



<b>POLICY</b>	
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Subject :	<b>Ethical Procurement Policy</b>
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<b>Summary</b>	
This document covers EDF Energy Ethical Procurement Policy, for all company spend excluding energy trading (i.e., the purchase of inputs or outputs of the energy production process).	
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# **EDF ENERGY ETHICAL PROCUREMENT POLICY**

## **1. INTRODUCTION**

The EDF Energy Procurement Department is part of the Business Support Services Department. This document sets out the Ethical Procurement Policy within EDF Energy.

## **2. OBJECTIVE**

To ensure that all procurement within EDF Energy is carried out in an ethical manner.

## **3. SCOPE**

The requirements of this policy are mandatory in all areas of EDF Energy and cover all works, goods and services which are purchased by the company excluding energy trading (i.e., the purchase of inputs or outputs of the energy production process).

## **4. REFERENCES**

EDF Energy Procurement Policy (PR\_POL\_001)  
EDF Energy Code of Conduct Policy (HR\_POL\_001)  
EDF Energy Disciplinary Rules (HR\_POL\_002)  
EDF Energy Reporting of Improper Activities (Whistleblowing) Policy (HR\_POL\_013)  
Procurement Processes:

Orders greater than £50k and/or High Risk Procedure

Scoping Work Procedure

Sourcing Strategy Development Procedure

Procurement Plan Development Procedure

Procurement Go-to-Market Procedure

Procurement Negotiation Procedure

Procurement Select, Award and Implement Procedure

## **5. STATEMENT OF EDF ENERGY ETHICAL PROCUREMENT POLICY**

The Director of Procurement for EDF Energy has overall responsibility for the formulation, implementation and development of EDF Energy's Ethical Procurement Policy.

The Procurement Department recognise and are responsible for ensuring that all works, goods and services, which are purchased for EDF Energy, are obtained in an ethical manner and we will make every effort to ensure that all contractors, suppliers, subcontractors etc. also work in an ethical manner.

EDF Energy will promote continuous improvement through developing effective, appropriate relationships with our suppliers and contractors.

Ethical issues covered are:

Ethical Trading Initiative  
Environmental considerations  
Meeting agreed contractual terms and conditions  
Identification and elimination of Fraud  
Meeting EC Procurement Law  
Safeguarding confidentiality of tenders  
Meeting Licence obligations (Condition 39)

## **6. POLICY DETAIL**

### **6.1 Ethical Trading Initiative – Base Code:**

([http://www.ethicaltrade.org/Z/lib/base/code\\_en.shtml](http://www.ethicaltrade.org/Z/lib/base/code_en.shtml)):

EDF Energy is committed to follow the Ethical Trading Initiative which lays down basic rules for employment. Vendors to EDF Energy must comply with local law regulations and best practice and EDF Energy will request Vendors wishing to do business with them to provide information which will assist in our ability to identify ethical Vendors. Details are provided in the highlighted web site.

- Employment is freely chosen
- Freedom of Association and the right to collective bargaining are respected
- Working Conditions are Safe and Hygienic
- Child Labour shall not be used
- Living Wages are paid
- Working hours are not excessive
- No Discrimination is practised
- Regular Employment is provided
- No Harsh or Inhumane Treatment is allowed

### **6.2 Environmental Considerations:**

EDF Energy is committed to ensure that all procurement takes into consideration its environmental impact. This will include ensuring that we favour companies who demonstrate a positive attitude towards the environment and achieve ISO 14001.

### **6.3 Contracting Terms and Conditions:**

EDF Energy is committed to ensure that its contractual obligations, as agreed with other parties, are carried out. Specific examples are:

- Payment of Suppliers in a timely manner
- Effective Grievance procedure

### **6.4 Fraud Investigation Guidance:**

EDF Energy is committed to identifying and eliminating any fraudulent activity within the company and to ensure that any suspected fraudulent activity is followed up. Fraud is defined as follows:

“Fraud is the behaviour by which an individual attempts to gain a dishonest advantage at the Company’s expense, including theft. Fraud usually includes elements of deception, manipulation and concealment”

Fraud is considered totally unacceptable within EDF Energy and policies exist to deal with potential breaches (HR\_POL\_001, 002, 013).

### **6.5 EC Procurement Law:**

EDF Energy is committed to meeting all EC Procurement Law requirements which covers:

Competitive Call for competition  
Declared objective evaluation criteria  
Issue of award notice

### **6.6 Safeguarding Confidentiality of Tenders:**

EDF Energy is committed to ensuring that information provided to EDF Energy in tenders is confidential and not disclosed to third parties or used inappropriately. Tenders will be received into a secure location (physical or electronic) and opened by Procurement personnel. All commercial information will be reviewed by Procurement and not disclosed to third parties or internal EDF Energy staff unless there is a clear need to know and the confidentiality of information is respected. Only the designated Procurement representative will correspond with tenderers and full notes will be maintained of any communication.

During any tender activity no gifts or entertainment can be accepted by any party within EDF Energy from any of the tenderers. This is consistent with the overall Code of Conduct policy.

### **6.7 Meeting Licence Obligations (Condition 39):**

EDF Energy is committed to ensuring that it meets all its licence obligations. Particular emphasis must be placed on Condition 39 for the procurement activity as follows: There is a requirement in all three distribution licences that states that information relating to the Distribution business that is not in the public domain must be treated as Confidential and not be passed to a related supplier or gas shipper. In the case of EDF Energy this means that confidential Networks Branch information must not be passed to Customer, Energy or Development Branches unless it relates to their customers at the time they were customers. This applies to all forms of data whether it is intellectual, electronic or paper based.

## **7. RESPONSIBILITIES**

It is the responsibility of all individuals involved in the procurement activity to ensure that they have read and understood this policy and associated procedures and only carry out procurement activities if they have the required authority as shown in the EDF Energy Company Authority Limits and the Procurement Authority Schedule.

It is the responsibility of all managers within EDF Energy to ensure compliance and to ensure those individuals within the team acknowledge understanding of this policy.

Specific attention must be paid to our requirements to adhere to agreed terms and conditions, EC Procurement Law, environmental requirements and detection and elimination of fraud.

Procurement Department is responsible for ensuring that procurement procedures comply with the ethical procurement policy and that Vendors demonstrate an ethical behaviour.

All framework agreements and contracts must have both a nominated Branch and Procurement owner.

## 8. RELEVANT LEGISLATION

All procurement within EDF Energy must conform to the European Community (EC) Public Procurement Directive which includes:

The Utilities Directive (July 1994)	European Law
The Remedies Directive (Jan 1993)	European Law
Utilities Contract Regulation (1996)	UK Law

Specific details on threshold limits when the EC Directives are applicable are available from the Procurement Department (approx. £300k for goods and services and £3,800k for Works). The above legislation is available from the EDF Energy Legal Department.

## 9. CONTINUOUS IMPROVEMENT

The Procurement Department will regularly review the procurement processes to ensure that they continue to reflect our desire for continuous improvement. Continuous improvement is the responsibility of all within procurement but each Procurement Manager is charged with ensuring their specific area operates as effectively as possible and takes account of the need for continuous improvement.

## 10. PROCEDURE REVIEW

The Procurement Policy and procedures are owned by the Director of Procurement and will be reviewed on an annual basis.

## 11. DOCUMENT HISTORY

Date	Version	Comments
21 February 2005	0.1	Initial document
22 February 2005	0.2	Additional comments on confidentiality
28 February 2005	0.3	Additional comments on environmental considerations
09 March 2005	1.0	Final document
22 April 2005	1.1	Update based upon the April IT/BSS Committee meeting