

Statement approved by the Board of Directors on 16 October 2024 as part of the Company's Annual Report & Financial Statements (2023) and signed on its behalf by Rob Guyler, Director, on 16 October 2024.

## PART 1 INTRODUCTION

For the financial year ending 2023, EDF Energy Limited (the Company) continued to act in accordance with the robust corporate governance arrangements, outlined further in this statement, which are embedded across the EDF Energy group in the UK (the EDF UK Group).

The EDF UK Group takes its approach to corporate governance seriously; something which is demonstrated through company culture and behaviours adopted across the EDF UK Group. To ensure strong corporate governance practices are maintained, the EDF UK Group acts in accordance with multiple overarching internal policies which helps the Company in delivering the EDF UK Group purpose and strategy: "Helping Britain Achieve Net Zero - Together", as further outlined in the EDF UK Group annual Helping Britain Achieve Net Zero Progress Update, which is published on the EDF UK Group website.

In support of achieving the purpose and strategy, the Company continues to support the corporate governance practices of its parent company, EDF Group, with the Helping Britain Achieve Net Zero Progress Update closely linking to the Corporate Social Responsibility Goals of the EDF Group. The purpose is a UK articulation of the EDF Group Raison d'etre. It underpins strategy setting and decision making by the Board and ensures activity within the Company is compatible with achieving these objectives. EDF UK Group has developed detailed action plans which build on the high-level vision and objectives. All these actions are underpinned by a focus on maintaining industry leading safety performance and improving cost efficiency across the business, ensuring business activity is compatible with achieving these objectives.

Although EDF is no longer publicly listed, to ensure strong corporate governance practices are maintained, the EDF UK Group acts in accordance with multiple overarching internal policies that are tested on an annual basis to satisfy the French Securities Markets Authority (Autorite des Marches) Listing Requirements.

The Company targets a sustainable long-term business that supports the transition to a lower-carbon economy through generation of safe, reliable and affordable low-carbon electricity. Through innovative investments, the EDF UK Group remains competitive and helps achieve and support the EDF UK Group overall purpose.

The Company is not required to comply with the UK Corporate Governance Code but seeks to apply best practices from the Code as appropriate to the Company and aligned with the corporate governance practices of the EDF Group. The Company uses the Wates Principles for Large Private Companies as a benchmark for its corporate governance practices.

As outlined above, the corporate governance arrangements of EDF UK Group stems from its strategy and purpose, which in turn are promoted through our Helping Britain Achieve Net Zero Progress Update. These combined underpin EDF UK Group policy and forms the basis of Company decision making and engagement with both internal and external stakeholders. The EDF UK Group therefore sets out its commitments towards being a responsible business in support of helping accelerate the UK's shift to low-carbon nuclear and renewable energy, storage and supply:

1. Helping our 3.7m business and residential customers achieve net zero through low carbon solutions we help to install including smart meters, EV chargers, heat pumps and solar panels;
  2. Generating zero carbon electricity. In April 2023, we achieved our goal to reduce carbon intensity at the point of generation to zero;
  3. Improving our environmental contribution by reducing our carbon emissions, water use, waste and having a positive impact on biodiversity; and
  4. Making a positive social contribution by supporting vulnerable customers, local economies and the STEM skills of tomorrow's energy innovators and creating a fair, just and physically / psychologically safe working environment for our people, with equity in the lived experience, by supporting their health and safety, diversity and inclusion and skills development in a just way, in line with our Everyone's Welcome vision.
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## Taking Decisions

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### Board of Directors

To ensure that the overriding strategy, objective and purpose of EDF UK Group is articulated and implemented throughout the organisation, the EDF UK Group has a communications team which issues tailored communications to employees that support EDF UK Group's strategy and purpose and brand vision. The EDF UK Group understands the public scrutiny that energy companies can face, especially in recent years. In order to review and manage public perception, the Company has a social media team who have an active listening, response and monitoring strategy to gauge market perception of EDF UK Group as a whole, as well as more specifically, the delivery of the purpose and strategy. These various forms of listening and communications ensure that the EDF UK Group values and strategy are cascaded down the business to ensure they align with the purpose and strategy.

The Company's principal activity is the procurement of energy and commodities on behalf of other companies within the EDF UK Group, together with provision of head office services. The Company is an intermediate holding company of EDF UK Group. The Company therefore supports the corporate governance practices of the overall EDF UK Group, ensuring decision making and activity within the Company is compatible with the overall EDF UK Group strategy and governance arrangements.

Structurally, the business of the EDF UK Group is transacted at either an operational Board level or at a holding group Board level. As the Company is an intermediary holding company and not embedded within a particular business unit, the Board does not meet regularly. Instead, the Board considers matters via written resolution on an ad hoc basis which allows for flexible and agile decision-making. The majority of topics referred to this Board are those that require statutory approval, i.e. approval of the annual accounts, share subscriptions, or matters of material financial value.

To assist with these responsibilities the Board utilises committees and internal governance bodies established within the EDF UK Group to consider matters in detail. These committees include:

1. EDF UK Executive Team; and
2. EDF Energy Risk Management Committee.

In addition, the Board utilises the following standing sub-committees adopted by the main governance board of the EDF UK Group, EDF Energy Holdings Limited, and which are governed by supporting Terms of Reference:

1. EDF UK Company Health and Safety Committee;
2. EDF UK Audit Committee; and
3. EDF UK Remuneration Committee.

Further to this, the EDF UK Group has adopted and acts in accordance with a Financial Authority Limit (FALs) framework which means contracts and transactions up to a certain financial threshold are not required to be presented to a board for approval (unless otherwise required).

### Board Composition and Training

The composition of the Board includes two Executive Directors, being the Chief Executive Officer and Chief Financial Officer of EDF UK Group, both having strong knowledge and expertise of the Company and EDF UK Group in order to discharge any decision-making responsibilities appropriately.

Any changes to the Board composition of the Company, particularly appointments, are approved in accordance with the 'Politique Gouvernance des Filiales' policy mandated by EDF for the worldwide EDF Group before being approved by the Company.

On appointment, Directors are provided with the EDF Energy Directors Training and Induction Manual which is intended to provide them with key information they need to understand their obligations as a Director, how to comply with them, and how

to operate within EDF Energy's corporate governance framework. Directors are also offered face-to-face, bespoke training should they need additional support in their new role and are encouraged to update their skills, knowledge and familiarity with the EDF UK Group by meeting with senior management, visiting sites (such as the power stations and call centres) and by attending appropriate external seminars and training courses.

In order to ensure that all potential conflicts of interest of Directors are identified and duly authorised, any newly appointed Director is required to complete a Conflicts of Interest Questionnaire and sign a declaration to this effect. This information is collected by the Company Secretary. Directors are reminded that any new conflicts arising thereafter must be declared and authorised in advance by the board of Directors or by the shareholders.

### **Scope of the Board and Delegations of Authority**

The Company's constitutional documents set out the authority, role and conduct of Directors. As Executive Directors, the Board understand their fiduciary accountabilities and responsibilities to the Company in addition to those of the wider EDF UK Group.

Where the Board does meet, the Directors receive timely information ahead of each Board meeting and are confident in the integrity of the information used for decision-making. This is due to its internal procedures in relation to financial reporting, key performance indicators (KPIs), workforce data, environmental data, stakeholder engagement feedback and consumer data.

The EDF UK Group Corporate Governance Policy underpins the Company policy framework and sets out:

1. Requirements for governance bodies, their composition and Board member training;
2. Financial Authority Limit (FALs) framework;
3. The Policy Operating Framework; and
4. Requirements for processes to facilitate the discharge of board duties, as well as to provide evidence of decision-making and stakeholders considered as part of that decision-making.

The above-mentioned policies and procedures enable the Board to make informed decisions on key issues including strategy and risk management (where required).

The Company uses FALs (as detailed in the EDF UK Group Corporate Governance Policy) and contract signatory authority mechanisms to control and provide oversight over the various financial commitments it enters into. The FALs are formally adopted by the Company annually as part of good governance procedures.

### **Risk Management**

The Company has a strong risk management culture that is enabled through policies, reporting and internal audit and assurance, enabling Directors to make robust decisions concerning principal risks to the EDF UK Group. The EDF UK Group has a Risk & Resilience Policy (covering Risk Management, Internal Control, Business Continuity and Crisis Management), which defines the minimum standards that business units (BUs) within the EDF UK Group need to meet. The Company and wider EDF UK Group self-assesses against these standards and the EDF UK Group is audited against policy standards to provide assurance that those companies have an appropriate risk culture.

In addition, the EDF UK Group Internal Control Self-Assessment is carried out annually to assess EDF UK Group's compliance with the policies of its parent, EDF. These results are then included in the Annual Risk and Internal Controls Report. This report is reviewed and approved by the Executive Team (the ET) and the Audit Committee, before being submitted to the EDF Group Risk department. Where any improvements are identified, actions are agreed in response and implemented where required, to facilitate continuous improvement. Further to this, the EDF Group Audit Charter provides an internal audit with authority to independently assess the effectiveness of risk management, control and governance processes of EDF UK Group. The findings of any such review are reported to the Audit Committee of the Company and, if necessary, presented to the Board for discussion.

## Executive Remuneration

The EDF UK Group's executive remuneration structures and policies are set and implemented within the wider framework of EDF UK Group policies for Senior Leaders and operate under the supervision and governance of the EDF Energy Remuneration Committee (as referenced above) of EDF Energy Holdings Limited. Although the purpose of the EDF Energy Remuneration Committee is to provide a forum for considering the level and composition of the remuneration of the EDF Energy Holdings Limited Board and Executive Team, its responsibilities are wide and go beyond that. One of its responsibilities is to make recommendations about the overall remuneration policy of the EDF UK Group having due regard to the practices adopted by comparator UK companies and the need to attract, retain and motivate employees of the experience and calibre required, including detailed elements of the remuneration packages, pension arrangements and service contracts for the above group. The EDF Energy Remuneration Committee also ensures that the principles used are consistent with the approach applied to the rest of the workforce (for instance regular benchmarking against the market, through Competition Act 1998 compliant processes).

The individual performance of Senior Leaders across the EDF UK Group, and determination of their annual pay awards, is balanced with affordability based on the EDF UK Group economic and financial position. The EDF UK Group also operates both short-term and long-term incentives arrangements for their Senior Leaders, with targets which align to and reinforce the requirement for the long-term sustainability and performance of the business.

The Company is committed to building a sustainable future for all employees. Honouring this commitment means fostering a work environment where everyone is rewarded fairly for the work they do and the contributions they make to the Company's success. Further to this, the Company recognises that employees have faced serious challenges due to the cost-of-living crisis and understands the financial repercussions such has had. Through constructive negotiations with our Trade Unions, the Company have been able to offer additional financial support through bringing forward part of pay deals and one-off payments, along with online resources for employees to access. As part of this additional support package, from 2023, an annual recurring cash fund has been rolled out to all personal contract employees as an ongoing response to the cost-of-living crisis.

## Stakeholder Engagement

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The Company's key stakeholders, and the ways in which it engages with them, are set out in the Strategic Report.

The Company is clear that good governance and effective communication are essential on a day-to-day basis to deliver the strategy and purpose, the Raison d'être of EDF and to protect the EDF UK Group's reputation and relationships with all our stakeholders including; customers, employees, suppliers, regulators and the local communities in which we work.

### Employees and trade unions

The Company (through relevant teams within the EDF UK Group) engages, informs and consults with its employees on matters affecting them. The EDF UK Group recognises that employing individuals who represent the breadth of the society which we serve and operate in, and who possess a diverse range of talents and perspectives, that feel engaged in their roles, is fundamental to long-term success.

The EDF UK Group promotes equity, diversity, and inclusion, ensuring that all voices are included in the conversation, everyone feels heard, valued and respected as an individual and our people feel able to bring their whole selves to work. The Company have a number of employee networks, with whom we consult on matters of HR policy and workplace inclusion. These include: LGBTQ+ Supporters; Women's; RACE; Carers and Accessibility; Working Parents; Forces Support; Young Professionals; Cancer Support; Mental Health Supporters and Neurodiversity. The company benchmarks to recognized standards such as Disability Confident, the Gender Equality & Diversity European & International Standard and BiTC Race at Work Charter.

The EDF UK Group is also an active equal opportunities employer and promotes an environment free from discrimination, harassment and victimization, where everyone receives equal treatment and career development regardless of age, gender, nationality, ethnic origin, religion, marital status, sexual orientation or disability. In 2021, the Company started monitoring the diversity of senior leadership in terms of Gender, Ethnicity, Sexual Orientation and Disability. The Company is aiming for 50% of senior leaders to have one or more of these diverse characteristics by 2030. At the end of 2023, the Company was 30.2% diverse. Further to this, in 2023 to ensure the Company is always striving to be better, a review was carried out to revise the Company's ethnicity ambitions with the aim being to have 12% of our people from Black, Asian & Minority Ethnic backgrounds by 2030.

Employee engagement mechanisms include:

- The development and roll out of our UK country strategy in 2023, which includes mechanisms designed to encourage team discussion as well as to cascade the information.
- Formal and informal briefings, departmental meetings and regular reports in staff newsletters and on the EDF UK Group intranet.
- A sustainability engagement plan, including items such as a sustainability segment in the Company's monthly internal, employee-led podcast, 'Connect'. The podcast is used to bring employees from across the business, both at a management and executive level, together to discuss relevant topics, and to showcase the Company's passion and ambition in relation to sustainability. Employees can email in their stories and ideas to Connect and then share them through the written magazine or on the podcast, allowing employees to raise awareness on topics such as climate change.
- The Company engages with Trade Unions to help understand our business better and shape policy with Company Council, European Works Council, Corporate Social Responsibility Forum, strategy meetings, and BU specific forums. After constructive conversations with Trade Unions in 2023, the Company was able to roll out an annual cash bonus to personal contract holders - see section below on 'Stakeholder concerns identified'.
- Employee networks sponsored by senior management which provide diverse and inclusive environments for employee support, feedback, comment, and consultation. They help build cultural awareness and understanding of identity, and how different demographic groups face different challenges.
- Diversity and Inclusion Strategy Group (DISG) chaired by the EDF UK Group CEO sets and reviews the EDF UK Group strategy, monitors progress and actions taken to promote Equity, Diversity and Inclusion (E,D&I). It discusses items raised via the employee networks to guide Company policy development.
- Regular employee surveys where senior leaders gather feedback on employee wellbeing which inform policy.
- EDF UK Group launched its Everyone's Welcome vision for being a positive, inclusive place to work. Following the launch of such, and after engagement with employee networks, EDF UK Group then issued a Standards of Behaviour statement in September 2021. The statement outlines the Company's expectation that all EDF UK Group employees have access to a respectful working environment and that behaviour which is not in line with the Everyone's Welcome vision will not be tolerated.
- The Company has worked closely with the employee networks during 2023. "Alongside You"- a support hub for Mental Health and Well-being has continued to bring together resources to support employees during the energy market crisis.

The EDF UK Group considers employee views through an annual EDF UK Group Employee Engagement Survey, 'My EDF', which gathers the views and opinions of all employees with regard to their work situation at local level and within the EDF Group. It identifies areas of satisfaction and opportunities for improvement in order to help establish priorities within the EDF UK Group and to input action plans within the different teams. The results of the My EDF survey are used to support the setting of the Company's strategy and purpose and define individual team objectives to help deliver EDF's strategy and purpose.

With regard to making improvements for employees, in 2023 the Company updated its Parenting Policy. The revised policy provided a general update to the Company's maternity and paternity provisions and reflected improvements which stemmed from successful conversations with Trade Unions and Employee Networks.

The Company canvasses employee feedback on ways of working, through the creation of a 'Change Ambassadors Committee' which spans the suite of EDF UK Group offices to adapt workspaces and ways of working to best suit employees. This committee provides a forum for face-to-face discussion and feedback between employees and the ET ensuring the Company remains attune to employee opinions which can in turn be integrated into the Company's future plans for its office spaces.

## Suppliers

EDF UK Group partners with a wide range of organisations to ensure safe, secure and responsible energy generation and to deliver fair value, better service and simplicity for our customers. Paying close attention to who the Company works and engages with is of high importance, with the Company striving to work with climate conscious, and responsible suppliers. As such, the Company ensures that its supply chain policies are in line with the UN Global Compact, meaning environmental and sustainability questions are sent to almost all suppliers to respond to, depending on their company size. Further to this, the Company publishes a Sustainability and Ethics Supplier Requirement Manual, that outlines what is expected of suppliers in relation to health and safety, diversity and inclusion and the environment. The Board recognises the key role these suppliers play in ensuring the longevity of the business and the wellbeing of our suppliers is a key priority for EDF.

## Other stakeholders

The Company and wider EDF UK Group proactively engages with relevant external stakeholders where we have various trade association memberships (such as Confederation of British Industry, Energy UK, Nuclear Industry Association and Renewable UK, etc). The EDF UK Group's active participation in these forums is a useful way to enhance relationships with stakeholders. These trade associations are one of the channels the Company and wider EDF UK Group use to engage with central government (such as the Department for Energy Security and Net Zero (DESNZ) and the Department for Environment, Food and Rural Affairs) and industry & environmental regulators (such as Ofgem, the Environment Agency and the Scottish Environment Policy Agency). Through-out 2023, there has also continued to be significant engagement with HM Treasury, with HM Treasury playing a much larger role in the energy industry, both from a generation side and customers perspective; they have become an increasingly important stakeholder for EDF UK Group.

In recent years, the Company, in addition to other companies within the EDF UK Group that meet the applicable threshold, have begun publishing its Modern Slavery Act Statement, Gender Pay Gap Report and Payment Practices Report in accordance with recent updates to UK law and regulation. Each of these is published externally. These reports are used to help the Company continue to improve its performance in these areas.