Delivering effective ESG due diligence

At Lightsource bp, we are committed to strengthening sustainable, safe and ethical practices in our renewable energy supply chain. Through positive partnerships, we aim to support economic, environmental and social progress.

Supplier's due diligence process

Our sustainability due diligence strategy focuses on strengthening supplier performance through clear requirements, monitoring, and support. This strategy is aligned with the OECD Due Diligence Guidance for Responsible Business Conduct and the OECD Due Diligence Guidance for Responsible Supply Chains of minerals from conflict-affected and high-risk areas (Appendix 1), supporting responsible sourcing and due diligence within our procurement decisions.

Our approach is integrated into our policies and management systems and is a **mandatory requirement** in supplier contracts.

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 and 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 third-party platforms to evaluate suppliers' ESG policies and procedures.

We apply a risk-based approach to identifying and prioritising human rights and environmental risks. This focus covers the whole value chain of our suppliers.

Step 3: *Cease, prevent or mitigate adverse impacts*

Action Ensure suppliers and contractors have implemented our Codes 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.

Assessment score action:

- **< 50% Not qualified** – Supplier is not recommended; engagement is suspended until significant, meaningful 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.

Environmental

- Environmental policy
- GHG emissions
- Biodiversity
- Water management
- Circular economy

Social

- Human rights
- Health and safety
- Sustainable procurement
- Community impact and social responsibility

Governance

- Business integrity
- Data protection and security
- Stakeholders
- Reporting
- Supply chain transparency and raw material traceability systems

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.

Industry collaboration on responsible sourcing

Lightsource bp recognises that addressing responsible supply chain risks requires collective action across the renewable energy sector.

Through these partnerships, we contribute to industry-wide discussions and support efforts to improve transparency and manage risks across renewable energy supply chains.

Empowering sustainable growth: Our supplier development initiative

We have embarked on an ambitious journey to transform our supply chain management approach by directly collaborating with our suppliers to support 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.

Appendix 1: Conflict and high-risk minerals due diligence

At Lightsource bp, we recognise that renewable energy assets, including solar modules, wind turbines, battery energy storage systems and electronic components, require high-risk minerals and metals. These materials often come from complex, global supply chains originating from countries with heightened human rights and environmental risks.

Lightsource bp requires suppliers to follow the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas across our supply chain. This commitment is mandatory and embedded in contractual agreements with relevant suppliers and business partners.

We require suppliers to:

- Build and maintain strong management systems to identify and mitigate mining-related human rights and environmental risks.
- Assess supply chain risks related to mineral sourcing, extraction and processing.
- Implement and communicate strategies to respond to identified risks.
- Provide transparency and traceability of mineral origins, including smelters, refiners and processing facilities.
- Pass these requirements on to their own suppliers and upstream partners.

This commitment is non-negotiable and forms a fundamental part of our procurement decisions and supplier relationships.