



# Delivering Effective ESG Due Diligence

At Lightsource bp, we are dedicated to delivering sustainable, safe, and ethical renewable power globally. Through positive partnerships, we strive to make significant contributions to economic, environmental, and social progress.

## Our Process

Our sustainability due diligence strategy focuses on elevating our suppliers' standards, moving from compliance to empowerment. This strategy is aligned with the [Organisation for Economic Co-operation and Development's \(OECD\) six-step model](#), promoting a responsible and sustainable supply chain, integral to our procurement decisions. Our approach is integrated into our policies and management systems, ensuring a comprehensive commitment to sustainability and ethics.

### Step 1: Embed Responsible Business Conduct

-  **Action:** Implement internal guidelines and policies, such as our Responsible Procurement Policy, to integrate responsible business practices with potential suppliers and contractors.
-  **Method:** Focus on developing, documenting, and communicating policies and processes that govern responsible business conduct at Lightsource bp, such as our [Codes of Conduct](#), reinforcing a culture of transparency and ethical practice.

### Step 2: Identify & Assess Adverse Impacts



-  **Action:** Proactively identify and address any adverse impacts within our suppliers' and contractors' operations, supply chains, and business relationships.
-  **Method:** Perform detailed, multi-staged risk assessments, utilising proactive ESG screening to gather actionable data that allows informed decisions to be made. This includes the use of 3rd party platforms to evaluate suppliers' ESG policies and procedures.

#### Assessment Score Action:

- < 50% **Not qualified** - Supplier is not recommended, engagement is paused until improvement is noted. Internal escalation and waivers are required for further engagement.
- 50% - 70% **Conditional approval** - We require a contractual commitment from the supplier to implement an improvement plan.
- > 70% **Approved** - We will collaborate with the supplier to identify improvements or areas of best practice.

Based on the risk assessments and audits, we implement varying levels of contractual provisions to ensure our standards are upheld and risks are appropriately managed.


### Step 3: Cease, Prevent, or Mitigate Adverse Impacts

-  **Action:** Ensure suppliers' and contractors' have implemented our Code of Conduct requirements and pass these requirements on to their sub-suppliers and have mechanisms in place to evaluate this.
-  **Method:** Conduct a comprehensive, third-party ESG audit on-site, which includes a systematic evaluation of various ESG-related factors (see below). Suppliers with non-conformities are required to implement an improvement plan.

|  <b>Environmental</b> <ul style="list-style-type: none"> <li>➤ Environmental Policy</li> <li>➤ GHG Emissions</li> <li>➤ Biodiversity</li> <li>➤ Water Management</li> <li>➤ Circular Economy</li> </ul> |  <b>Social</b> <ul style="list-style-type: none"> <li>➤ Human Rights</li> <li>➤ Health &amp; Safety</li> <li>➤ Sustainable Procurement</li> <li>➤ Community Impact and Social Responsibility</li> </ul> |  <b>Governance</b> <ul style="list-style-type: none"> <li>➤ Business Integrity</li> <li>➤ Data Protection and Security</li> <li>➤ Stakeholders</li> <li>➤ Reporting</li> </ul> |
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## Step 4: Track Implementation and Results

 **Action:** Monitor the effectiveness of our suppliers' and contractors' improvement plans to drive continuous improvement and responsible development.


 **Method:** Use various methods to support suppliers such as tailored performance KPIs, targeted guidance leveraging our own expertise, and regular touch points. Maintain an internal scorecard to track progress and share insights with internal stakeholders.


## Step 5: Communicate Best Practices and Impacts

 **Action:** Maintain transparency and accountability through regular communication of our impact and ongoing efforts in the supply chain.

 **Method:** Publish transparent annual Sustainability Reports that provide an assessment of our progress, and an aggregated view of our suppliers' performance. Share best practice methodologies to build trust and foster collaboration among all stakeholders.

## Step 6: Remediation

 **Action:** Address any shortcomings in our commitment to ethical and sustainable practices through appropriate remediation measures with affected parties.

 **Method:** Our efforts in steps 1 to 5 aim to mitigate the need for any remediation, however where we have identified that we have caused or contributed to actual adverse impacts we will provide for, or cooperate in, their remediation.

# Our Supplier Development Initiative:

## Empowering sustainable growth

We have embarked on an ambitious journey to transform our supply chain management approach by directly collaborating with our suppliers to accelerate their development. Our aim has been to enhance the effectiveness of steps 2, 3 and 4 of our established due diligence process.

Working with a significant number of suppliers, we now employ a 4-point strategy:

1. **Measurement** – Implement targeted and relevant KPIs.
2. **Meetings** – Focused meetings to work through challenges and share key learnings.
3. **Training** – Procurement team training to build understanding, enabling better support for suppliers.
4. **Support** – Sharing our expertise with suppliers to help them implement action plans.