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Scotia Gas Networks Modern Slavery Statement 2025

Approved by the Board of Directors on 11 September 2025

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1 Introduction

The definition of modern slavery is broad and includes forced labour, servitude, slavery, human trafficking, debt bondage, forced or servile marriage, descent-based slavery, or child labour. It is a global and growing problem. SGN understands that no sector or industry is exempt from the potential of modern slavery.

This statement is made in accordance with section 54(6) of the Modern Slavery Act 2015 and constitutes SGN's modern slavery statement for the financial year ending on 31 March 2025

2 Our Business and Supply Chains

SGN is one of the UK's biggest utility companies with a supply chain value of over £800 million per annum operating across Scotland, Southern England and in Northern Ireland. We manage the network that distributes natural and green gas to approximately 5.9 million homes and businesses. We employ highly skilled employees who work within our businesses regulated by the Office for Gas and Electricity Markets (OFGEM) and the Northern Ireland Utility Regulator (UREG), as well as our non-regulated business entities.

We are supported by a significant number of suppliers and contractors to keep our customers safe and warm, while our joint venture partners enable us to develop new technologies and alternative heat solutions.

We work closely with suppliers to ensure their values on issues, such as safety, environment, and modern slavery, are upheld throughout our supply chain. Our Supplier Relationship Management (SRM) helps enhance performance and strengthen relationships to deliver mutual value, through meetings with strategic suppliers.

This year, the procurement team have focused on data cleansing the SGN supplier database. Our total supplier numbers have reduced from circa 14,000 to 4,100, with an aim to reduce it further to 2,800 by the end of 2025.

Our current investors are Brookfield Super-Core Infrastructure Partners (Brookfield), a Canadian global asset manager, and Global Infrastructure Partners (GIP), a US based global independent infrastructure fund manager. Brookfield has a 37.5% share and GIP has a 25% share. Ontario Teachers' Pension Plan, our third investor, has a 37.5%. All three shareholders oversee the three regulated operating companies in Scotland, Southern England and Northern Ireland as well as the holding company and several unregulated companies.

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3 Our Policies and procedures on Slavery and Human Trafficking

SGN's approach to the risks of slavery and human trafficking can be found within several of our policies and practices.

Purpose, Vision, and Values

Our purpose, vision and values are as follows:

- Our purpose: Serving our communities by keeping everyone safe and warm.
- Our vision: To give our customers the best clean energy experience.
- Our values: Reliability, Innovation, Respect, Openness and Safety.

To meet these values, particularly those of safety and respect, it is essential that we continue to actively maintain our zero-tolerance approach to modern slavery.

Code of Conduct

Our Code of Conduct (Code) sets out the behaviours and principles of behaviour expected at SGN to supplement our existing policies and procedures. The Code applies to all SGN colleagues (meaning permanent, fixed term and temporary employees, any third-party representatives or sub-contractors, agency workers, volunteers, interns, and agents engaged with us). We ask and expect all our colleagues to:

- Know and uphold our prohibitions on modern slavery, child labour, forced labour, human trafficking, physical punishment, and any other harmful activity.
- Meet the expectations set out in the Code, to maintain and foster a positive culture by doing the right thing, and to speak up when something does not seem right.

Our Code of Conduct also refers to our Anti-Bribery and Corruption Policy and Anti-Money Laundering Policy, both of which are designed to prevent unlawful behaviours and unauthorised movement derived from crime (including crime from modern slavery).

We also expect our partners and other third parties to follow our Sustainable Procurement Code and share our commitment of doing the right thing.

Verification and Vetting

To ensure that modern slavery does not exist within SGN's own direct operations, SGN undertakes a robust approach in our recruitment processes, ensuring that all employees within SGN have the appropriate rights to

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work in the UK. The UK Government's right to work checklist outlines simple right to work checks to be conducted before an individual is employed and this is strictly adhered to by SGN.

Following this guarantees that the right to work is evidenced for all direct workers and relevant verification and vetting checks are carried out. Further to this, all new and existing employees are subject to prescribed right to work checks to ensure that SGN does not employ illegal workers thereby ensuring compliance with UK immigration laws and regulations.

SGN's Vetting and Verification procedure provides details on what levels of checks are carried out as standard and the expectation is set that contractors and staffing agencies are subject to the same standards.

Living Wage

In addition, all staff directly employed by SGN are paid the Living Wage or above and in 2020 SGN achieved the goal of becoming an accredited Living Wage employer through the Living Wage Foundation. SGN's commitment to paying the Living Wage and its accreditation as a Living Wage employer includes no unlawful deductions of wages or working extended periods of time without breaks.

Procurement

SGN's Sustainable Procurement Code is reviewed and updated annually to ensure it remains relevant and aligned with our evolving sustainability and ethical standards. This year's code has been sent directly to our top 80% of suppliers by spend and published to our website. It clearly sets out our expectations for our suppliers to respect basic human rights, as established by the European Convention on Human Rights, and to adhere to legislation against child labour, forced labour, modern slavery, and discrimination.

Supporting this expectation, our procurement contracts contain two clauses to mitigate the risk of modern slavery and hold suppliers accountable for ensuring they are taking appropriate action:

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- Our modern slavery clause is included in all new goods, works and services contracts and requires that the service provider (and procure that its supply chain) shall comply with modern slavery legislation and take all reasonable steps to ensure that slavery and human trafficking are not taking place in its business or its supply chain.
- Our living wage clause is included in all new works and services contracts and requires that the service provider agrees to pay all its directly employed personnel (in respect of the services) not less than the living wage and ensure all employees of its contractors and subcontractors performing the services are paid not less than the living wage.

In addition to the above, our onboarding process and annual assurance checks include validation that a Modern Slavery Statement is published by all vendors who meet the threshold for publishing a Modern Slavery Statement.

Speak Up

SGN has a Speak Up (Whistleblowing) Policy whereby SGN employees or those working on our behalf can raise concerns in confidence about wrongdoing through both internal and external mechanisms. Within the Policy we specifically encourage reporting on slavery and human trafficking, as well as other ethical matters.

If an individual would prefer not to raise their concern with an SGN manager or HR, then they can use SGN's Speak Up Hotline or directly contact one of the key contacts outlined in the Policy. When incidents are reported, they are referred to SGN's Legal Investigation team (and Safety team if applicable) for investigation with outcomes reported and fed back through our Risk Audit and Assurance Committee to the Audit Committee.

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4 Training on Slavery and Human Trafficking

SGN is partnered with the Supply Chain Sustainability School, which provides high quality training and resources on various topics, including modern slavery. The modern slavery training packages are also available on SGN's LMS and based on three levels: beginner, intermediate and advanced. The beginner training video is provided to all new starters. The intermediate and advanced training materials help our Procurement and Supply Chain (P&SC) and Human Resources colleagues to understand the issues and risks surrounding modern slavery. For example, online training course for P&SC professionals highlights the importance of the supply chain mapping, a case study and obligations that the P&SC function must explore alongside areas of expenditure that represent a higher risk of modern slavery.

5 Due Diligence and Risk Assessment Processes

In terms of managing the risk of modern slavery existing within our supply chain, SGN operates several mechanisms to deter this from occurring.

Supplier Registration

All suppliers are required to register on to our Supplier Registration System (SRS), which is externally managed by Achilles Information Ltd (Achilles). This informs SGN that suppliers are committed to our core values and objectives.

The suppliers who intend to tender for regulated procurement activity through the Achilles database are also required to register on the Utilities Vendor Database (UVDB), which is a utility industry pre-qualification system widely used across the UK and EU. UVDB is also operated by Achilles, who conduct independent audits of certain suppliers registered on the system against the information they have provided in the questionnaire. The use of the UVDB ensures that the highest standards of supply chain assurance are achieved.

Our pre-qualification (PQQ) template includes robust questions on modern slavery for potential suppliers, which are consistent with the questions being asked by others in the utility sector.

The Procurement function is supported by a centralised Enablement team who manage several audits which cover modern slavery compliance from time to time.

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Supplier Engagement

We have now engaged with those suppliers which represent the top 80% of our annual spend specifically on modern slavery and confirmed 100% of those suppliers comply with our requirement to publish a Modern Slavery Statement, indicating the measures they have in place to manage this risk. Through continuous engagement with our supplier's and issuing our Sustainable Procurement Code, we are striving to hold our entire supply chain to the same high standards, regardless of the type of supplier/operation and country of operation.

6 Ongoing Commitment

SGN understands that we have a responsibility to continue to assess and mitigate the risk of modern slavery in the long-term and we fully intend to do so. As part of our commitment to continual improvement we achieved several of our objectives for 2024/25, including:

- Embedded ESG data capture requirements for all new contracts for goods, services and works. This includes mandatory legal compliance reporting covering modern slavery, money laundering and environmental breaches.
- Continues to invite suppliers to participate in the Supply Chain Sustainability School (SCSS). The school provides thousands of learning resources on all aspects of sustainability, which our suppliers can access for free.
- Carried out validation checks on our most critical and strategic suppliers with a turnover of more than £36m to ensure UK Government compliance with publishing an annual Modern Slavery Statement.
- Began collecting supplier governance data to support risk assessment and reporting against the World Economic Form (WEF) framework.

In 2025/26 we aim to progress with the following activities:

- Implement enhanced modern slavery risk mapping across our top 80% of suppliers (by spend) using ESG data to identify higher risk geographies, sectors and supplier types while ensuring higher-risk suppliers have a modern slavery policy in place.
- Strengthen supplier engagement by setting measurable ESG and modern slavery related KPIs for our top 80% of suppliers (by spend).
- Align ESG reporting fully with the WEF framework with KPI indicators showing a percentage of suppliers with identified risks who have an active corrective action plan in place.

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7 Governance Framework

The SGN Board has reviewed and signed off this Statement. The Board will continue to annually review and sign off SGN's Modern Slavery Statement.

Modern Slavery falls under SGN's Principal Risk 'Legal and Regulatory Compliance'. Modern Slavery is included within the Legal Services, HR and Procurement and Supply Chain Operational Risk Registers and is considered at regular Operational Register Review meetings.

This statement was approved by the SGN Board of Directors on 11 September 2025.

SIGNATURE:

Signed by:
Antony King
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Antony King

CFO