

Scotia Gas Networks Modern Slavery Statement 2019

Approved by the Board of Directors on 6 June 2019



SGN

Your gas. Our network.

Contents

1 Introduction	3
2 Our Business and Supply Chains	3
3 Our Policies on Slavery and Human Trafficking	3
4 Due Diligence Processes for Slavery and Human Trafficking.....	4
5 Ongoing Commitment	4
6 Governance Framework	4

Scotia Gas Networks Limited and any subsidiary and affiliate company within its group (SGN) has zero tolerance of modern slavery in all its different forms, both in our business and in our supply chain.

This statement sets out the steps that SGN has and will continue to actively take to address any risk of slavery and human trafficking taking place within any part of our business and supply chain.

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.

We are committed to improving our practices to combat slavery and human trafficking. This statement is made in accordance to section 54(6) of the Modern Slavery Act 2015 and constitutes SGN's modern slavery statement for the financial year ending on 31 March 2020.

2 Our Business and Supply Chains

SGN is one of the UK's biggest utility companies with a supply chain value of over £500m, operating across Scotland, Southern England and in Northern Ireland. We manage the network that distributes natural and green gas to 5.9 million homes and businesses. We employ over 3,800 highly skilled employees who work within our OFGEM regulated and non-regulated business entities.

SGN is jointly owned by SSE plc (33.3%), Borealis Infrastructure Europe (UK) Ltd (25%), Ontario Teachers' Pension Plan (OTPP) (25%) and Blue Spyder B 2016 Limited (ADIA) (16.7%). All four shareholders oversee the three regulated operating companies in Scotland, Southern England and Northern Ireland as well as the holding company and a number of unregulated companies.

SSE provides corporate services to SGN, including payroll and procurement, under a master service agreement.

3 Our Policies on Slavery and Human Trafficking

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

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 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 the Immigration, Asylum and Nationality Act 2006.

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.

In addition, all staff directly employed by SGN are paid the Living Wage or above.

SGN has a Raising Your Concerns (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 directly contact one of the key contacts outlined in the Policy. When incidents are reported they are referred to SGN's Ethics and Compliance team for investigation with outcomes reported and fed back to the Audit Committee.

4 Due Diligence Processes for Slavery and Human Trafficking

In addition to the policies mentioned above, SGN carries out further due diligence processes to identify and mitigate the risk of modern slavery.

Our Procurement professionals have received face-to-face training to raise awareness of the Modern Slavery Act. This training highlights the obligations that Procurement Managers must meet and to explore the areas of expenditure of higher risk. Procurement line managers have a requirement to undertake a number of audits throughout each financial year.

In terms of managing the risk of modern slavery existing within our supply chain SGN operates several mechanisms to deter this from occurring. All suppliers are required to register on to our Supplier Registration System (SRS) which informs SGN that the supplier is committed to our core values and objectives.

Our suppliers who intend to tender for regulated procurement go on to register on the Utilities Vendor Data Services (UVDB) which is the utility industry pre-qualification system used across the UK. The use of the UVDB ensures that the highest standards of supply chain assurance are achieved.

5 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.

In 2019/2020 we aim to:

- Further review the nature of the risk of modern slavery within SGN and our supply chain;
- Review the current controls in place to manage these risks and put plans in place to improve these, if necessary;
- Implement SGN specific training for procurement and other key employees;
- Create a Code of Conduct document setting out the behaviours and principles of behaviour expected at SGN; and
- Review our supply chain to assess whether there are any areas where the Living Wage is not currently paid with a view to applying for Living Wage accreditation.

6 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.

SGN operates an Ethics and Compliance Committee made up of Procurement, Legal, Compliance, HR, Finance and Audit professionals who meet at least once every quarter and are responsible for assisting SGN's Executive

Committee and Board in the oversight of various ethics and compliance requirements across the SGN Group, including modern slavery.

The Ethics and Compliance Committee is accountable to the Audit Committee, a subcommittee of the SGN Board. The Head of Compliance delivers bi-annual reports to the Audit Committee on the Annual Compliance Plan.

Modern Slavery falls under SGN's Strategic Risk 'Legislative Compliance'. Modern Slavery is included within the Legal and Compliance Operational Risk Register and is considered at SGN Legal Risk Register Review meetings which take place on a bi-monthly basis.

This statement was approved by the SGN Board of Directors on 6 June 2019.

SIGNATURE:

A handwritten signature in black ink, consisting of a stylized initial 'N' followed by a long, sweeping horizontal line that tapers to the right.

Nicola Graham-Shand

SGN Group Company Secretary

Date: 03 July 2019