

S.172 Directors' Duties Statement

EDF Energy Customers Limited (2024)



Section 172 (1) Statement

The main activities of EDF Energy Customers Limited (the “Company”), involve the supply of electricity and gas to commercial, residential and industrial customers, meter reading and related services and the wholesale market optimisation of customer assets on behalf of the other companies within the EDF group of companies in the UK (“EDF UK”). As such, the Company is made up of relevant business units (“BUs”) which each support the Company in its role. The Company is a parent company to various subsidiaries, including Pod Point, CB Heating, Contact Solar and EDF Energy Services (managed by Dalkia UK). EDF UK’s ultimate parent company, Électricité de France, a company incorporated in France, defines the overall strategy and direction for EDF UK. To create a cohesive and unified approach across the entirety of EDF UK, the Company and its subsidiaries similarly align decision-making with these objectives.

This statement describes the actions taken by Directors to fulfil their responsibilities to promote the success of the Company and the wider EDF UK Group, in accordance with the Section 172 of the Companies Act 2006, for the financial year ending 2024. The Directors have considered the following Section 172 factors:

- The likely consequences of any long term decisions;
- Employee interests;
- Building business relationships with suppliers, customers and others;
- The impact of operations on the community and 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 the Strategic Report and published on the EDF UK website. The purpose is summarised as Helping Britain achieve Net Zero. The purpose and strategy are guided by: i) feedback from stakeholders; ii) consideration of the long-term impact of strategic decisions on the long-term objectives of EDF UK; and iii) the environmental and social impact of those decisions.

The Board represents a range of different business units (“BUs”), including Retail, Wholesale Market Services, EDF Business Solutions and Zero Carbon Homes. They bring an extensive experience across all areas of the Company. On appointment, Directors are given the EDF UK Directors Training and Induction Manual. This explains their duties and obligations as a Director, how to comply with their duties, and how to operate within EDF UK Group’s corporate governance framework. Directors are offered face-to-face bespoke training and guidance should they need additional support in their new role. They’re also encouraged to update their skills, knowledge and familiarity with EDF UK by meeting with senior management, visiting sites (such as the power stations and call centres) and attending external seminars and training courses. This training makes sure Directors are aware of their section 172 duties and understand the responsibility they have in representing the Company through their decision-making.

This report sets out how the Directors have complied with the above s.172 requirements. Information on the Board’s structure and the Directors’ responsibilities in respect of corporate governance arrangements can be read in the Company’s Corporate Governance Statement.

Employees

The Board consistently works with employees and carefully considers their perspectives when making decisions, fully recognising that the success of the Company is fundamentally driven by the contributions of our people.

The Directors actively engages with employees at both BU and companywide levels through various activities organised by the Communications team. These activities aim to update staff on EDF UK’s strategy within the framework of the 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.

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A particular focus is placed on leadership communications with the top 100 directors of EDF UK, 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 provide the latest updates on Group plans, fostering increased collaboration and a sense of belonging.

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

The Company fully supports a welcoming and inclusive workplace culture using networks to encourage equity, diversity and inclusion. These include:

- LGBTQ+ Supporters;
- Women;
- RACE;
- Careers and Accessibility;
- Working Parents;
- Forces Support;
- Young Professionals;
- Cancer Support;
- Mental Health Supporters; and
- Neurodiversity.

EDF UK understands the importance in monitoring workplace employee satisfaction, paying close attention to how included our people feel. EDF UK is also able to monitor the diversity of senior leadership in terms of gender, ethnicity, sexual orientation and disability. Understanding our people is fundamental to understanding how we can improve as an organisation. For example, at the end of 2024, 36% of the Company's senior leadership had one or more diverse characteristics. All senior leadership appointments and succession plans are regularly reviewed by the Chief People Officer and Executive Team (ET) to make certain the very best talent is appointed. The talent pipeline is diverse, and performance to date is because of sustained career development and progression over the last few years. The company benchmarks to standards such as Disability Confident, the Gender Equality & Diversity European & International Standard, and BiTC Race at Work Charter. EDF UK's ambition is for 50% of senior leaders to have one or more of these diverse characteristics by 2030.

In addition to the webinars, events and face to face meetings, employees can share feedback by surveys at BU or team level. In addition, all employees are annually invited to give their views on the company strategy, future, management, processes, tools, diversity, reward and more, through the MyEDF survey. Participation rates in 2024 were 75%, this gave a representative view of how employees feel, and gave insight on what the company should focus on and improve. In 2024, scores for engagement and diversity reached new highs, with 90% of participants saying they'd recommend EDF as a good place to work.

In 2024 the Company concluded its research into our 'Employee Value Proposition'. Data was captured from around 7,500 people through EDF's annual 'My EDF' survey, which is completed by employees across EDF UK, regular 'Officevibe' surveys - a shorter survey where employees share their experiences at work - and through deep listening focus groups, and interviews. This research showed that one of the main drivers for employee satisfaction at EDF UK, and why new talent would be keen to join EDF UK, is that 'Progress is Personal'. Progress could mean promotion, specialising, gaining experience across EDF UK, or having a work life balance, and EDF UK can offer all these opportunities. The improvement plan from this research includes a refocus of our 'Everyone's Welcome' inclusivity

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strategy, a new employer brand, improved candidate onboarding, pay transparency, review of performance management and improved employee policies.

Specific examples of EDF UK's improvement plan for employees include:

- (1) New employer brand - 'Success is Personal' - The Company is launching a new attraction strategy for 2025. The new recruitment system will encourage more interaction with potential talent and give a leading candidate experience.
- (2) Parenting Policy improvement - Following consultation with trade union partners, the Working Parents Network and the Women's Network, an updated Parenting Policy was published in 2024. This included improved maternity and paternity pay and time off for neo-natal care and fertility.
- (3) Pay review - There's 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. The Company has introduced an annually recurring flexible cash fund and improved pension plan payments for new starters.
- (4) Everyone's Welcome - Following an independent review, our three key leadership courses are being revised to make sure 'Inclusive Leadership' is paramount throughout. Training and socialising of Cultural Intelligence and Psychological Safety will also be carried out across EDF UK.
- (5) Net zero commitments - To support the Company's net zero commitments and make it easier for our employees to lead low-carbon lifestyles, the Company is continuing its electric vehicle car scheme, available to employees as a salary sacrifice benefit, with approximately 1,000 vehicles ordered through the scheme. In addition, e-bikes are included in the Company's cycle-to-work program.

Suppliers

The Company is an active supporter of the United Nations Global Compact ("UNCG"). The UNCG's ten core principles form part of the supplier onboarding process across EDF UK. The UNCG covers a range of topics including: Human Rights, Labour, Environment and Anti-corruption.

Additionally, EDF UK works with a broad range of organisations to promote safe, secure, and responsible energy generation, while delivering fair value, better service, and simplicity to customers. As a member of MSDUK and WEConnect, the Company actively encourages the development of diverse and inclusive supply chains. The diversity and wellbeing of suppliers are key priorities for EDF UK and acknowledges the critical role partners and suppliers play in sustaining EDF UK's competitiveness and profitability, ensuring the long-term success of the business.

Further to this, the Company publishes a Sustainability and Ethics Supplier Requirement Manual, that outlines what is expected of suppliers in relation to health and safety, diversity and inclusion and the environment. The Directors recognise the key role that suppliers play in ensuring the longevity of the business and the wellbeing of our suppliers is a key priority.

The Company, in addition to other companies within EDF UK 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 Company continue to improve its performance in these areas.

Customers

The Company develops strong relationships with its customers by striving to understand their evolving needs. By doing so, we deliver tailored, relevant services with excellent customer service, helping us retain our loyal customer base while attracting new customers.

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To best support our customers, EDF UK has invested in the Kraken technology platform. EDF's entire customer base has migrated to this cutting-edge technology, to provide better, more efficient customer service. This platform improves billing, reduces debt, and cuts call wait times, to help support our domestic and small business customer base.

EDF UK are committed to supporting its most vulnerable customers through a wide variety of schemes offered across the Company. EDF UK have a dedicated customer support fund, has helped more than 55,000 customers since its launch in 2003. Through this, eligible vulnerable customers experiencing financial hardships are offered a 'fresh start' to help lower their debt. More information about how we support our customers can be read in the Company's Corporate Governance Statement.

The Company acknowledges the importance of implementing these measures and remains committed to closely monitoring their effectiveness, ensuring that EDF UK can adapt its approach as needed.

After a customer has got in touch, they're given a link to leave a review. The link is tracked so we can monitor feedback and address negative responses by implementing improvements, and relaying feedback to the relevant teams. In 2024, EDF UK's Trustpilot score increased to 4.7, demonstrating the Company's commitment to providing excellent customer service.

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 across EDF UK over the past year.

Other Stakeholders

Throughout 2024, the Directors have remained mindful of the diverse range of stakeholders we collaborate with, recognising the important roles each can play in helping Britain achieve net zero. Building solid partnerships with all our stakeholders is crucial to the long-term success and sustainability of the business.

The Company has well established relationships with Trade Unions, with formal recognition of UNITE the Union, GMB, Prospect and Unison. EDF UK engages with Trade Unions through various forums, such as the Company Council to promote the provision and exchange of information and ideas, including discussions on various strategic issues. Additionally, the Company uses formal committees for consultation and negotiations, on topics such as working arrangements and health and safety, working through relevant BUs in alignment with existing Industrial Relations Agreements.

With 2024 bringing a general election and a change of government, the Company continued to engage with political stakeholders and decision makers who shape the policy which can impact our business. It's essential for EDF UK to work with government, so issues affecting the energy industry are discussed in an open and transparent manner. Having direct communication with political and regulatory stakeholders helps them better understand EDF UK Group's business and enhances our insight into the factors shaping policymaking. This is supplemented by our participation in trade associations and industry bodies.

The Company and its subsidiaries work with external stakeholders to make sure latest updates across the energy industry are clear. These include trade associations, industry bodies, government, and regulators. In 2024, to develop a transparent conversation and relationship with Ofgem, EDF UK began holding quarterly calls with them. As a result, the Company can discuss market developments, challenges, key insights and proposed reforms, to gain a deeper understanding of existing policies and processes. This open communication plays an important role in keeping the Directors informed about factors influencing the energy industry, helping them make well-informed decisions about the future direction of the Company.

Communities and the environment

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The Company is committed to leading the UK's transition to a secure, low-carbon electricity system. As the UK's biggest zero carbon generator, EDF UK is helping support the reduction in carbon emissions enacted by the Climate Change Act 2008 (as amended) to set a net zero target by 2050, and the Paris Agreement on Climate Change. More information on EDF UK's sustainability commitments can be found in Helping Britain achieve net zero - progress update 2024, accessible on EDF UK's website. The EDF UK Net Zero Steering Group - comprising senior stakeholders from different BUs and functions, serves as a forum to discuss and share knowledge on climate-related topics.

Beyond being an energy supplier, the Company also supports the UK's transition to a decarbonised future through its range of other business activities, from investing in low-carbon heating, to facilitating renewable energy power purchase agreements. EDF UK recognises that the future of energy is zero carbon, which needs substantial investment in renewable technologies to support and accelerate this transition. EDF UK strives to be at the forefront of the energy transition by providing customers with a 'whole house' offering of net zero solutions. In February 2024, the Company acquired Contact Solar, a solar panel and battery storage specialist, who provide domestic and commercial solar and battery storage solutions across the UK. This acquisition builds on EDF UK's strategic portfolio of renewable partnerships, following the acquisition of CB Heating, a heat pump company, in 2023, and Pod Point, an electric vehicle car charging company, in 2020. By investing in renewable technologies, EDF UK reinforces its commitment to a greener, more sustainable future and its long-term success and resilience. These acquisitions help EDF UK tailor its products and services to customers, as well as promoting the adoption of renewable technologies.

In addition, EDF UK has a partnership with Alzheimer's Society, supporting pioneering research and life changing dementia services across the UK. Demonstrating the commitment to this incredible charity, in 2024, EDF UK raised £211,277 through a series of company-wide fundraising events, and efforts from our people including skydives, marathons, endurance challenges and international expeditions.

Decision making

Throughout the year, the Directors were presented with information ahead of taking decisions and were confident in the integrity of the information used to make effective decision-making. To help BU's decision making, the Board maintains an open and collaborative dialogue with them. In 2024, the Board utilised both formal board meetings, written resolutions, and ad-hoc meetings with senior leaders from across the Company, in order to encourage a flexible and informed approach to decision making.

Demonstrating how the Board makes decisions which consider each of the defined stakeholders, can be best understood with examples that showcase their considerations in context.

1. Risk management

In 2024, the Company reviewed its key enterprise risks, by having thorough discussions of the various risks across each BU of the Company. A risk map was then developed; this identified each risk and then ranked the risk on its 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 risk, assess the interests of each stakeholder, and anticipate potential risks. An effective mitigation plan is then developed and put into action, allocating resources to address the most critical risks first. For example, by considering regulatory risks, people and resourcing risks, and customer debt risks, the Company can make informed decisions that directly look at key stakeholder risks. This process highlights the Directors' fulfilment of their s.172 duties, as they carefully consider the impact of each stakeholder with the aim of promoting the long-term success of the Company.

2. Regulatory compliance

Another key issue which was heavily discussed at Board level in 2024, was how the Company could collaborate most effectively with Ofgem to meet challenging smart metering targets. This is a widespread concern across the energy sector, and the Company is eager to engage with the regulator to find a pragmatic long-term solution. Building a strong working relationship with Ofgem was central to this Board discussion and shows the Company's commitment

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to working with key strategic stakeholders when making important decisions about the future objectives of the Company.

3. Expansion of SME customer portfolio

In 2024, the Company concluded its acquisition of Opus Energy Group's gas and electricity SME customer portfolio. This marks a significant expansion by the Company in the SME market, making the Company the second-largest supplier in the small business market. Through the Company's adoption of the Kraken system to improve customer service performance, coupled with its 'Excellent' Trustpilot rating, the Company has positioned itself as a leading competitor in the small business market and paves the way for an exciting future. The Board's strategic decision to enter into this acquisition reflects their ongoing commitment to making long-term choices to ensure the Company remains at the forefront of a competitive industry; ultimately encouraging its sustained success.

More information on EDF UK's governance arrangements can be found in the EDF Energy Holdings Limited s.172 Statement.