

Corporate Governance Statement

EDF Energy Customers Limited

(2023)



Statement approved by the Board of Directors on 30 September 2024 as part of the Company's Annual Report & Financial Statements (2023) and signed on its behalf by Ceri Humphrey, Director, on 30 September 2024.

Introduction

For the financial year ending 2023, EDF Energy Customers 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 ultimate 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'être. 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 (Autorité des Marchés) Listing Requirements.

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.

Over the past few years, the Company has invested heavily in low carbon solutions for our customers looking at potential future profitable beyond supply strategy and opportunities. For instance, the Company first acquired Pod Point in early 2020; subsequently building their Electric Vehicle (EV) solutions in 2021 by partnering with DriveElectric, one of the UK's leading electric car lease providers, to provide customers with handpicked EV leasing deals, opened up the EV market to more individuals. With the UK Government vowing to phase-out the sale of new petrol and diesel cars by 2050, taking these decisions was an important step forward for the Company and the wider EDF UK Group in its support of Britain in achieving its Net Zero goals. Further to this, in 2023, EDF successfully acquired CB Heating Limited, a company offering heat pump installation services. In early 2024, the Company also acquired Contact Solar Limited, a supplier of solar panels and battery solutions to the domestic market (note 27). These investments highlight the Company's commitment to providing customers with zero carbon heating technologies and striving to achieve the EDF UK Group net zero ambition. The Board plays a key role in advising on such investments, to ensure that they align with the priorities of the Company, our customers and our suppliers for such. The ambition moving forward, as discussed by the Board through-out 2023, is for the Company to integrate its current product offering across the wider EDF UK business; broadening our propositions and benefiting further from our key strategic partners. In doing so, the Company will be improving the range of zero carbon product offerings available to both our residential and commercial customers.

The Company works with the UK's biggest public sector procurement agencies to cut the cost and workload involved in purchasing electricity for over 1,100 public sector organizations (including charities and NGOs, central and local government, universities and the NHS) with over 90,000 suppliers. Its strong, collaborative relationships with each public sector framework operator helps the Company to meet complex requirements and to put the needs of its customers first. By continuously investing in and enabling access to zero carbon energy and technology, we're here to support Britain's businesses and public sector on their journey to achieve Net Zero.

These activities are not only in themselves a significant step towards helping Britain achieve Net Zero but are also illustrative of the EDF UK Group's Helping Britain Achieve Net Zero Progress Update underpinning activity within the Company.

Over the past few years, in light of the turbulence in the energy market, the Company acquired customer accounts from Utility Point, Green Network and Zog Energy after the suppliers fell into administration and the Company were thus appointed Supplier of Last Resort (SoLR). Nevertheless, despite the ongoing changes to the market, in 2023, the Company maintained industry leading customer service with a Excellent rating on Trustpilot, as well as being ranked in the top 5 energy suppliers by Citizen's Advice. While being awarded this rating in 2023, there have been some challenges in 2024 which the Company has addressed and will continuously provide the best support the Company can for its customers, especially during the cost of living crisis.

In 2021, the Board approved a deal to build on EDF UK's industry-leading customer service by licencing the cutting-edge Kraken energy technology platform. Through-out 2023, the Company has seen huge progress in relation to the implementation of the cutting-edge Kraken, energy technology platform. Originally approved in 2021, the Company has started to manage their UK customer accounts through Kraken, with over 60% of of the Company's customer accounts had been successfully migrated to the Kraken platform from our legacy system; with the remaining accounts due to be completed in mid 2024. Already the introduction and integration of the platform has already resulted in for significant changes and subsequent improvements across the business; from the ability to deliver an industry-leading service to customers, to empowering employees and creating efficiencies. Through the implementation of this purpose-built platform, the Company ensures it remains competitive amongst other energy suppliers. Regular updates regarding the Kraken migration as well as the general performance of the platform were presented to the Board through the year and discussed in depth. This allowed for weaknesses and opportunities to be identified from the beginning, and for careful monitoring of such to be implemented.

To ensure the strategy, objective and purpose of the Company is articulated and implemented throughout the organisation, the EDF UK Group has a communications team that provides support to the Group with issuing tailored communications to employees. Public and political opinion with regard to EDF UK Group is monitored and the team frequently engages with political parties and other stakeholders. The EDF UK Group understands the public scrutiny that energy companies face, especially in recent years. As such the Company monitors and has an awareness of the media attention it attracts. The social media team also has an active listening, response and monitoring strategy to gauge market perception of delivery of the strategy and to feedback on ways to improve how the Company engages with the media and other relevant stakeholders.

Taking Decisions

Board of Directors

The purpose of the Board is to provide vision and leadership to the Company's management and to oversee management's performance by having oversight over safety and operational performance; key technical issues; risks; HR, financial and commercial matters. The overriding objective of the Board is to act as a governance forum with oversight of the Company's operations within the Customers business unit. 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 current committees include:

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

In addition, the Board utilises the following standing sub-committees adopted by the main governance board of the EDF UK Group, being 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.

Board Composition and Training

The Directors of the Company have given careful consideration to the size and structure of the board, to ensure it possess the knowledge and expertise to meet the Company's strategic needs. The Board is comprised of the Managing Director of Customers, the Directors of its Business Units, and other members of the Customers Business Unit Executive Team (the Customers ET) with expertise in Finance, HR, IT and Communications.

In addition to possessing wide-ranging expertise, there has been a considered effort to establish a diverse Board, including a balance of gender, ethnicity and social backgrounds. All changes to the Board composition, 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 UK Directors Training and Induction Manual which outlines their obligations as a Director, how to comply with them, and how to operate within EDF UK Group'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.

To ensure that potential conflicts of interest of Directors are identified and duly authorised, newly appointed Directors are 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 aware that new conflicts arising thereafter must be declared and authorised in advance by the board of Directors or by the shareholders. In 2023, there were two new appointments to the Board.

Scope of the Board and Delegations of Authority

The Company's constitutional documents set out the authority, role and conduct of Directors. Day-to-day management and the implementation of strategies agreed by the Board are delegated to the relevant Director(s) or Customers ET members in attendance. The reporting structure below Board level is designed to ensure that decisions are made by the most appropriate person(s). Management teams report to members of the Customers ET.

The Directors receive regular updates on all aspects of the Customers business endorsed by the relevant Customers ET member ahead of each Board meeting and are confident in the integrity of the information used for decision-making. This is dictated by the Company's internal procedures in relation to financial reporting, key performance indicators (KPIs), workforce data, environmental data, stakeholder engagement feedback and consumer data.

The Company and wider EDF UK Group uses Financial Authority Limits (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 EDF UK Group Corporate Governance Policy underpins the Company policy framework that sets out:

1. Requirements for governance bodies;
2. their composition and Board member training;
3. Financial Authority Limit (FALs);
4. The Policy Operating Framework; and

5. 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.

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 function 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.

Specifically, in 2023, the Board met on several occasions and discussed various risk areas of the business to ensure they can be regularly monitored and updated. For example, there are regular Health and Safety presentations, in which key health and safety achievements, KPIs and benchmarking levels are openly discussed. This is an opportunity for the Board to be presented with key statistics in this area and assess the positives as well as being a welcome forum to discuss improvements. Further to this, there is a Customers Enterprise Risk Review in which oversight is provided by the Customers ET through scrutiny of a comprehensive set of KPIs and management practices to monitor the level of threat each risk poses. This therefore highlights areas in which the Company needs to actively mitigate against risk to improve the long-term success of the Company. Such discussions include looking at Company competitiveness in the market, new regulatory changes and general market risks. Through having these conversations, the Board of Directors is able to ensure risk is mitigated against, whilst recognising the value already ongoing across the business, in order to successfully support and promote the long-term ambitions of the Company.

More generally, the Company believes all harm, both physical and psychological, is preventable and thus has an ambition to strive for zero harm at the workplace. This means ensuring workplaces are safe and healthy for everyone; both employees and anyone working on the Company's behalf.

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 UK Remuneration Committee (as referenced above) of EDF Energy Holdings Limited. Although the purpose of the EDF UK 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 the scope of just this. 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 individual performance of Senior Leaders across the EDF UK Group, and determination of their annual pay awards, is balanced with affordability based on the Company's economic and financial position, including that of the wider EDF UK Group. When determining the pay approach for the Senior Leaders, as well as setting the rules of the annual incentive arrangements, the EDF

UK Remuneration Committee 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 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

The Company's key stakeholders, and the ways in which it engages with them, are set out in the Strategic Report. Further to this, the EDF UK Group's key stakeholders, and the ways in which the respective companies engage with them, are also set out in the Strategic Report of each set of Financial Statements.

Good governance and effective communication are essential to deliver the purpose, the Raison d'être of EDF, and to protect EDF UK Group's reputation and relationships with all stakeholders including shareholders, customers, employees, suppliers, regulators and local communities. The Company purpose was developed with input from both employees and customers to ensure its relevance for stakeholders and secure their buy-in. By maintaining dialogue with stakeholders, the Board ensures that it takes decisions aligned with the Company purpose to support long term success.

Employees and Trade Unions

The Board is committed to social responsibility, community engagement and environmental sustainability which is demonstrated, in particular, through the sustainable business roadmap which showcases our commitment to being a responsible business and our engagement with internal and external stakeholders.

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. As such, 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 Senior Leadership was 30.20% diverse with this statistic being continually being monitored and set to be reviewed again at the end of 2024. 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.

In addition, the following employee engagement mechanisms exist:

- 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.

Other Stakeholders

The Company and wider EDF UK Group proactively engages with relevant external stakeholders (such as the Department for Energy Security and Net Zero, HM Treasury, Ofgem and Citizens Advice) to provide updates and discuss issues in the energy market. Directors and other attendees share feedback from these external discussions with internal stakeholders to support decision making and facilitate transparency.

The Customers business unit and its respective teams therein, are responsible for engagement with relevant stakeholders affecting the Company, ensuring that the information shared with them represents a fair, balanced, and understandable assessment of the Company's position and prospects. These teams also evaluate any feedback from stakeholders and escalate information (where relevant) to the Board for consideration in order to aide its principal decision making. For example, the Company uses customer [edfenergy.com](https://www.edfenergy.com)

insight from both specific research exercises and more general customer feedback, such as complaints data, to inform decision making.

The Company is an active member of the main industry trade body Energy UK, with internal stakeholders, for example attending bimonthly Customer Committee meetings. As well as other relevant committees and subcommittees facilitated by Energy UK. Through our engagement in this forum we collaborate with other suppliers and industry participants to progress various consumer, regulatory and policy matters alongside discussing regulatory and policy issues to provide direction to Energy UK when engaging external stakeholders. During 2023 the Company has also been active members of a number of smaller trade associations, alongside our membership of Energy UK including the Sustainable Energy Association (SEA), the Heat Pump Federation (HPF) and the Heat Pump Association (HPA).

The Company, in addition to other companies within the EDF UK Group that meet the applicable threshold, publishes its Modern Slavery Act Statement, Gender Pay Gap Report and Payment Practices Report in accordance with UK law and regulation. Each of these is published externally and gives consideration to EDF UK Group's relationships with its suppliers, particularly the Modern Slavery and Payment Practice and Reporting Statements. The Board welcomes this transparency and uses these reports to help the EDF UK Group continue to improve its performance in these areas.