
Centrica

Our Approach to Political Involvement

Version: 1.4
Owned by: Nick Park, Director of Policy and Insight
Approved by: Nick Baird, Group Corporate Affairs Director
Date approved: 19 July 2018

1. Introduction

- 1.1 Our Approach to Political Involvement supports [Our Code](#), to ensure 'we engage with governments and politicians responsibly'.
- 1.2 Centrica operates in a highly-regulated market. Public policy decisions can affect all aspects of our operations including investments, consumer protection and employment relations.
- 1.3 Lobbying is a normal, acceptable and important part of the legislative process, provided all legal requirements are complied with.
- 1.4 Laws and regulations governing the activities of public affairs practitioners or attempts to influence the policy environment vary around the world. Centrica will uphold the spirit and letter of all relevant laws relating to our political activities.

2. Purpose

- 2.1 This document supports our high-level position set out in Our Code. It provides greater detail to explain the responsibilities of Group functions and business units, in observing and upholding our position on political involvement.

3. Scope

- 3.1 Our approach to political involvement disclosed here and in Our Code, applies to all Centrica employees (permanent or temporary staff, consultants and contractors) and extends to all our majority-owned businesses or business transactions in every country where our subsidiaries, our associates and we operate.
- 3.2 Where we have a minority interest we will encourage this approach to be applied among our business partners including contractors, suppliers and joint venture partners.

4. Approach

- 4.1 Centrica operates on a politically neutral basis and works closely with interested parties to inform policy on key issues including energy, environment, consumer policy and employment relations.
- 4.2 We proactively engage with our stakeholders, including government, legislators and regulators in order to shape proposals and manage risks. In developing our policy positions, we engage with a wide range of interested parties including charities, environmental groups and academics. Centrica does not make political contributions – whether to political parties, individual politicians or government employees. Centrica fully complies with the Political Parties, Elections and Referendum Act 2000 in the UK and with the Federal Election Campaign Act in the USA.
- 4.3 Under the Federal Election Campaign Act, Direct Energy (DE, Centrica's North American business) has authorised the establishment of a Political Action Committee (PAC), to facilitate voluntary political contributions by its US employees. Contributions from the fund are determined by a governing board of PAC members who serve across divisions of the US operating unit. There may be no coercion with respect to participation in the DE Employee PAC. The DE Employee PAC does not represent the Company and its donations are not political donations by the Company.

- 4.4 Centrica does not contract the services of serving politicians.
- 4.5 In the UK the Ministerial Code prohibits Ministers from lobbying Government for two years from leaving office. Former Ministers must further seek advice from the independent Advisory Committee on Business Appointments about any appointments or employment they wish to take up within two years of leaving office¹. Similar rules apply to civil servants and special advisers for two years after their last day of paid service. The Advisory Committee on Business Appointments (ACOBA), which provides advice on these rules, includes a standard phrase of “for two years from his last day of service he should not become personally involved in lobbying UK Government” in their guidance to former senior officials taking up new roles in the private sector. We support these safeguards and abide by them.
- 4.6 Centrica is registered with the EU Transparency Register. Responses to EU consultations must include Centrica’s EU Transparency register ID: 577829817108-84. Our entry can be found online [here](#).

5. Responsibilities

- 5.1 The Group Chief Executive has primary responsibility for implementing our approach on political involvement and for reporting to the Centrica Board of Directors. The business leader of each business unit will establish appropriate responsibilities and procedures within their operations.
- 5.2 Review processes are in place to ensure our approach remains effective and bribery and corruption risk is avoided. Political activities are reviewed by the Board’s Executive Committee twice a year. Internal Audit also review internal controls and financial records as required, to ensure activities are properly documented and remain effective in countering bribery and corruption.
- 5.3 If any instance of bribery or corruption is identified, remedial steps will be taken immediately.
- 5.4 Specific employees in Group Corporate Affairs are given responsibility for engaging in and co-ordinating planned public affairs activity on Centrica’s behalf.
- 5.5 No employee or director must make direct or indirect contributions or any form of inducement to political parties, individual politicians or government employees on behalf of the company.
- 5.6 Centrica may legitimately incur costs in engaging in public policy conversations. The Group Corporate Affairs Director is responsible for authorising such costs in line with delegated spending limits.
- 5.7 This document does not preclude you from being a member of, or making donations to, a political party in your personal capacity. However, if you are involved in political activity outside work, you must ensure your involvement does not, in any way, represent the views of Centrica or bring the company into disrepute.

¹ Advisory Committee on Business Appointments, Fifteenth Annual Report, 2013-14.