

Group gifts and hospitality policy

1. Introduction

Gifts and/or hospitality are offered voluntarily and without compensation. We recognise that giving and accepting gifts can be part of building normal business relationships. In different geographical locations, this practice can vary significantly, often depending on local laws and specific customs. But some gifts and hospitality can create improper influence and conflicts of interest. In some instances they can be viewed as bribes that could damage Centrica's reputation or even break the law.

2. Purpose

The purpose of this policy is to set out the responsibilities of Group functions and business units in observing and upholding our position on the giving and acceptance of gifts and hospitality. In developing this policy reference has been made to relevant laws including the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions 1997.

3. Scope

This policy applies to Centrica employees (staff, contract and temporary) and extends to all our majority owned business dealings and transactions in all countries in which we or our subsidiaries and associates operate.

Where we have a minority interest we will encourage the application of this policy amongst our business partners including contractors, suppliers and joint venture partners.

This policy should be implemented in conjunction with the guidance on giving and accepting gifts and hospitality within the Group Guide to Sound Business Practice. Employees should also read the Group policy on bribery and corruption.

4. Policy

Our Group Business Principles set out our commitment to operate responsibly wherever we work in the world and to engage with our stakeholders to manage the social, environmental and ethical impact of our activities in the different markets in which we operate.

Our first principle, 'integrity in corporate conduct', states that Centrica does not engage in bribery or any form of unethical inducement or payment. All employees are required to avoid any activities that might lead to, or suggest, a conflict of interest with the business of the Company. Employees must declare and keep a record of hospitality or gifts accepted or offered, which will be subject to managerial review. We do not make direct or indirect contributions to political parties.

Key policy elements

- Any hospitality valued at more than £100 or individual gift valued at more than £50 must be approved by your line manager.
- All travel and overnight accommodation requires prior approval from your line manager. In some business units or departments, more restrictive guidelines or rules may apply.
- Employees and employees' families should refuse to accept gifts or hospitality which could influence or appear to influence decisions they make on behalf of the Company.
- The acceptance and/or offer of small gifts such as flowers, and/or casual hospitality such as business lunches, is acceptable within reasonable bounds, as long as it is a normal and appropriate expression of business courtesy.

- Employees must ensure that offering or accepting a gift or hospitality does not create or appear to create a conflict of interest for those involved.
- Employees should make management aware of all offers or acceptance of gifts or hospitality. If there is any doubt about the propriety of accepting a gift or hospitality it should be refused.
- The primary responsibility for deciding whether gifts or hospitality should be accepted lies with the employee. Employees should refer to the Group Guidance on giving and accepting gifts and hospitality.
- The offer or acceptance of all gifts or hospitality must be fully documented, approved by the relevant line manager and recorded in the Group Gift Register.

5. Responsibilities

The Group Chief Executive is the main board director with primary responsibility for implementing this policy and for reporting annually to the Centrica Board of Directors.

The Managing Director of each business unit will establish appropriate responsibilities and procedures within their operations. If any instance of non-compliance with the stated Group policy is identified, we will take remedial steps immediately.

6. Training and communications

We will communicate this policy and relevant guidance to employees across the Group, through our established internal communication channels. We will also communicate this policy to our suppliers, contractors and business partners and wider stakeholders. Managers, employees and agents will receive relevant training on how to implement this policy in the scope of their employment with the Group.

7. Raising concerns and seeking guidance

Employees are encouraged to raise concerns about any instance of malpractice at the earliest possible stage through our confidential 'speak up' helpline. Please refer to the Group Speak Up Policy for further information.

8. Monitoring and review

The Centrica Executive Committee will review the implementation of this policy in respect of its suitability, adequacy and effectiveness and make improvements as appropriate. It will periodically report the results of this process to the Group Audit Committee, which will make an independent assessment of the adequacy of the policy and disclose any material non-compliance in the Annual Report to shareholders.

9. Internal controls and audit

Centrica will establish feedback mechanisms in order to maintain accurate records - available for inspection - which properly and fairly document all financial transactions. Internal control systems will be subject to regular audits to provide assurance that they are effective in countering bribery and corruption.