



Company Policy Supply Chain

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Policy Statement

The purpose of this policy is to state the strategic objectives and to identify the minimum standards that must be implemented across Supply Chain activities to ensure that EDF Energy realises best value from its aggregated Supply Chain expenditure whilst controlling risk exposure for the benefit of its shareholders and customers.

EDF Energy is committed to ensuring that its Supply Chain activities are carried out safely and ethically in a controlled and sustainable manner to deliver consistent quality outcomes in support of our Ambitions and Values and in accordance with the Better Plan.

EDF Energy Supply Chain activities shall be consistent with EDF SA policies collaborating with EDF Group-wide initiatives, procurement activities and contracts to deliver best overall value.

Through the combination of always having a clear definition of our requirements, maximising the leverage of our spending power through collaboration, effective communications, improving efficiency, seeking innovation, driving continuous improvement and risk management, we will achieve best 'through life' value from our Supply Chain.



Simone Rossi, Chief Executive Officer
For and on behalf of the EDF Energy Executive Team

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Policy Standards

1. This policy covers all Supply Chain activities undertaken by anyone across EDF Energy with the exception of energy generation-related fuel purchases and property-related Rates, rent and lease transactions. For all nuclear related Supply Chain activities, Nuclear Safety is our overriding priority.
2. All Supply Chain activities shall be conducted safely and ethically in a controlled and sustainable manner to deliver consistent quality outcomes that deliver best 'through life' value for EDF Energy, always consistent with our Ambitions and Values and in accordance with the associated Mandatory Practices.
3. All Supply Chain activities shall be in relation to the fulfilment of Legitimate Business Needs with authorisation following the principles of Requisition Authority and Commitment Authority.
4. All contracts and orders shall be placed with vendors that have been pre-qualified in line with defined criteria and registered on EDF Energy's Vendor Master Database. Vendors shall maintain their compliance to these criteria through the duration of all contracts and orders.
5. All contracts and orders shall be awarded on the basis of Terms and Conditions established by Supply Chain Functions in consultation with EDF Energy's Legal department.
6. The activities of the Supply Chain Functions shall be undertaken in accordance with approved Standard Operating Procedures and applied proportionate to the relative value and risk. Activities must be capable of withstanding scrutiny against this policy.
7. The Supply Chain Functions shall be compliant with all relevant legislation and regulations. In support of our Ambitions and Values:
 - EDF Energy's Supply Chain shall be compliant with the 10 Principles of the United Nations Global Compact; and
 - EDF Energy shall not tolerate any form of illegal activity (such as Modern Slavery, fraud, bribery or tax evasion) within its Supply Chain; and
 - EDF Energy and its Supply Chain shall have appropriate defence mechanisms in place against the incorporation of non-conforming, counterfeit, suspect and fraudulent items in the Goods and Services supplied to EDF Energy; and
 - EDF Energy shall seek to measure and reduce the environmental impact of its Supply Chain.
8. The use of Retrospective Orders or Retrospective Vendors is not permitted and must be actively investigated and addressed where identified. The use of payment methods other than those initiated via SAP (such as credit cards and manual payments) may only be used in exceptional circumstances.
9. Contractual payment terms must be 60 days. Any exception to these terms or any application for payment earlier than the contractually defined term must be approved by an authorised member of the Supply Chain Function.
10. The Supply Chain Director shall be responsible for maintaining and assuring this policy and its associated Mandatory Practices.

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Definitions

Word or Phrase	Definition
Commitment	<p>The contractual commitment of EDF Energy to vendors, including contract signature and encompasses the following:</p> <ul style="list-style-type: none"> • The award of a contract which commits EDF Energy to a specific level of expenditure. • The award of a framework agreement which commits EDF Energy to terms and conditions of purchase over an agreed period and, in some circumstances, to an estimated value of expenditure. • The issue of a purchase order. • The variation of an existing contract or framework agreement.
Commitment Authority	<p>The authority granted on behalf of EDF Energy to make a Commitment. This Commitment Authority can only be granted once the necessary Requisition Authority has been provided. The individual providing Commitment Authority is responsible for ensuring that:</p> <ul style="list-style-type: none"> • The vendor is sufficiently and appropriately pre-qualified in relation to the delivery of the Goods and Services; and • The vendor is engaged to deliver the Goods and Services on appropriate terms and conditions (including due consideration of price and payment terms). <p>Commitment Authority is owned by the Supply Chain Function(s) and individual authority levels and contract signing authority levels are held as Commitment Authority Levels ("CAL").</p>
Goods and Services	The works, materials, goods and services which are purchased on behalf of EDF Energy within the scope of this policy.
Legitimate Business Need	Requirements for the purchase of Goods and Services and the maintenance of contracts whose delivery and use are necessary for the fulfilment of EDF Energy's business objectives and which support of EDF Energy's Ambitions and Values.
Mandatory Practices	The document which contains reference to the Standard Operating Procedures, the standards held in common across the whole of Supply Chain and the defined objectives which deliver this policy and against which the Standard Operating Procedures are measured.
Requisition Authority	<p>The confirmation from the appropriate budget holder that an expenditure request is authorised. The individual providing Requisition Authority is responsible for ensuring that:</p> <ul style="list-style-type: none"> • The request is for a legitimate business expense for which there is a genuine business need: and • The correct budget has been selected and that sufficient funds are available in that budget to fulfil the expenditure; and • All appropriate company policies have been considered in relation to the delivery and use of the Goods and Services. <p>Requisition Authority is owned by the Business Units and Corporate Steering Functions and individual authority levels are specified within their delegated authority schemes in accordance with Financial Authority Levels (FAL).</p>
Retrospective Order	A formal purchase order which has to be raised as the result of the receipt of an invoice and is required to make a payment to a vendor for Goods and Services ordered without the necessary authorisation.

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Retrospective Vendor	A vendor whose pre-qualification is requested following the receipt of an invoice and is required to make a payment to a vendor for Goods and Services ordered without the necessary authorisation and at a time at which the vendor was not included on the Vendor Master Database.
Standard Operating Procedures	The detailed process-based documentation specific to the work undertaken by Supply Chain in each of the Business Units and Corporate Steering Functions. Where appropriate the Standard Operating Procedures shall mandate that Supply Chain activities which span multiple business areas shall be conducted in ways that meet the regulatory and governance requirements of the business areas impacted.
Supply Chain Function	The teams embedded within the Business Units and Corporate Steering Functions reporting to Supply Chain Heads who are responsible for the series of business processes by which Supply Chains are identified, pre-qualified, appointed to fulfil contracts and the processes by which vendors within the Supply Chain are managed and contracts are managed and renewed.
Supply Chain	Any vendor external to EDF Energy that provides Goods and Services to EDF Energy through one or more order and/or a contract.
Supply Chain Director	The senior Supply Chain practitioner in EDF Energy.
Supply Chain Heads	The senior Supply Chain practitioners in each of the Business Units (Nuclear Development, Hinkley Point C Project, Generation and Customers) and the Corporate Steering Functions.

Governance

- Executive Sponsor – The Director of Strategy & Corporate Affairs.
- Lead Policy Owner - The Supply Chain Director.
- Operational Unit Policy Owners – The Supply Chain Heads.
- Senior Supply Chain Forum – A meeting chaired by the Supply Chain Director and comprising the Supply Chain Heads. Its Terms of Reference are contained within the Mandatory Practices.
- Supply Chain Governance Forum – A meeting chaired by an appointee of the Supply Chain Director and comprising the governance practitioners and other co-opted stakeholders. Its Terms of Reference are contained within the Mandatory Practices.

Change History

Version	Date	Changes Made
5.0	September 2013	Various drafting amendments
6.0	February 2014	Published version
7.0	March 2015	Updated to reflect change in Executive Sponsor
8.0	April 2015	Minor text update
9.0	October 2015	Minor text change to reflect definition change
10.0	July 2018	Updated following policy review.