small and medium enterprises by increasing their opportunities to access our direct and indirect spend. We will ensure that we collaborate with suppliers and that all our projects generate positive health outcomes, create employment opportunities, and create training and education opportunities for local people.

We will support the local economy and increase the diversity of our supply chain by:

- Removing barriers in our procurement approaches and processes that inhibit micro, small, and medium enterprises, VCSEs, diverse enterprises, and under-represented groups from easily entering our supply chain. We will ensure our procurement processes are transparent, straightforward, and open to all suppliers.
- Suppliers will be encouraged to support the local economy through the use of local businesses in their supply chains and by building social value into their contracts including using local labour wherever possible to fulfil contract obligations.
- Identifying and maximising relevant opportunities to work with voluntary and community sector organisations, including social enterprises.
- Developing the capability to monitor spend with local, micro, small, and VCSE businesses to identify a baseline and agree on targets in future years.
- Working with external partners to support MSMEs and VCSEs to enter our supply chain through interventions, including early market engagement and targeted meet-the-buyer events, upskilling for the implementation of social value, and other sustainable solutions such as circular economy and decarbonisation.
- Engaging with our suppliers to identify opportunities for business and market development and innovation that can be realised from responsible procurement, providing support and guidance to help them comply with our policy.
- Improving our payment practices to ensure that we pay our suppliers promptly and pay SME suppliers within 30 working days, recognising their specific challenge around cash flow. We will also encourage our supply chain to adopt supporting practices.
- Focusing on training and employment opportunities, including apprenticeships, qualifications, placement positions, and engagement with schools and colleges in relevant contracts.
- Requiring our suppliers to target relevant opportunities to people experiencing barriers to employment, such as long-term worklessness, disability, mental health issues, being ex-offenders or ex-service personnel, and communicating those opportunities to local communities.



## Theme 4: Social Value

At LNER, we believe that social value means delivering wider economic, social, and environmental benefits beyond the provision of core contract requirements. Achieving additional social value through procurement leads to greater value for money, improving outcomes for residents while generating long-term savings.

We are obliged to follow the Public Services (Social Value) Act 2012, which requires public procurement teams to consider, at the pre-procurement stage, how the procurement of services over the Utilities Contract Regulations 2016 threshold could improve the social, economic, and environmental well-being of the local area. As a leading example, we routinely consider social value outcomes available from the procurement of goods, works, and services in all contracts over £100,000 as well as at lower levels where specific opportunities exist. When conducting these procurements, staff must include a minimum 10% evaluation weighting for social value. If social value is not relevant to the project, it will not be included.

Suppliers seeking these major contracts will be partly assessed on their proposals to deliver additional benefits for LNER's residents and communities. We will use the Social Value Portal and LNER Themes, Outcomes, and Measures (TOMs) when conducting procurements.

The contract specification or scope of services or works will set out the key deliverables and expectations that we wish to achieve. Inclusion of social value criteria in a tender process will add further economic, environmental, and social benefits to the service. This is known as 'Additionality' or 'Added Value' and would not have occurred without the inclusion of social value as part of the tender evaluation criteria. LNER'S expectations in relation to social value outcomes will always be relevant and proportionate, reflecting need and the nature of the supply market as well as ensuring that opportunities for small, innovative, and diverse businesses are not limited by policy requirements.

We will quantify the economic, social, and environmental benefits delivered to our communities through procurement wherever and whenever possible.



## Implementation

To ensure the success of our commitment, we will communicate it to all LNER staff and create guidance and documentation for contract managers, budget holders, and other stakeholders. The policy's principles will be included in all procurement training sessions moving forward. It is crucial that all staff consider these principles when planning services and projects and managing contracts.

We will monitor and manage suppliers' compliance with their commitments to sustainability criteria in our specifications and tender submissions. Procurement staff will encourage stakeholders to review their consumption of goods to procure only what is necessary. They will champion sustainable procurement and promote the use of sustainable suppliers and products throughout the business. The procurement team will incorporate sustainable procurement into soft market testing wherever possible and relevant.

This policy will be mandatory for all procurements over £100,000, and we will review its applicability for contracts over our tender threshold of £20,000. Contracts with a high impact or risk in relation to sustainable and ethical practices may also fall under this policy. This includes contracts with a supply chain at considerable risk of modern slavery or goods with an obvious environmental impact. The tender will clearly state whether the policy is mandatory for a particular contract.

We are committed to continuous improvement, reflecting existing and emerging legislation and guidance. The policy's implementation will be linked to the re-letting of existing contracts and newly tendered contracts following policy approval.

All contractors, suppliers, and service providers must comply with the provisions of this policy and its principles throughout the contract's lifecycle. LNER may request evidence of compliance with the policy's standards during the procurement process and contract management.

## Market Awareness Raising and Capacity Building

Our commitment is to enhance the sustainable procurement skills and knowledge of all personnel involved in procurement activities. This includes those who identify the need to procure goods, services, and works, those who evaluate tenders, and those responsible for contract and supplier management. We will offer guidance to all staff to identify risks and opportunities related to sustainable procurement.

We will produce case studies and sustainable procurement materials, which will be available on our website and internal Intranet.

Our procurement staff will encourage stakeholders to review their consumption of goods, sourcing only what is necessary. They will promote sustainable procurement practices and endorse sustainable suppliers and products at all levels of the organisation. Whenever possible, the procurement team will integrate sustainable procurement into soft market testing.

We will constantly stay up to date with sustainable procurement legislation and industry news. We will conduct research and follow the guidance available from certified bodies pertaining to sustainability.

We will inform our current and future suppliers of our policy and aspirations. We will provide resources for suppliers on our website and organise events to encourage collaboration and enhance learning and ability.

We will work alongside the sustainable procurement pledge and actively participate in the relevant chapters and projects.





Published by London North Eastern Railway.  
Registered in England No. 04659712.  
Registered Office: London North Eastern Railway, West Offices, Station Rise, York YO1 6GA  
Spring 2024. Details correct at time of publishing. Information is subject to change.

