

# Centrica

## Responsible Sourcing Policy

(Formerly the Procurement and Corporate Responsibility Policy for Suppliers)

Date	Version	Requestor	Change Description
01.05.2021	5.0	Siwan Kalatzi	Policy name change, CPO introduction and clear supplier charter layout with technical terminology updated.
24.08.2022	5.1	Tony Bolton	Policy Owner change, Changes to the Real Living Wage obligation.
29.08.2023	5.1	Tony Bolton/K Dexter	Document reviewed – no changes
02.02.2024	5.2	Tony Bolton	Amendment to introduction

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## 1 Introduction

At Centrica, we believe that our business relationships with our suppliers are key to achieving the highest social and environmental standards. We seek to build lasting relationships with those who reflect our values and will help us deliver a lasting and positive change in our communities.

Our Responsible Sourcing Policy sets out what we want to achieve and what we expect of our suppliers. As a minimum, we expect our suppliers to comply with all applicable laws and regulations, including providing a safe and inclusive working environment for workers and acting in an ethical and environmentally responsible way.

We are committed to continually evolving our standards to ensure we reflect the changes we see in the world and stay in step with best practice. We ask our suppliers to demonstrate this same level of agility so that we can strengthen our collective resolve to support our planet whilst building more inclusive and sustainable communities.

## 2 How We Do Business

Centrica is a leading energy services and solutions company focused on helping customers live sustainably, simply and affordably. As part of this, our People & Planet Plan aims to accelerate a more inclusive and sustainable future for our communities, our planet and each other – from creating a workforce that reflects the full diversity of our communities by 2030, to helping our customers be net zero by 2050 and becoming a net zero business ourselves by 2045. Having the right business ethics and values – care, delivery, collaboration, agility and courage - at the heart of our business, is essential to achieving this. As is working with strong and sustainable partners so that we can serve our customers responsibly.

## 3 Our Values

Having the right values at the heart of Centrica is essential to our success. Care, delivery, collaboration, agility and courage are values we developed through conversations with colleagues across the business. Together, they provide the freedom and clarity we all need to conduct our business in a way that enables us to fulfil our purpose and build trust.

## 4 Our Supplier Charter

[Our Code](#) sets out the minimum standards and expectations for how we do business. It provides a summary of our key policies and standards and provides the framework to help us make the right decisions to ensure we act with integrity and do the right thing. It applies to everyone who works for us or with us.

Using Our Code as a base, we've created Our Supplier Charter which embodies these principles and provides additional criteria to reduce risk and drive a more inclusive and sustainable future through our collaboration with Suppliers. We expect our Suppliers to uphold the same principles in Our Code and adhere to Our Supplier Charter, wherever they operate around the world.

We will monitor performance and take appropriate action where we believe Suppliers do not act

consistently with Our Code, including Our Supplier Charter. This could result in collaboration to raise standards or ending our relationship and reporting any legal breach to the relevant authorities.

The terms are set out below:

<b>Our Supplier Charter</b>	
<b>The standards</b>	<b>Supplier must:</b>
<b>Code of Conduct</b>	Have a set of business principles or a code of conduct consistent with Our Code to set out minimum standards. This includes but is not limited to operating with professionalism, integrity and managing social and environmental impacts.
<b>Caring for People and the Environment</b>	<p><b>Uphold health &amp; safety, protect the environment and mitigate climate change</b></p> <p>Have a robust health safety and environmental (HSE) management system in place covering matters that include but are not limited to:</p> <ul style="list-style-type: none"> <li>▪ HSE policy;</li> <li>▪ board level accountability;</li> <li>▪ HSE risk and environmental impact identification and mitigation;</li> <li>▪ competency and training;</li> <li>▪ drug and alcohol misuse;</li> <li>▪ greenhouse gas emissions;</li> <li>▪ setting of performance targets aligned to material risks and impacts, as well as measuring, reporting and periodically reviewing HSE performance; and</li> <li>▪ engaging and challenging suppliers to continually improve their HSE performance.</li> </ul>
<b>Conducting Business with Integrity</b>	<p><b>Embed anti-bribery approach</b></p> <ul style="list-style-type: none"> <li>▪ Comply with all applicable local, state, federal and national anti-bribery and corruption legislation with policies and procedures in place to ensure this commitment is upheld – including prohibiting bribes of any form such as kickback and facilitation payments, together with stipulations to not use gifts or donations, politically or otherwise, to gain an improper advantage for themselves or others; and</li> <li>▪ Ensure it is compliant with other relevant legal and regulatory rules and standards, specifically in relation to fraud, trade and economic sanctions, money laundering and other crimes.</li> </ul> <p><b>Compete fairly</b></p> <ul style="list-style-type: none"> <li>▪ Engage with consumers and business partners in a fair, ethical and transparent way and avoid anti-competitive activity - including not passing insider information for their own or another's benefit, with documented due diligence identified and remedied;</li> <li>▪ Be fair, ethical and transparent in its communications and dealings with its own business partners and other stakeholders affected by its supply chain activities, including steps to ensure that it fulfils the payment terms and other conditions; which positively impacts social and environmental issues beyond immediate operations.</li> </ul>
<b>Valuing People (including human rights)</b>	<p><b>Support, respect, uphold and advance the protection of internationally proclaimed human rights</b></p> <ul style="list-style-type: none"> <li>▪ Have a human rights policy that applies to direct and indirect operations, and aligned with the fundamental principles and rights at work e.g. the UN Global Compact, the UN Guiding Principles on Business and Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights to Work, which recognises the fundamental rights and freedoms inherent to all human beings and include the right to life and liberty, freedom from slavery and torture as well as opinion and expression, and the right to work and education amongst others;</li> <li>▪ Provide a safe and healthy workplace alongside acceptable living conditions where relevant, presenting no immediate hazards to its employees or customers;</li> <li>▪ Must not engage in or support the use of corporal punishment, mental, physical, sexual or verbal abuse and does not use cruel or abusive disciplinary practices in the workplace;</li> <li>▪ Guard against modern slavery and not use any form of involuntary labour including forced, compulsory, prison or debt-bonded labour, as well as commitment to not use child labour;</li> <li>▪ Ensure that maximum working hours comply with national laws and collective agreements, including commitment to not exceed 48 hours (excluding overtime) per week;</li> <li>▪ Any overtime shall be voluntary and should not exceed 60 hours per week, unless</li> </ul>

	<p>exceptional circumstances apply (such as unexpected production peak, allowed by national law, agreed by collective bargaining representing a significant portion of the workforce and appropriate safeguards taken to protect the workers' health and safety);</p> <ul style="list-style-type: none"> <li>▪ Enable freedom of association and collective bargaining, or alternative means to facilitate the representation of employees' interests and voice;</li> <li>▪ Provide each employee with all legally mandated benefits;</li> <li>▪ Offers fair reward and recognition which includes paying the Real Living Wage<sup>1</sup> in the UK. Or, outside of the UK paying each employee at least the legally recognized minimum wage, or a fair representation of the prevailing industry wage (whichever is the higher), to allow the employee to sustain the essentials for quality of life;</li> <li>▪ Wages must not be impacted by unlawful money deductions or payments including 'The Employer Pays Principle' to ensure no worker shall be charged a recruitment fee;</li> <li>▪ Encourage its own suppliers to support and promote the creation of a workplace that advances human rights and where everyone is treated equally by embracing diversity and inclusion; and</li> <li>▪ Has an appropriate complaints procedure to deal with any breaches.</li> </ul> <p><b>Embrace diversity and inclusion</b></p> <ul style="list-style-type: none"> <li>▪ Recruit people based on the qualifications and individual capabilities needed to do the job;</li> <li>▪ Embrace diversity and not operate any form of discrimination, harassment or bullying in the workplace – including but not limited to, age, gender, race, religion, disability, political opinion, sexual orientation, marital status and gender identity; and</li> <li>▪ Create a culture of equality, diversity and inclusion, paying specific attention to groups that might be under-represented, including but not limited to women, ethnic minorities, LGBTQ+<sup>2</sup> and those with disabilities.</li> </ul>
<p><b>Engaging in the community</b></p>	<p><b>Work responsibly in the community</b></p> <p>Have a policy to outline how it manages its social and economic impact on local stakeholders and communities, which includes:</p> <ul style="list-style-type: none"> <li>▪ When the Supplier will conduct impact assessments;</li> <li>▪ Who the Supplier will allow to participate in impact assessments;</li> <li>▪ Where, when and how the impact assessments will be made available; and</li> <li>▪ Seek to collaborate with local communities to support and contribute positively to them.</li> </ul>

<sup>1</sup> Living Wage UK - either the current UK Living Wage or the London Living Wage for applicable to UK based Suppliers. Further information can be found at [www.livingwage.org.uk](http://www.livingwage.org.uk).

<sup>2</sup> LGBTQ+ - lesbian, gay, bisexual, trans, queer/questioning, with the plus sign signifying a desire to be inclusive.