



Directors' statement of compliance with duty to promote the success of the Company (under section 172 (1) of the companies act 2006)

As Per 31 December 2019 statutory accounts

This document covers the S172 statement for the following entities:

- Engie Supply Holding (UK) Limited
- Engie Power Limited
- Engie Gas Limited
- Engie Gas Shipper Limited

Directors' statement of compliance with duty to promote the success of the Company (under section 172 (1) of the companies act 2006)

The Directors view the Company's key stakeholders to be the environment and community, customers, employees, regulators, government, and suppliers.

ENGIE has developed a Responsible Business Charter in the UK that supports its objectives in operating to the highest economic, social and environmental standards while building and maintaining public trust. It includes commitments in four areas: fair business growth, transparency and accountability, being a fair employer, and supporting communities and environmental leadership.

Additional assurance that high standards of conduct are maintained is gained from the oversight and guidance the companies receive from the independent Scrutiny Board, which is a non-statutory oversight committee appointed to account for effective delivery of and assess activities against the Responsible Business Charter.

The Directors' actions are also guided by ENGIE's core values: Bold, Open, Caring and Demanding, which help define the UK Business Unit ("UK BU") companies' strategies and targets. Energy Supply, which incorporates ENGIE Supply Holding UK Limited, ENGIE Power Limited, ENGIE Gas Limited, ENGIE Gas Shipper Limited, IPM Energy Retail Limited and International Power Retail Supply Company (UK) Limited, falls part of all wider UK BU initiatives. The UK BU has five operating divisions; Business Services, Energy Infrastructure, Places & Communities, Public Sector and Energy Supply.

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The Directors utilise a full range of communication channels managed at the UK BU level to engage with stakeholders. These include face to face meetings, forums and events, reports and other written materials, as well as through public relations activity, targeted digital content and social media.

Environment and Community

The Directors see benefit in reducing the direct environmental impacts of its operations, as well as in supporting its customers in efforts to drive lower carbon outcomes. In 2019 the UK BU continued to improve its corporate environmental performance against a range of indicators. In line with its purpose of 'Making Zero Carbon Happen', the UK BU has reduced Scope 1 (direct emissions from owned or controlled sources) and Scope 2 (indirect emissions from the generation of purchased electricity, steam,

heating and cooling consumed) carbon intensity by 57% since 2012 and Scope 3 (all other indirect emissions that occur in a Company's value chain) emissions by 5% since 2018. The UK BU has saved clients over 71,000 tonnes of CO₂e and increased the proportion of its vehicle fleet made up of electric vehicles to 9%.

As of 2019, Scope 1 and 2 asset carbon intensity (carbon emissions per Mwh of energy generated) has been reduced by 76% and freshwater abstraction by 62%. The proportion of electricity generating capacity comprising renewables remains at 4%.

For its energy supply operations, Scope 1 and 2 emissions are very small (consistent with office-based activity) whilst its Scope 3 emissions are based on the carbon profile of the GB gas and electricity supply markets, adjusted by the impact of its access to renewable sources of energy. The Company has plans in place to continue to reduce emissions in all categories.

In terms of the GB energy market, continuing progress is being made in decarbonising the power sector at a national level, forming a key part of the UK Government's commitment to reaching "Net Zero" by 2050.

ENGIE in the UK defines community investment as the total financial value of employee fundraising, employee volunteering hours and management time, gifts and donations, financial investment including spend with the VCSE sector and sponsorship of community events.

In 2019 the total community investment for the UK BU exceeded £1 million for the second consecutive year. This included over 14,000 volunteering hours, with 997 of these hours being from Energy Supply, and £140,000 raised for the ENGIE chosen charities.

Customers

The Directors recognise that maintaining positive relationships with customers is a major driver to performance in the sector, ensuring strong levels of retention and providing broader business opportunities. The Directors directly engage with key customers at a strategic level in order to build partnerships, understand changing requirements and help to improve the Company's products and services. The Directors also work to ensure that the culture of the Company has a strong customer focused ethos, investing in its systems and people to continually improve the customer experience.

Providing excellent customer service is a key focus for the Company. Industrial and Commercial customers have a designated account manager who ensures the customers are on an appropriate product and ensure that bills are understood. Advice is also provided to customers directly and via webinars, on industry and regulatory developments.

The main Customer Service team is situated at the Shared Service Centre in Newcastle and consists of frontline advisors, team leaders and an operations manager. All teams have their own individual targets and objectives whilst across Customer Service there are "Customer First KPI's" which are monitored and measured throughout each month.

Employee involvement and engagement

The Directors believe in the importance of an engaged and well-motivated employee base in achieving our overall business objectives. Employee involvement in the Company is encouraged, and engagement levels are tracked through regular employee surveys. Achieving a shared purpose and common awareness on the part of all employees of the financial and economic factors affecting the Company plays a material role in improving its performance.

The Directors regularly communicate with employees on matters of concern to them, and consults with them or their representatives, in order that their views are considered where Company developments may affect their interests. This is achieved through regular meetings between management and elected employee representatives, Company-wide web presentations, leadership blogs, intranet news articles and mails to employees' home addresses.

The Company also encourages the involvement of employees to optimise Company and ENGIE Group performance through wider employee share ownership utilising the Group's Link Employee Share Purchase Plan.

The UK BU of ENGIE offers and actively promotes development opportunities at all levels. There are focussed programmes at a global and local level for the highest potential talent, which are aligned to the succession planning process. In the wider business, the ENGIE Group has developed accredited management development programmes that are open to all employees.

The Company also offers a variety of bespoke development programmes for areas of the business such as Business Development and Finance. Currently under development in the UK is an in-house, sophisticated digital learning team enabling a greater number of employees to be reached for training and development of technical, mandatory and soft skills. This is in addition to a Global Digital Learning Platform available to all Energy Supply staff, with a combination of mandatory and optional learning courses.

The UK BU contributes to ENGIE's global skills reporting process, which provides an understanding of current skill trends and gaps requiring attention. This enables the Company to establish a clear understanding of the short, medium and long-term focus areas.

Succession plans and pools for business-critical roles are regularly reviewed, developing internal and external development plans to ensure a sustainable pipeline of talent.

Regulators and Government

The Company operates in a highly regulated market, which is subject to a regular flow of government policy consultations, and regulatory developments. Depending on their nature, policy and regulatory changes may provide opportunities or pose risk to the company's operations.

The Directors place strong emphasis on compliance with regulations, including with the terms of its relevant licences, and understands the need to demonstrate good performance to, and foster good relationships with, Ofgem, the industry regulator, government, and industry code administrators.

The Company has a designated regulation Director who is responsible for a proactive engagement plan with these stakeholders to facilitate those relationships and understand the expectations that are critical to the business. This includes regular meetings with BEIS investor relations, direct involvement in key industry change proposals, responses to policy and regulatory consultations, and engagement with relevant trade associations. The Directors regularly attend senior level meetings with BEIS and Ofgem.

Suppliers

Engie's suppliers are fundamental to the running of the business from both an operational and regulatory perspective. The Company complies with the payment policies and performance regulations introduced by the government in April 2017 which involves submitting supplier payment data on a half-yearly basis.

Although this is the regulatory requirement, the results of the payment performance are monitored by the Directors and used to set objectives to encourage ongoing improvement.

The UK Directors maintain high standards of business conduct by ensuring that activities of the UK BU companies of ENGIE are in line with ENGIE's Ethics Charter, policies and codes of conduct. The overarching Ethics Charter includes a zero tolerance for all forms of corruption and is supplemented with a range of more specific policies and practical guidelines which deal with areas such as supplier relationships, conflicts of interest and gifts and hospitality. All Board members have received training in this respect.

Long term consequences of decisions made in year

The only significant decision made during the year was the sale of its UK residential gas and electricity energy supply business by the Company's subsidiary undertaking Engie Power Limited, to Octopus Energy Limited. The decision to exit the UK residential energy supply market is driven by the wider ENGIE Group's focus on activities closely aligned to the strategy of making zero carbon happen for businesses and local authorities.

With relation to the sale of the residential side of the business, appropriate due diligence was performed on Octopus Energy Limited to ensure a smooth transition for customers and the transfer process was carefully designed and communicated to ensure that it was straightforward for customers. For affected employees, redeployment opportunities were actively identified where possible, leaving a small number of roles being made redundant. These employees were given regular communication and offered appropriate redundancy packages by the Company. The regulator, Ofgem, was informed and involved with the sale throughout the process and all supplier payments were honoured.