

S.172 Directors Duties Statement

EDF Energy Holdings Limited

(2023)



Statement approved by the Board of Directors on 11 June 2024 as part of the Company's Consolidated Annual Report & Financial Statements (2023) and signed on its behalf by Rob Guylar, Director, on 11 June 2024.

INTRODUCTION

The Company is not required to comply with the UK Corporate Governance Code but seeks to apply best practices from the Code using the Wates Principles for Large Private Companies. Such an approach ensures that considerations and decisions taken by the Board support the long-term success of the Company and its stakeholders and demonstrates that the Company and its subsidiaries (the EDF UK Group) are compliant with the requirements of Section 172 of the Companies Act 2006 (the Act).

This statement describes the actions taken by the directors to fulfil their responsibilities to promote the success of the Company in accordance with the Act for the financial year ending 2023. The directors have considered the following Section 172 factors:

- The likely consequences of any decision in the long term,
- Employee interests,
- Fostering business relationships with suppliers, customers and others,
- The impact of operations on the community and the environment,
- Maintaining a reputation for high standards of business conduct, and
- Acting fairly between members of the Company.

The Company purpose and strategy is set out in this report and published on the EDF Energy (EDF UK) website. EDF UK's purpose is "Helping Britain to achieve Net Zero – Together". The purpose is supported by the Company strategy, and both are guided by: i) feedback from stakeholder engagement; ii) consideration of the long-term impact of strategic decisions on the long-term objectives of the Company and the wider EDF UK Group; and iii) the environmental impact of those decisions.

The Company continues to support the corporate governance practices of its parent company, EDF SA Group. The purpose is a UK articulation of the EDF SA 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 in order to promote long term success.

Although EDF SA 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. These policies align with the policies and strategy of the EDF SA Group and are tested on an annual basis to satisfy the French Securities Markets Authority (Autorité des Marchés) Listing Requirements.

EDF UK's Chief Executive Officer (CEO) is the UK member of the EDF SA Group Executive Committee, and the Director of Strategy & Corporate Affairs is the UK Executive Team representative for the EDF SA Group CSR Strategic Committee, which provides strategic management and coordination of all Corporate Social Responsibility (CSR) issues.

The Company is committed to sustainability and published a Helping Britain Achieve Net Zero Progress Update in 2023 (available online). The update sets out how EDF UK is helping the transition to a secure, reliable, affordable and resilient decarbonised energy system through our business activities, which include generating zero carbon electricity, helping our customers to achieve net zero, decreasing our carbon footprint and contributing to environmental and societal improvements, all of which is underpinned by our commitment to health and safety. EDF UK also published its latest Carbon Reduction Plan (available online).

Taking Decisions

Board of Directors

The overriding objective of the Board is to provide a management framework, within which the EDF UK Group is able to operate to the highest ethical, environmental and health and safety standards in order to preserve and enhance its investments and success in accordance with its duties to act in good faith to promote the success of the company. As such, the Board is responsible for

providing proper stewardship of the EDF UK Group, ensuring responsible business practices by pursuing sustainable growth, protecting shareholder value and fulfilling its fiscal and statutory obligations.

Board composition and training

The Directors of the Company have given careful consideration to the size and structure of the Board to ensure it possesses the knowledge and expertise to meet the Company's strategic needs. The Board is comprised of a Chairman, who is EDF UK's CEO (the CEO), two Executive Directors (being the CEO and Chief Financial Officer (CFO), EDF UK) and eight (8) Non-Executive Directors who are all representatives of the Ultimate Parent Company, EDF SA. The Board has expertise in Finance, Legal, HR, IT and Operations, ensuring the Board is comprised of a well-rounded range of skills to help promote the success of the Company strategy.

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 SA for the worldwide EDF SA 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, including those in the Act, compliance, and EDF UK's corporate governance framework. Directors are encouraged to participate in bespoke training and are encouraged to update their skills and knowledge of the EDF UK Group by meeting with senior management, visiting sites (such as the power stations and call centres), undertaking external training, and engaging with stakeholders across the business and its operations.

To ensure that potential conflicts of interest 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 of the Company and if a conflict is considered to have arisen, appropriate advice on how to proceed is provided to the Director concerned. Directors are aware that new conflicts arising thereafter must be declared and authorised in advance by the board of Directors or by the shareholders. The EDF UK Employee Code of Conduct on the EDF internal internet, 'eNZO', also sets out the restrictions in relation to outside employment/interests and our Director training specifically covers conflict of interest.

In 2023, there were several changes to the structure of the Board, with two Directors being appointed and resigned from the Board. EDF UK recognises the importance of board evaluation and development. This constitutes good governance and is a valuable process in improving board performance, even where the board is composed of experienced Directors. The continuous improvement of the Board and how it operates is critical to the success of EDF UK, with key strengths, areas of improvements and actions agreed being considered and implemented as necessary.

The EDF UK Executive Team (ET), is comprised of the Senior Leaders of each business unit (BU) or corporate function across the EDF UK Group. The ET is responsible for presenting matters to the Board to ensure an appropriate degree of knowledge of the topics being presented, and for challenge, analysis and approval. The ET will attend Board meetings both to present relevant matters and to remain on-hand to support discussion and to answer any questions posed by the Directors. This allows the Board to maintain an open dialogue with the ET and provides a forum for the Board to be actively engaged in discussions on key topics impacting each of the different BUs. The Directors can then ensure they are fulfilling their duty to promote the success of the Company by having due regard to relevant stakeholder concerns when discussing current matters facing the Company. The ET in turn can then implement actions at a BU level, taking the Board's input into account. The Board is scheduled to meet five (5) times a year (sitting at least once in each quarter) with an 18-month rolling pipeline of strategic, financial and statutory agenda items agreed by the EDF UK CEO, in his capacity as Chairman, and the Company Secretary.

Sub-Committees of the Board

In addition to scheduled meetings, the Board may meet on an ad hoc basis to meet the needs of the business. The Board utilises standing sub-committees to consider particular matters in detail. These current committees include:

- CECEG Sub-Committee – for investments that have received prior approval by the ‘Commitments Committee’ that reports to the EDF SA Executive Committee (known as the Comité des Engagements du Comité Exécutif du Groupe being “CECEG”).
- EDF UK Company Health and Safety Committee – responsible for demonstrating a strong and active health and safety leadership from the top of the organisation and achieving EDF UK’s zero harm ambition.
- EDF UK Audit Committee - assists the Board in fulfilling its responsibilities by reviewing the Company’s consolidated financial statements, monitoring the effectiveness of risk management, internal control, internal audit, corporate governance and confidential reporting of serious concerns arrangements, and reviewing the terms of engagement of the external auditor.
- EDF UK Remuneration Committee - provides a forum for considering the level and composition of remuneration for the Company’s executive Directors and the ET.

Each sub-committee has adopted Terms of Reference setting out the parameters within which authority by the Board is delegated to it with any material changes to these documents requiring approval by the Board.

The Board engages with further internal governance bodies within EDF UK, including the ET and EDF UK Energy Risk Management Committee which reports to the Board annually on operational energy market risk management and defines the scope and risk limits within which each of the BUs across the EDF UK Group are authorised to operate.

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 ET member 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 ET. The Directors receive regular updates on all aspects of the business endorsed by the relevant 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 relating to financial reporting, key performance indicators (KPIs), workforce data, environmental data, stakeholder engagement feedback and consumer data.

The Company is the main governance board for the EDF UK Group and oversees the devising and implementation of the overall management framework of the Company and its subsidiaries.

The Company uses Financial Authority Limits (FALs) (as detailed in the EDF UK’s Corporate Governance Policy) and contract signatory authority mechanisms to control and provide oversight over the various financial commitments it enters into. The FALs of the CEO, EDF UK, are agreed with EDF SA and approved by the Board. The CEO, EDF UK, has the authority to delegate FALs to the ET (where appropriate / required to discharge the needs of each BU) and to enable the ET to further cascade their FALs down to senior management and/or leaders within their teams. This relationship between the Board and the ET adds an extra layer of governance into the structure of the Company and allows the Board to engage with the ET and relevant individuals where they may have enhanced knowledge in certain areas, this means the Directors can then take decisions with a better understanding of the needs of the relevant stakeholders.

In 2023, the FALs were reviewed at Board level, with amendments being approved in light of the ongoing, increased energy market volatility to ensure that decisions could be made at the right level of the organisation, in a timely manner and are specific enough to enable the business to undertake the relevant activities required. Those who have delegated FAL authority to make decisions, whether this is the ET, senior management, or team leaders, are empowered to take day-to-day decisions, and do so in accordance with the Company’s policies and practices.

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

- Requirements for governance bodies, their composition and Board member training;
- Financial Authority Limit (FALs) framework;
- The Policy Operating Framework; and

- 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 Company has a robust 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 Company has a Risk & Resilience Policy (covering Risk Management, Internal Control, Business Continuity and Crisis Management), which defines the minimum standards that BUs within the company need to meet. Compliance to the Risk & Resilience Policy is assessed by the Lead Policy Owner. The EDF UK Group is audited against policy standards to provide assurance that those companies have an appropriate risk culture.

BU risks are identified by management, with each BU having their own risk governance structure and risk reporting arrangements. Directors agree how their principal risks should be managed or mitigated to reduce the likelihood of their incidence or magnitude of their impact. The key risks to the Company's objectives are set out in the "Principal risks and uncertainties" section of the Strategic Report and in the Annual Risk and Internal Controls Report. Each company level risk has an Executive Sponsor. This review provides an opportunity for the Directors to consider any emerging risks and have a forum to devise solutions to minimise their impact. As part of the Annual Risk and Internal Controls Report, one of EDF UK's top-level risks is climate change. This top-level risk then encapsulates the individual risks that climate change presents to the achievement of EDF UK's business objectives and the Company's purpose of helping Britain to achieve Net Zero, as well as the control action that is being taken to mitigate these risks.

In addition, the EDF UK Group Internal Control Self-Assessment is carried out annually to assess EDF UK's compliance with the policies of its parent, EDF SA. These results are then included in the Annual Risk and Internal Controls Report. This report is reviewed and approved by the ET and the Audit Committee, before being submitted to the EDF SA Group Risk department. Where any improvements are identified, actions are agreed in response and implemented where required, to facilitate continuous improvement.

The EDF SA Group Audit Charter provides internal audit with authority to independently assess the effectiveness of risk management, control and governance processes of the Company and its subsidiaries. The findings of any such review are reported to the Audit Committee of the Company and, if necessary, presented to the Board for discussion.

Stakeholder Engagement

As the Company is the holding company and main governance Board for the EDF UK Group and therefore engages with a large variety of stakeholders, both directly and indirectly through its various subsidiary companies. The EDF UK Group's key stakeholders, and the ways in which the respective companies engage with them, are set out in the Strategic Report of each set of Annual Accounts.

Good governance and effective communication are essential to deliver the purpose, the Raison d'être of EDF SA, and to protect EDF UK's reputation and relationships with all stakeholders including shareholders, customers, employees, suppliers, regulators and local communities. The Directors are committed to the wider EDF UK policies, aimed at protecting these stakeholders, with policies in place in relation to Health, Safety & Wellbeing, People, the Environment, Ethics & Business Conduct and Supply Chain (policies are available to view online).

These EDF UK policies align with the EDF SA Group policies, which includes the Corporate Social Responsibility policy. 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 a dialogue with stakeholders, not only are the Directors having due consideration for stakeholders' interests, but they can ensure their views are being considered in decision making. This means such decisions are aligned with the Company purpose and support the long term success of the Company.

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 to support the Company with issuing tailored communications to employees. Public and political opinion with regard to EDF UK is monitored and the team frequently engages with political parties and other stakeholders. 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 the Company as a whole, as well as more specifically, the delivery of the Company purpose and strategy. These various forms of listening and communication ensures that teams across the Company can provide management with contemporaneous feedback, which in turn informs how the Company, through its Directors, adapts and improves its ways of communicating and engaging with a broad range of stakeholders. The Directors understand that acknowledging and considering constructive public feedback is necessary for the overall development of the Company.

The EDF UK CEO meets regularly with the communications team to review stakeholder interaction and ensure regular dialogue with key senior stakeholders. This helped Directors identify key stakeholders to engage with further as part of reaching targets before presenting back to the Board in the future.

Employees and trade unions

The EDF UK Group engages, informs and consults with its employees on matters affecting them and has regard to their interests in decision making. At EDF UK, we recognise 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 the long-term success of the Company. A key topic for the Directors this year has been around harnessing employee talent and ensuring that EDF UK stands out as an employer for existing and future employees, especially in light of challenging labour markets.

The Company aims to provide a great place to work, by enhancing equity, diversity and inclusion for our colleagues and supply chain. 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; Careers 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.

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's senior leadership was 30.2% 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.

Furthermore, 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. Through-out 2023, the Directors have discussed the Company's zero harm ambition and considered the latest incident reports and statistics, engaging in dialogue to discuss how these latest statistics can be improved and what further training can be implemented through- out the business.

The Company and its customers have continued to face serious challenges during 2023 due to the impact of the ongoing UK affordability and energy market crisis. The Directors have advised that the mental health and wellbeing of employees, particularly those in customer facing roles, should remain a top priority for management and as such, extra training has been provided to frontline staff in call centers currently facing an increased number of calls from customers as a direct result of the affordability and energy crisis.

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 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 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, for example the EDF UK Group and wider EDF SA Group employee engagement surveys discussed further below.
- EDF UK 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 then issued a Standards of Behaviour statement in September 2021. The statement outlines the Company's expectation that all EDF UK 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 Board considers employee views through the annual 'My EDF' survey, which canvasses employee opinion, at a local level and within the EDF SA Group. The survey identifies areas of satisfaction and opportunities for improvement to help inform priorities within the EDF UK Group. The Board considers the results of all employee engagement surveys as a good barometer of the workforce's confidence in the EDF UK Group's strategic direction, optimism in the future and career opportunities. The results are used to support the setting of the Company's strategy and purpose (where identified as being required) and define individual team objectives to help deliver the 2030 strategy. Further to this, the Company has a second survey, 'MyVoice', which provides employees with the opportunity to share their experiences at work. Employees can put forward their ideas on different aspects of the business; from improving office spaces, to employee wellbeing. Additionally, a few times a year the company hosts a question-and-answer session with the EDF UK CEO and other members of the Board and ET. This encourages transparency and openness between members of the Board and stakeholders and gives employees the opportunity to raise any questions they might have.

In a post-pandemic world, with an emphasis on new ways of working, coupled with the introduction of Kraken, the Company has concentrated on cultivating a workplace that reflects a new and engaging, collaborative working environment. The Company canvasses employee feedback on ways of working, through employee surveys and the creation of a 'Change Ambassadors Committee'. This committee provides a forum for face-to-face discussion and feedback between employees and the ET which, together with the survey results, ensures the Company remains attune to employee opinions which can be integrated into the Company's future plans for its office spaces.

Communities and environment

The Board is committed to social responsibility, community engagement and environmental sustainability, which is demonstrated through the Helping Britain achieve Net Zero – 2023 Progress Update (available online).

EDF UK supports a decarbonised future and is committed to leading the UK's transition to a secure, low-carbon electricity system. As the UK's largest low-carbon generator¹, EDF UK is helping support the reduction in carbon emissions enacted by the Climate [edfenergy.com](https://www.edfenergy.com)

Change Act 2008 (amended in 2019 to set a Net Zero target by 2050) and the Paris Agreement on Climate Change. In addition to the supply of electricity and gas, EDF UK supports its customers in Net Zero focused areas which include; electric mobility, low-carbon heating, micro generation, renewable power purchase agreements, flexibility services and smart meters combined with data services.

The Company is investing significantly in low-carbon technologies, including nuclear, and through EDF Renewables UK, wind, solar and battery storage, and exploring emerging technologies such as clean hydrogen. The Board's decision to invest, acquire and develop new technologies, help shape and implement the overall strategy of the Company. The community and environment relating to the impact of construction and/or development remains a focus of the Board in decision making. Through-out 2023, the Directors have prioritised discussions around the development and expansion of the Company's existing Net Zero product offering, with a strong focus being on how the Company can further encourage the UK's transition to low-carbon heating. The Directors have due regard to the intended trajectory of the Company and how it can better support its customer base, and attract new potential customers, through the investment in renewable technologies. The Board recognises that this topic continues to be a key area, playing an important role in achieving a more sustainable future, and supporting the overall Company ambition.

The Company is further supported by various teams across the business specifically in managing sustainability risks and opportunities. This includes those that focus wholly on identifying and reporting on sustainability and climate-related risks or, more generally, those in roles where they need to be engaged in sustainability risks which may present themselves in the ordinary course of business, for example in procurement and supply chain management.

Furthermore, the Company has set up various groups across the business to help support sustainability. The Net Zero Steering Group, for example, is made up of a range of senior stakeholders from different BUs and functions across EDF UK, providing a forum to discuss and share knowledge and learnings on climate-related topics.

The Company has also set up the Environmental Professional Network, which provides a link between business activities and individual professional development within the environmental sector across the different BUs. The network provides a forum for individuals to hear from each other, build a professional network, mentor, and support development, with a focus on sustainability. Membership is open to all environmental professionals working within an EDF UK team, at all levels of the organisation and at all levels of experience. By having a range of employees coming together to form this network, it allows those with a diverse range of thoughts and experiences to be able to connect and share knowledge across the business, furthering the development of a climate-conscious future across the Company.

The new nuclear power station currently under construction at Hinkley Point C (HPC), and the UK Government's decision to invest and support the construction of a nuclear power station at Sizewell C (SZC), has opened a new chapter in the UK's long-standing nuclear industry. HPC will make a major contribution to reduce carbon emissions in the UK and the electricity generated by the two EPR reactors will offset nine million tonnes of carbon dioxide emissions a year or 600 million tonnes over its 60-year lifespan.

Following the Government Investment Decision (GID) in 2022, SZC aims to generate enough low- carbon electricity to supply six million homes and will avoid around nine million tonnes of carbon emissions each year by replacing fossil-fuel power. Further to this, SZC will create thousands of local jobs and opportunities for businesses and individuals in the community, across East Suffolk. The Company understands the disruption that the building and creation of the SZC nuclear power station will cause and the SZC team has continuously engaged with the local area through-out this process in order to better understand how they can work together and support the local community. The Directors understand that there remain trade-offs to consider as the SZC project develops, including economic benefits and environmental considerations, and are continuing to implement measures to mitigate against such.

The latest HPC Socio-economic Impact Report (available online) demonstrates that the project is meeting its ambitious targets to deliver a lasting legacy. For SZC, the Company, guided by the Board, has worked closely with numerous external stakeholders including local councils, emergency services, Natural England and Office for Nuclear Regulation to complete the Development Consent Order that was approved in July 2022. The Board continues to receive regular updates on the project and continues to oversee decision making within the SZC project.

EDF UK aims to protect the natural environment and biodiversity through stewardship of land around its power stations and the commitments made through its renewables and new nuclear projects. Extensive consultation with local communities is undertaken to enable better decision-making.

The Company continues to support local communities through various fundraising initiatives. The Company was in partnership with Prostate Cancer UK for almost four years, during which time, the Company raised a significant amount of money for the charity. During 2023, the Company's four-year partnership with the charity came to an end and the Company engaged with employees through a company-wide survey to determine the next charity partner. This process allowed for a meaningful, transparent engagement process with employees to select the next charity partner. The Company's dedication to, and focus on, fundraising continues to be a key priority and in the long-term will continue to support the Company's positive relationships with the wider community.

Suppliers

EDF UK 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 customers. The Company is a member of MSDUK and WEconnect organisations which support and encourage the development of diverse and inclusive supply chains. The diversity and wellbeing of suppliers is a key priority for EDF UK and the Board recognises the key role partners and suppliers play in enabling EDF UK to remain competitive and profitable, ensuring the longevity of the business.

Day-to-day decisions on supply chain matters are largely taken at a BU (Business Unit) level, with management being empowered to make appropriate decisions via the FAL procedure. The Board, however, will oversee key decision making and is regularly updated on high profile contract negotiations, for example, in relation to the SZC and HPC projects. Over the past year, the Directors have continued to remain abreast of key matters concerning suppliers across the Company, whether that be by way of formal presentations from relevant personnel at Board meetings or through general discussions during routine business activities. These conversations provide the Directors with an opportunity to give direction to the relevant individuals embedded within the BUs across the EDF UK Group on how to overcome difficulties, together with any key considerations for such negotiations. Supply chain processes continue to be a topical point of discussion for the Directors as questions on key projects are brought to their attention for consideration as and when they arise.

One of the ways EDF UK supports its suppliers is by offering a Santander backed Supply Chain Financing scheme which allows suppliers to get early access to payment for invoices which have been cleared and approved through the payment process. The Board will review and approve the implementation of new processes such as this. As a result, the Directors can ensure that decisions to implement new processes align with the Company's purpose and the best interests of stakeholders, including suppliers.

In 2023, the Company carried out a review of its EDF UK supply chain policy, having considered feedback and input from each BU. As a result, a consolidated and aligned policy was updated, creating a framework of minimum standards for EDF Supply Chain activities, across each BU. Management and BU supply chain departments have each agreed to be responsible for implementing this policy to ensure such standards are applied appropriately and that all employees are engaged. The EDF UK CEO has had review and sign off of this policy.

In 2021, the Board approved a deal to build on EDF UK's industry-leading customer service by the cutting-edge Kraken energy technology platform. Through-out 2023, the Company has seen huge progress in relation to the implementation of Kraken. The Company has now started to manage their UK customer accounts through Kraken, with over 50% of EDF UK's customer base having been transferred over to Kraken from EDF UK's legacy system by the end of 2023, with the remaining accounts due to be completed in mid-2024. The introduction and integration of the platform has already resulted in 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. By implementing this purpose-built platform, the Company ensures it can provide excellent customer service and remain 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, allowing the Directors to carefully monitor the implementation of the system and identify any weaknesses and opportunities in this respect.

Other stakeholders

The Company and its subsidiaries proactively engage with relevant external stakeholders including trade associations (such as Energy UK, Nuclear Industry Association and Renewable UK, etc.). The Company's participation with these groups supports stakeholders' relations and provides a channel to engage with government and regulators.

The Company and its subsidiaries also engage directly with central government (including officials within the Department for Energy Security and Net Zero, the Department for Environment, Food and Rural Affairs and HM Treasury) and industry and environmental regulators (such as Ofgem, the Environment Agency and the Scottish Environmental Protection Agency). Discussions with Government have played an important role during 2023, with Government leading conversations on decarbonisation. Through-out 2023, there has been significant engagement with HM Treasury, they have become an increasingly important stakeholder for the Company. Engagement with political and regulatory stakeholders supports better understanding of EDF UK's business and influences the policy and the operating environment. Direct engagement with these stakeholders is supplemented by our participation in trade associations.

Throughout the affordability and energy price crisis of recent years, EDF UK has worked closely with the energy regulator, Ofgem, and the Government to secure additional support for households to manage the increased cost of energy which complements the help EDF UK already provides to its customers. The energy market requires longer-term reform to reduce the risk of future crises and the Board is conscious to ensure that EDF UK helps lead and support this matter, by participating in and encouraging our smart meter roll-out, driving faster switching capabilities and utilising half hourly settlements. These are all important developments, noted at a Board level to highlight the necessity of building the foundations of a market fit for the future.

Through-out 2023, the Directors have been conscious to take into account a range of different stakeholders, whilst balancing the Company's long-term financial success. The importance of these various factors has been subject to ongoing conversations amongst the Board, with great value being placed on how decisions are considered and put into practice.

Stakeholder concerns identified

Each BU is responsible for engagement with relevant stakeholders, evaluating feedback and escalating information (where relevant) to the Board for consideration and to aid its principal decision making. The Board maintains an open dialogue with the BUs and in 2023 a number of focused, topical, board papers were presented to the Board. In these "deep dive" board papers the Directors are able to consider topical issues, take decisions and provide guidance on any areas where key stakeholder concerns have been raised. Examples from 2023 comprise of deep dives on the following; prepayment meters, smart meter installations and the Company retail business.

A key example of engagement and collaboration between the Board and stakeholders has been in relation to the Company's HR function, where there have been discussions on various related topics including recruitment and employee retention. Throughout 2023, stakeholders from HR presented to the Board on the general topic of employee recruitment and the Board considered how the Company can ensure it is retaining talent within the business. These deep dive discussions provided an opportunity for the Directors to explore and discuss topics relevant to the different BUs, together with key stakeholders, in order to provide advice and recommendations.

The Company continually looks to improve standards and policies for employees and in 2023, following discussions with EDF UK's Trade Union and various employee networks, 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 these successful conversations.

In addition, the Company acknowledges that its employees have faced serious challenges due to the cost-of-living crisis. Through constructive negotiations with our Trade Unions, the Company was able to offer additional support by bringing forward into 2022 part of 2023 pay deals and one-off payments before the annual April pay round, 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. Discussions of support for employees has been discussed with the Board, with the Chief People Officer keeping the Board apprised of developments and support packages being developed.

The Board continues to monitor the ongoing cost-of-living and energy market crisis, considering the impact such has on our customers. In considering such, the Company has established a CARE+ Framework. This stands for: Cost, Affordability, Resolution, Extra Help. This framework ensures that the Company reviews customer energy usage and any potential savings they can make, find out what they can afford and as a result of this, put a plan in place for them, along with any extra support packages they may be entitled to. The Directors have recognised the vulnerable position customers are in and therefore continue to monitor and prioritise discussions around the help the Company can extend to those most at risk. Such conversations have resulted in the development of new customer solutions which employees in customer-facing roles can use to help support households through the ongoing volatility in the market.

Other reporting

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, Payment Practices and Report and Tax Strategy Statement in accordance with UK law and regulation. Each of these is published externally and gives consideration to EDF UK'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 EDF UK continue to improve its performance in these areas.

ⁱ The UK Fuel mix disclosure information is now published by the Department for Energy Security and Net Zero.