

Document Reference		RSK/010			
Version	2.0	Date of Issue	Sept 06	Page	1 of 6

RSK/010 – Policy for Corporate Responsibility

1. Purpose

The purpose of this document is to set out the policy regarding Corporate Responsibility (CR) throughout the Company. This is presented in a manner that defines CR and demonstrates a clear linkage with the Company's business strategy, goals and business plans coupled with its defined corporate governance strategy. Key areas for responsible practice are identified together with requirements in respect of practical management and policy framework.

This document supersedes the following documents, all copies of which should be destroyed.

Ref	Version	Title
RSK/010	1	Policy For Corporate Responsibility

2. Scope

Within this document the term "Company" refers to CE Electric UK Funding Company and all subsidiaries within it.

3. Corporate Responsibility

3.1 The Concept

The concept of Corporate Responsibility (CR) has gained currency and acceptance among the public and the business community. CR can be defined as the management of a company's positive impact on society and the environment through its operations, products and services and through its interaction with key stakeholders such as employees, customers, investors, communities and suppliers. In other words it is responsible business practices that deliver sustainable value to society at large.

Companies are no longer evaluated in terms of financial performance alone but increasingly on the basis of the new 'triple bottom line' of financial, social and environmental performance. In this new business climate a company's reputation has become one of its most valuable assets and corporate responsibility is one of the key components for companies to demonstrate their responsible business practice.

CR is concerned with the way in which companies meet their wider obligations, both to employees and to the wider community. A responsible organisation recognises that its activities have an impact on the society in which it operates. CR is not the same as compliance with minimum legal standards or delivering shareholder value, but should contribute to both. CR emphasises the need for companies to adopt a coherent approach to a range of stakeholders including investors, employees, suppliers and customers. It also helps to impact the idea of sustainability, or planning for the long term existence or survival of both the company and its wider environment.

3.2 Business Importance

Increasingly a Company needs to demonstrate that it is a responsible organisation, and in particular one that:

Document Reference	RSK/010				
Version	2.0	Date of Issue	Sept 06	Page	2 of 6

- Recognises that its activities have a wider impact on the society in which it operates.
- In response, takes account of economic, social, environmental and human rights impacts of its activities.
- Seeks to achieve benefits by working in partnerships with other groups and organisations.

In recognition of this, the Company shall implement a proactive policy for corporate responsibility. The executive directors, working in partnership with the Governance and Risk Director shall be responsible for the application of the policy in order that the following benefits are achieved:

- It reinforces Corporate Governance.
- It can secure a company's 'licence to operate'.
- It can protect the company's reputation from the risk of adverse incidents.
- It can build credibility and trust with customers and employees.
- Reputation is improved amongst staff, customers and key opinion formers.
- Productivity is improved through increased innovation and efficiency.
- Motivation and commitment of staff is improved. Recruitment of 'bright young people' is enhanced.
- It strengthens positive links with local communities.

3.3 Implementing Effective Corporate Responsibility

3.3.1 Essential Principles

Underpinning the effective implementation of CR, the Company shall adopt the following basic principles in discharging its responsibilities:

- To treat employees and suppliers fairly, equitably and with respect.
- To operate ethically and with integrity.
- To observe basic human rights.
- To protect the environment.
- To provide a high standard of service to our customers
- To be a responsible neighbour in the communities the Company serves.

3.3.2 Integration into Business Strategy

It is the Company's policy that such principles shall be embodied into its business strategy through its business vision that is defined as follows: "To consolidate our position as the premier utility service business in the UK with exemplary standards of safety, customer service, operational efficiency and governance." Application shall be through the "What We Stand For" statements that define and set out the strategic direction of the Company and shape the way business is conducted. These are as follows:

Document Reference	RSK/010				
Version	2.0	Date of Issue	Sept 06	Page	3 of 6

Customer Service

We are focused on delivering reliability, dependability, fair prices and exceptional service to our customers around the world.

Employee Commitment

We equip employees with the resources and support they need to be successful. We encourage teamwork and provide a safe, rewarding work environment. We make no compromise when it comes to safety.

Financial Strength

We are excellent stewards of our substantial financial resources. Backed by Berkshire Hathaway and its AAA credit rating, we invest in hard assets and focus on long-term opportunities that will contribute to the future strength of our company.

Environmental Respect

Natural resources are essential for the production of energy. We are committed to using these resources wisely and protecting our environment for the benefit of for future generations. Our Environmental RESPECT Policy details this commitment in the areas of Responsibility, Efficiency, Stewardship, Performance, Evaluation, Communication and Training.

Regulatory Integrity

We adhere to a policy of strict regulatory compliance and pursue frequent, open communication with regulators regarding our business performance.

Operational Excellence

Together with our employees, we pride ourselves on excellence in every aspect of our work. Our high standards for operations and system maintenance enable us to meet and exceed our customers' expectations, perform our work safely and preserve our assets.

3.3.3 Application in Strategic Goals & Business Plan Implementation

Since the Company's commitment to class leading CR is embodied within the What We Stand For priorities, these shall provide the basis for the development and implementation of strategic goals for the business.

The strategic goals and supporting sub goals shall have due regard to the CR principles embodied within the What We Stand For priorities and shall provide the basis for their practical application through the implementation of relevant business plans. These shall explicitly reference consideration of key CR issues and how the output of plans will contribute to the Company's stated objectives in this regard. This shall be supported by relevant policy, code of practice and operational management practices.

Performance against targets shall be undertaken on a monthly basis through the established process of goal reporting.

3.3.4 Corporate Governance Strategy

As part of its commitment to the continued integration of CR into the business, the Company has defined a corporate governance strategy. Its purpose is to support the Company's defined vision, business strategy and strategic goals. Implementation is designed to provide appropriate direction and control over the medium to long term thus supporting a sustainable and strong business with clear direction and purpose. The strategy

Document Reference	RSK/010				
Version	2.0	Date of Issue	Sept 06	Page	4 of 6

is designed to support the business in the cost effective achievement of a sustainable performance uplift that will be delivered through more effective management of performance and execution of business processes.

The key themes underpinning the strategy are its application in an efficient, effective and cost effective manner. It is recognised that there are inevitably risks that have to be taken within the context of What We Stand For and the governance strategy will provide a context and mechanism for their management. The key objectives of the strategy are to:

Ensure business operations support the creation of shareholder value and are viable in the long term;

- Give appropriate consideration to wider stakeholder aspirations that support a commitment to corporate responsibility;
- Maintain high standards of business conduct, ethics and integrity;
- Establish clear and transparent accountability and responsibility;
- Provide a high level of confidence in the performance and capability of the business;
- Apply comprehensive and effective mechanisms of business control;
- Ensure robust management of strategic risk that may adversely impact upon business success; and
- Comply with all external obligations and regulations.

Commitment to effective corporate governance is an important enabling mechanism in respect of CR and this policy shall be supported by the above provisions in its implementation.

3.4 Implementation

3.4.1 Key Areas

Robust arrangements shall be maintained to ensure that appropriate and demonstrable operational best practice continues to be applied in respect of the following key areas:

- Community.
- Environment.
- Marketplace.
- Workplace.

This shall continue to be achieved through appropriate integration of CR issues into business plans and their subsequent execution throughout business operations.

3.4.2 Policy & Programme

With due regard to the key areas identified in 3.4.1, the management of best practice pertinent to the main activities of the Company shall be embodied within relevant Policies and Codes Of Practice applicable the Company. The programme of delivery shall include the following:

- Maintaining management commitment.
- Ensuring core values and business strategy of the company continue to reflect issues in key CR areas.

Document Reference		RSK/010			
Version	2.0	Date of Issue	Sept 06	Page	5 of 6

- Delivery against core CR areas through strategic goals, the implementation of related business plans and their associated initiatives, supported by relevant policies with embedded CR principles.
- Continued effective dialogue with key stakeholders to identify key issues of importance, ensuring these are reflected in the Company's CR agenda.
- Monitoring and review of implementation with measures designed to support performance uplift in respect of business operations and the Company's CR commitment.

Successful delivery of this programme and its constituent elements will be judged against the measures and targets within the annual Strategic Goal Report Card that itself reflects the Company's intent of continuous improvement.

3.4.3 Policy Review and Maintenance

Arrangements for adequate and timely review and maintenance of this policy shall be conducted on an annual basis.

4. References

4.1 Internal References

Reference	Title
N/A	Corporate Governance Strategy

4.2 External References

Reference	Title
N/A	BITC Corporate Responsibility Index Guidance Notes

5. Definitions

Term	Definition
Community	The interface between business and society which can be positively or negatively affected by a project, product or investment..
Environment	Ecosystems and natural resources that can be directly and indirectly affected by the Company's operation, products or services.
Marketplace	The application of responsible behaviour in developing, purchasing, selling and marketing of products and services.
Workplace	The environment into which individuals are recruited and developed both professionally and personally, with entitlement to all employment rights.

Document Reference		RSK/010			
Version	2.0	Date of Issue	Sept 06	Page	6 of 6

6.0 Authority for Issue

	Print Name	Designation	Date	Signature
Written by:	S Garnett	Compliance Manager	27/09/06	S Garnett
Technically Assured by:	P Hook	Governance & Policy Manager	03/10/06	P Hook
DBD Assured by:	S Johnson	Safety Engineer	02/10/06	S Johnson
Authorised for Publication by:	S Crosland	Governance & Risk Director	11/10/06	S Crosland