

Introduction

For the financial year ending 2024, EDF Energy Customers Limited (the “Company”), has continued to work in line with the corporate governance arrangements, explained in this statement, which are used across the EDF Energy group in the UK (“EDF UK”). To make sure corporate governance practices are maintained, the Company supports the corporate governance practices of its ultimate parent company, Électricité de France a company incorporated in France. Électricité de France sets the overall strategy and ambition for EDF UK, and the Company works with this strategy to help deliver EDF UK’s purpose and strategy: “Helping Britain Achieve Net Zero”. This is outlined in the EDF UK annual Sustainable Business Update, published on the EDF UK website.

The Company doesn’t need to comply with the UK Corporate Governance Code but applies best practices from the Code as appropriate and aligns with the corporate governance practices of EDF UK. The Company chooses to use the Wates Principles for Large Private Companies as a benchmark for its corporate governance practices. This statement demonstrates how each of the Wates Principles has been applied throughout 2024.

Purpose and leadership

For over 25 years, EDF UK has been a steadfast investor in Britain, during this time, its supported the energy needs of millions of customers, including the NHS, Network Rail, and various other public sector organisations. The Company has undergone substantial evolution, continuously monitoring the energy market to adapt to its dynamic changes and enhance the services it provides to customers. In 2024, Électricité de France launched its ‘Ambition 35’ strategy, which aims to lead the new electric revolution and build the energy system of tomorrow, while offering customers zero carbon electricity at competitive prices. While the EDF Group defines the ambition at a strategic level, the Company makes sure to effectively share it throughout the organisation, so each business unit (“BU”) understands the overarching purpose and aligns strategies to achieve success.

Ambition 35 is based on key pillars that reflect the EDF’s vision for the future of energy: to help our customers save carbon, to produce more low-carbon electricity with nuclear and renewables and to expand flexibility solutions to meet the needs of the electricity system. Each of these ambitions play an important role in helping Britain achieve Net Zero. As one of the UK’s largest energy suppliers with a presence spanning over 25 years, the Company is uniquely positioned to lead and accelerate the electric revolution. Recognising its critical role in shaping the energy market, the Company is committed to setting achievable, measurable milestones to support progress. To create a more sustainable future, the Company must continue to help lead the energy sector by innovating and inspiring others while driving systemic change across the industry.

Board composition

The Directors of the Company gave careful consideration to the size and structure of the Board, so it has the knowledge and expertise to meet the Company’s strategic needs. The Board has nine Directors, representing a range of functions across the Company. As the Managing Director is also an invitee to EDF UK’s main governance company, EDF Energy Holdings Limited, they can provide insight and direction between the two companies. More generally, the Board is made up of members from its BUs and functions, including Retail, Wholesale Market Services, EDF Business Solutions, and Zero Carbon Homes. Collectively, they bring extensive experience across all areas of the Company. In 2024, four new Directors were appointed, each bringing a variety of capability and knowledge to the Board.

On appointment, Directors are provided with the EDF UK Directors Training and Induction Manual which outlines compliance, their duties and obligations as a director, and how to work in EDF UK’s corporate governance framework. Directors are also offered face-to-face bespoke training and guidance and encouraged to update their skills, knowledge and familiarity with the EDF UK by meeting with senior management, visiting sites (such as the power stations and call centres) and attending external seminars and training courses.

Corporate Governance Statement

EDF Energy Customers Limited (2024)



The Board provides vision and leadership to the Company's management and oversees performance across various areas, including safety and operational performance; key technical issues; risks; HR, financial, and commercial matters. The main objective of the Board is to act as a governance forum with oversight of the Company's operations in the Retail business unit. To fulfil these responsibilities, the Board uses committees and internal governance bodies within the wider EDF UK to consider matters in detail. These current committees include:

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

The Board also uses the following standing sub-committees adopted by EDF Energy Holdings Limited, 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.

Each sub-committee uses Terms of Reference which set out authority parameters, explaining how the board is delegated. Changes to these documents requires approval by the Board.

Director responsibilities

As representatives of the organisation, there's a range of governance processes, systems, and constitutional documents designed to help Directors fulfill their roles and responsibilities. The Company recognises the importance of making sure processes are regularly monitored, so they evolve with the ever-changing demands and nature of the Company.

The day-to-day management and implementation of strategies approved by the Board are delegated to the Company's Executive Committee. This team make certain Managers are empowered to execute the Company's strategy, as well as the broader objectives of EDF UK. Managers are granted autonomy to apply these strategies in a manner best suited to their teams and operational environments. In turn, Managers provide the Directors with regular updates on all aspects of the business. Effective strategy implementation is further supported by the Company's internal procedures. These include financial reporting, key performance indicators ("KPIs"), workforce and environmental data, stakeholder engagement feedback, and consumer data.

A further example of how the Directors support Manager's autonomy to make decisions, is the Company's use of Financial Authority Limits ("FALs") (as detailed in the Group Corporate Governance Policy) and contract signatory authority mechanisms which give control over various financial commitments. The FALs of the CEO, EDF UK, are agreed with EDF SA. The CEO, EDF UK, has the authority to delegate FALs to the Board of the Company (where appropriate / required to discharge the needs of each BU) and to enable the Board to further cascade their FALs to Leaders in their teams. This approach allows for greater efficiency in day-to-day operations, empowering Managers to act swiftly in their designated limits, while making sure larger or more strategic financial decisions are escalated to the appropriate level for review and approval. The use of FALs gives a critical balance between operational autonomy and governance, helping the Company mitigate financial risks and maintain accountability across all BUs. This system also supports transparency, so all financial decisions align with the Company's objectives and the broader strategy of EDF UK.

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

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

- Requirements for processes to assist board duties and provide evidence of decision-making and stakeholders involved as part of that process.

Opportunity

In constantly monitoring key growth areas across the business, the Company can seize opportunities and develop them to promote a future-proof company.

Long-term, future-proof strategies and tangible objectives are considered on a regular basis by the Board and BUs, to help the Company achieve its overall purpose. Over the past year there have been many different areas of opportunity across the business, which support the Company's purpose. An example of this has been the acquisition of Contact Solar, a solar and battery installer. The Company acknowledged a gap in its range of propositions and the acquisition of Contact Solar strengthened its offering in this space while delivering cost and carbon savings to its customers.

Further to this, during 2024, the Company saw an increased growth in demand for Power Purchase Agreements (PPAs). PPAs are crucial in driving the UK towards a net zero future; they support in establishing small generators and encourage large public sector organisations in the transition to renewable energy. Given the rise in demand for PPAs, the Company's become a market leader in supporting PPAs; using its expertise to deliver solutions for both generators and customers. By providing the infrastructure and expertise needed to manage PPAs, the Company is supporting the development of renewable energy projects and strengthening its role as a key enabler of a renewable future.

Risk management

The Company has a stringent risk management culture. Using policies, reporting and internal audit and assurance, Directors can make robust decisions concerning principal risks to EDF UK. EDF UK has a Risk & Resilience Policy (covering Risk Management, Internal Control, Business Continuity and Crisis Management), which defines the minimum standards that BUs in EDF UK need to meet. The Company and wider EDF UK self-assesses against these standards and EDF UK is audited against policy standards to give assurance that each EDF UK company has an appropriate risk culture.

Control testing against EDF UK policies is carried out annually through the Internal Control Self- Assessment process. Following completion of the results, where required, actions are identified to continue improvement. Results are reported back to the Board as part of the Annual Risk and Internal Controls Report (the Report), setting out the highest risks to the Company's objectives for their consideration. This presents an opportunity for Directors to think about emerging risks and devise solutions to minimise risk impact. The Report is shared with the Board for managing actions at a local BU level and to the EDF SA Group Risk department.

Specifically, in 2024, the Board met on several occasions and discussed various risk areas of the business to make sure they can be regularly monitored and updated. The Company has a risk map which covers each of the BUs of the Company. It identifies key enterprise risks and then ranks their rating based on their significance. By having these discussions at Board level, the Directors have direct oversight of key risks facing the business, helping them deliberate on effective strategies to mitigate them. An effective mitigation plan is then developed and put into action, allocating resources to address the most critical risks first. The risks are revisited on an ongoing basis at Board meetings, so they're continually monitored and adapted to reflect the evolving nature of the business and market conditions. If new, more pressing risks emerge between Board meetings, the mitigation plans are amended accordingly, ensuring the Company's risk management framework remains both dynamic and robust. This ongoing process demonstrates the Company's commitment to maintaining resilience and safeguarding its long-term objective.

Remuneration

Remuneration is an important topic for the Company. The wider framework stems from EDF UK policies for Senior Leaders, which operate under the governance of the EDF UK Remuneration Committee (as referenced above) of EDF Energy Holdings Limited. One of the key responsibilities of this committee, is to make recommendations about the overall remuneration policy of EDF UK. It must regard practices adopted by comparator UK companies, and the need

to attract, retain and motivate employees of the experience and calibre required. The policy also includes detailed elements of the remuneration packages, pension arrangements and service contracts. The individual performance of Senior Leaders across EDF UK, and determination of their annual pay awards, is balanced with affordability based on the Company's economic and financial position, including that of EDF UK. When deciding the pay approach for Senior Leaders and annual incentive arrangement rules, the EDF UK Remuneration Committee makes sure principles 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).

To build a sustainable workforce future, the company understands we need to create a work environment where people feel valued and appropriately rewarded for their work and contribution to the Company's success. This approach is applied to all employee remuneration, including Senior Leaders, making sure the approach to annual pay awards is consistent across the entire workforce; reinforcing the Company's dedication to equity, accountability, and recognition. This holistic approach helps drive employee satisfaction and retention and also creates a unified culture where all employees feel they're contributing to and sharing in the Company's achievements.

There has also been a continued response to the cost-of-living crisis, recognising its exceptional impact in 2022 and challenging labour market conditions from the UK post-pandemic. In 2023, the Company introduced an annually recurring flexible cash fund, and a company-wide pay-rise, to reflect these difficult financial times. Subsequently, in 2024, the annual cash fund was increased to acknowledge ongoing financial challenges faced by employees.

Stakeholder relationships and engagement

The Company's key stakeholders, including employees, and how it engages with each of them, are set out in the Strategic Report under the s.172 - Directors' Duties Statement. Further to this, EDF UK's key stakeholders, and how the respective companies engage with them, are also set out in the Strategic Report of each set of Financial Statements.

Workforce engagement

The Company understands that employing people who have a diverse range of talents and perspectives, represent our society and, and feel engaged in their roles, is key to the longevity of the Company.

One example of how the Company engages with employees is through surveys. To help inform priorities within EDF UK, there's an annual, EDF UK wide 'My EDF' survey. Participation rates in 2024 were 75%, providing a representative view of what employees feel the company should focus on. Employees are asked their opinion on a range of topics to identify areas of satisfaction and opportunities for improvement. To help create tangible change in EDF UK, the results of the surveys are openly and honestly discussed at all management levels, and between management and all employees. As a result of feedback from the MyEDF survey from 2023, to 2024, one example of change has been the promotion of a safe and inclusive workplace. This has been developed through introducing measures such as mental health training for leaders to help build psychological safety in teams and develop confidence in wellbeing conversations. In 2024, scores for the engagement and inclusion indices reached new highs with 81 and 87% respectively, and 90% of employees said they would recommend EDF as a good place to work. The Company also uses 'Officevibe', an easy way for employees 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.

These surveys are vital for engaging with employees to better understand how the Company can improve ways of working and to measure the overall wellbeing of employees. These tangible measurements help the Company make sure that employees views are taken into account when long-term business decisions are considered.

The Board engages with employees at BU level and companywide levels through various activities organised by the Communications team. These actions aim to update staff on EDF UK's strategy within the framework of EDF Group Ambition 2035, as well as their respective BU's plans, progress, and achievements. Communication methods include email messages, video addresses, all-staff webinars, face-to-face meetings and Q&A sessions for the Customers BUs.

Corporate Governance Statement

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Focus is placed on leadership communications with the top 100 directors of the company, featuring bi-monthly webinars and two full-day face-to-face meetings each year. EDF Group colleagues are regularly invited to these face-to-face meetings to give latest updates on Group plans, helping increase collaboration and a sense of belonging within the Group.

Stakeholder engagement

Generally, the Company recognises the support needed from a range of different stakeholders. For the Company to be successful, it must connect with key strategic partners and stakeholders, to make our purpose a reality.

As well as providing the best customer service possible, the Company are conscious to support its most vulnerable customers through a wide variety of schemes. The Company have a dedicated customer support fund which has helped more than 55,000 customers since its launch in 2003. Eligible vulnerable customers experiencing financial hardships are offered a 'fresh start' through our initiative to help them lower their debt. The Company want to support all vulnerable customers through whatever circumstances they are going through using the range of different measures that the Company carry out, including energy efficiency measure and account credits. In 2024, the Company launched a new initiative, announcing £29 million in funding to help customers in winter. This funding is in addition to the £140 million spent on the Energy Company Obligation ("ECO") and Great British Insulation Scheme ("GBIS") in 2024, as well as £60 million on the Warm Home Discount scheme. Impressively, 75% of EDF residential customers who received debt matching support up to September 2023 remained debt-free after 12 months.

In light of the ongoing cost-of-living crisis, information including performance indicators and strategic business initiatives in relation to our customers, and looking at how to continually improve their experience, have been avidly discussed by the Board over the past year.

The Company understands the importance of implementing these measures and remains committed to monitoring their effectiveness, so the Company can adapt its approach as needed. After a customer has got in touch, they're given a tracked link to leave a review. This allows us to monitor feedback and relay it to relevant teams so negative responses can be addressed and improvements are applied. In 2024, EDF UK's Trustpilot score increased to 4.7, demonstrating the Company's commitment to providing excellent customer service.

To make sure latest updates across the energy industry are made clear, the Company and its subsidiaries proactively engage with external stakeholders including trade associations and industry bodies, government and regulators. With 2024 bringing a general election and a change of government, the Company has continued to talk with political stakeholders and decision makers who shape the policy which can impact our business. It's essential for the Company to be engaged with government so issues affecting the energy industry are discussed in an open and transparent forum. Having direct communication with political and regulatory stakeholders helps them have a better understanding of EDF UK business, which in turn enhances our insight into the factors shaping policymaking. We're also involved in trade associations and industry bodies.

The Company has recently joined forces with Octopus Energy, to establish a new, jointly owned campaign organisation, Electrify Britain. This is a groundbreaking initiative aimed at creating a greener, more affordable energy system. This partnership focuses on achieving net zero through electrification, focusing on transport, heating and decarbonising local communities, all of which aligns with our ambition of helping Britain achieve net zero. Partnering with Octopus on this project, shows both companies' commitment to net zero and demonstrates the need to act now.