

# Stakeholder Engagement

Engaging with stakeholders delivers better outcomes for society, and our business. It's fundamental to our long-term success.

The world of energy is evolving, customer needs are changing, and the social and environmental pressures we operate under are increasing. Against this backdrop, it's vital that we understand and collaborate with stakeholders so that we can grow our business in a way that delivers for our customers and society over the long term. These pages highlight some of the ways we engaged stakeholders on material issues in 2019.

Customers	Colleagues	Shareholders
 <p>Listening to customers helps us to satisfy their changing needs and reduce costs. We seek feedback on a range of issues such as customer service, new products and pricing. This is done through various methods such as focus groups, listening sessions and surveys, as well as proposition and usability testing.</p>	 <p>We use employee feedback to help develop a workplace where everyone is motivated and able to deliver for our customers. Issues discussed typically include reward, development and culture, with feedback shared via various channels such as events, surveys and performance reviews.</p>	 <p>Shareholders provide funds that help us run and grow our business and they expect a sustainable return. When meeting shareholders and being involved in or responding to information requests, the Directors are conscious that they need to act fairly for all of our shareholders. Such views are particularly important to ensure that when we update on strategy, financial and operational performance, alongside Environmental, Social and Governance (ESG) issues, that it's relevant and beneficial to all our shareholders.</p>
<p><b>Action from insight</b> We track feedback from customer journeys and run customer experience surveys. The Board receives a quarterly customer dashboard with key performance and plans, and uses this insight to make decisions that serve our customers for the long term as well as foster stronger relationships with them. Feedback, for example, informed the Board that customers wanted a cost-competitive provider with market-leading customer service. The Board has consequently been involved in transforming our customers' experience which includes oversight of the digital transformation.</p> <p><b>Voice of the customer</b> The Board wanted to empower customer-facing teams with real-time customer service insights, to help them understand the root causes of issues and shape improvements. This led to the 'Discover' platform launching in UK Home and UK Business, which hosts survey feedback from over 20,000 customers a month. Insights from the platform have stimulated Board approval on new ways of working and key customer journeys, such as easier-to-understand bills and pricing renewal policies.</p>	<p><b>Employee Champion</b> Joan Gillman, Non-Executive Director, completed her first full year as Employee Champion. Having held listening sessions to hear about some of the cultural 'blockers' and 'pain points' employees were experiencing, she has since acted as the voice of the employee on the Board across discussions relating to talent and resource among other areas. Joan has also worked to improve the Board's understanding of employee concerns, including their desire to feel more connected to the Company's strategy.</p> <p><b>Diversity and inclusion</b> Having a diverse and inclusive workforce is key for our business and people to thrive. Leaders champion inclusion and participate in employee discussions on issues such as gender, ethnicity, sexuality and caring responsibilities, to explore how we can build a more inclusive workplace. With increased insight, the Board took into account the needs of employees by introducing 2030 Responsible Business Ambitions to accelerate progress, signed up to The Valuable 500 to drive disability inclusion and enhanced policies to support carers and parents.</p>	<p><b>Annual General Meeting (AGM)</b> All shareholders are invited to the AGM where they have the opportunity to hear about our performance and put questions to the Board. Members of the Board, Investor Relations and customer service, are available to speak with shareholders before and after the meeting on issues that matter to them. All resolutions put to shareholders passed in 2019, with percentages ranging from 85.27% to 99.91%.</p> <p><b>Responsible business</b> Following the introduction of our 2030 Responsible Business Ambitions, we hosted a webinar for investors and analysts to explore our commitments. Our Group Chief Executive also met Climate Action 100+ (CA100+), which represents over 370 investors managing USD\$35 trillion in assets. Engagement helped shape our Ambition to tackle climate change, spurred the publication of our net zero policy position and supported our decision to sign-up to the Task Force on Climate-related Financial Disclosures.</p>
<p><a href="#">Read more about the benefits of the digital transformation on Page 21</a></p> <p><a href="#">Read more about our customer service experience on Pages 22 and 25</a></p>	<p><a href="#">Read more from Joan about her role as Employee Champion on Page 67</a></p> <p><a href="#">Read more about building a more diverse and inclusive workforce on Page 52</a></p>	<p><a href="#">Read more about our AGM engagement on Page 68</a></p> <p><a href="#">Read more about our response to climate change on Pages 46 to 47 and 50 to 51</a></p>

## Section 172(1) Directors' Duty

As a result of being responsible for overseeing Our Strategy, described on pages 12 to 13, and Our Business Model, described on pages 14 to 15, both of which centre around the interests of key stakeholders, the Directors remain conscious of the impact their decisions can have on employees, communities and the environment.

Proactive engagement remains a central focus for the Board, which ensures the Directors have regard to the matters set out in S.172(1) (a) to (f) of the Company Act. They receive regular stakeholder insights and feedback, which enables them to place stakeholder considerations at the very heart of the Board's decisions. Examples of such decision making is further described on pages 16 to 17 Stakeholder Engagement, on page 57 S.172

table and page 64 Board activity. In doing so, we are better able to operate in a way that is mutually beneficial to society – from developing strategy and introducing new products, to advocating for policy change and managing our social and environmental impact. Examples are further described on pages 48 to 54 Delivering our Responsible Business Ambitions.

Sometimes the Directors have to take decisions that adversely affect one or more of our stakeholder groups. In these cases, we endeavour to treat those impacted fairly.

➔ [Read more about our Section 172\(1\) Directors' Duty on Page 57](#)

Government and regulators	Suppliers	Communities and NGOs
 <p>The Directors understand the value of fostering our relationship with government and regulators to ensure policies are developed in the interests of our customers, while enabling them to better understand our impact on the community and the environment. We provide expertise to support policy development around topics like market competition, employment and the environment. Engagement includes face-to-face meetings and written responses to consultations.</p>	 <p>The Directors fully support collaboration with suppliers as it reduces risk in our supply chain and ensures we maintain high standards of business conduct which benefits our communities. We interact with suppliers through the tender process, surveys and site inspections. Engagement covers topics including payment practices and strengthening social, ethical and environmental compliance.</p>	 <p>By sharing our expertise and working alongside charities, NGOs and community groups, we not only collaborate to create stronger communities but gain insights that enable the Board to have full regard of our impact on the community and the environment, which helps them better understand the likely consequences of decisions in the long term. In doing so, we can tackle enduring societal challenges together – from tackling climate change to creating carer-friendly communities.</p>
<p><b>Decarbonising heat</b> We engaged the UK Government and the Committee on Climate Change (CCC) on how to decarbonise heat in a cost-effective way. We shared insight into our trial of new Home Energy Management solutions, the role hybrid heat pumps could play and the opportunity of green gas. The CCC has since become more supportive of hybrid heat pumps in domestic heating and we remain committed to working together to deliver customer-friendly policies and products that enable society's transition to net zero.</p> <p><b>Opening new markets</b> In collaboration with business trade groups and environmental NGOs, we pursued political and regulatory engagement to open up competition in Virginia's electricity market, so that our customers can access zero carbon power. Due to our efforts, 100% renewable tariffs totalling over 100TWh of annual demand are now available to residential, commercial and industrial customers. This helps customers, such as Bernstein Management Corporation, fulfil their low carbon commitments at a competitive price.</p>	<p><b>Risk management</b> We conducted nine on-the-ground ethical site inspections on higher risk suppliers located in the UK, China, Italy and Turkey. While no modern slavery risk was detected, we worked with suppliers to create tailored action plans to raise labour and safety standards while providing workers with a confidential modern slavery helpline. The Board reviews our strategy and performance in upholding the Modern Slavery Act each year.</p> <p><b>Sharing solutions</b> We hosted Responsible Sourcing Council's first meeting of 2019 to share our responsible procurement achievements so that others can learn from our experience, as well as collaborate to find solutions to some of our challenges. A supplier day was also hosted by one of our Board members, which brought together 14 strategic suppliers to explore innovative ideas to deliver our digital technology strategy. We are following up with suppliers to further scope ideas and hope to run similar sessions going forward.</p>	<p><b>Transition from fossil fuels</b> We announced our intention to exit oil and gas production by the end of 2020 which will complete our shift towards being a customer-facing company. This allows us to focus on our distinctive strengths and respond to the growing call from customers, NGOs and wider society, to enable the lower carbon future. We believe gas has an important role as a transition fuel which does not always align with the expectations of some stakeholders. We continue to engage with them on this.</p> <p><b>Supporting carers</b> We provide best-in-class support to help carers stay in work by better balancing work with caring responsibilities. With the Board having extended carers' leave allowance to up to six weeks following consultation with our people, we wanted communities to receive these same benefits. Our Group Chief Executive wrote to the UK's largest employers and, together with our charity partner Carers UK, we hosted peer learning forums and campaigned for the UK Government to introduce statutory carers leave which is now part of its legislative programme.</p>
<p>➔ <a href="#">Read more about our net zero policy recommendations on Pages 46 to 47</a></p> <p>➔ <a href="#">Read more about the positive impact of market reform on Bernstein Management Corporation on Page 26</a></p>	<p>➔ <a href="#">Read more about reducing risk with suppliers on Page 54</a></p> <p>➔ <a href="#">Read more about modern slavery governance in the Safety, Health, Environment and Security Committee on Pages 80 to 81</a></p>	<p>➔ <a href="#">Read more about our transition to a lower carbon future on Pages 50 to 51</a></p> <p>➔ <a href="#">Read more about how we are helping carers thrive on Page 52</a></p>