

Appendix 05.01 – Stakeholder Engagement Strategy

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Our engagement aims

Our vision is to set the standards that all of our customer love and others aspire to. In order to deliver this, we have developed four customer outcome areas based on extensive engagement with our customers and other stakeholders:

- Delivering a resilient network to keep the energy flowing safely and reliably
- Providing a quality experience to all of our customers, stakeholders and communities
- Tackling climate change and improving the environment
- Trusted to act for our communities

As stated throughout our Business Plan; effective, well defined, ongoing engagement is a critical element in ensuring our future success. The principal aims of our Stakeholder Engagement Strategy are as follows:

- To support the delivery of our RIIO-2 Business Plan, including commitments, outputs, efficiency improvements, and competition and innovation strategies. The last section in this strategy document details how ongoing engagement plays a crucial role in delivering each of our output commitments.
- To assess how we are performing against our company vision statement – to set the standards that all of our customer love and others aspire to.
- To be a key element of how we generate trust in Cadent from our customers and stakeholders – see Our Trust Charter – Appendix 07.05.00.
- To establish and maintain a fully engaged workforce with clear and consistent focus and delivery plans.
- To be a key enabler in helping us to anticipate changing customer or societal needs or expectations and shape the future, in particular when we consider the current uncertainty that exists around future energy policy and joining up thinking across (and beyond) the industry.

Centrally defined, regionally delivered

Our engagement strategy is structured against the important principle of being centrally defined and regionally delivered. This concept is very important, as it ensures the strategic alignment of engagement focus and activities across the whole company, but gives local management teams clear accountability for their own engagement plans. This means plans can be tailored to the requirements of their regions and the communities and customers they serve.

We are transforming the organisation to establish a far more localised delivery model where accountability for delivery sits much closer to customers and the data that helps drive decision making. Creating a culture of local accountability for engagement is a critical success factor in delivering the transformation. We are doing this by creating local scorecards of performance against output commitments, budgetary performance and customer experience. It is essential that we establish a central view of success factors and a consistent approach to engagement to ensure that we maximise the benefits from our collective engagement effort.

The diagram below sets out how we deliver our stakeholder engagement strategy. The dark blue section represents our central Stakeholder Strategy team that sits within the Customer Strategy function. This team will own our ongoing stakeholder strategy, the tools and techniques that sit within it, the strategic relationship with national stakeholders and ultimately report progress against the strategy and its aims to the Board. This team will oversee the future role of our Customer Engagement Group (CEG), regional stakeholder groups and a

central budget for engagement activities, including that used for purchasing additional data, undertaking research projects, developing strategic relationships with engagement delivery partners and benchmarking with other organisations. In RIIO-1 we developed a similar central and local model for managing change with a centre of excellence directly delivering large scale change and supporting and guiding local teams to deliver smaller change. The learnings from this have been applied to this approach. This includes the development and maintenance of a suite of tools, techniques and case studies to support individuals across the organisation in successful engagement. We have learned a lot throughout RIIO-1 and the various partners that have worked with us have left a lasting legacy to enable us to deliver great outcomes through effective engagement ‘in house’ with far less reliance on external support. The diagram below explains how engagement is delivered at different levels across the organisation.



Below this team sits four network aligned Regional External Affairs Managers who work in our Communications and External Affairs team. They have a wide remit; this includes building a network of stakeholders within their network who are critical to support the organisation in achieving its aims. Examples include; local MPs, councillors, environmental groups, charities and customer groups. They work closely with Network Directors and the central Stakeholder Engagement Strategy team to ensure alignment of activities and provide two-way feedback through our Customer Insights Forum.

Our engagement toolkit is provided by the central team. This includes a segmentation identification tool, research methodologies, data capture tools, a repository of existing data and insights as well as lists of contacts that will be useful. This provides guidance to allow local teams to engage with their stakeholders and customers, but is not entirely prescriptive. This is critical as we do not want to stifle entrepreneurialism at a local level or make engagement more difficult than it needs to be. Local area managers are accountable for the delivery of the output commitments in their geographical area and for the delivery of the engagement work that underpins them. We will ensure that the value of engagement activities is measured through various means, including ensuring that all engagement has appropriately designed feedback and the central team are working with local teams to assess effectiveness and help to share and promote good practice sharing. Additionally, we will periodically assess the toolkit, working with our CEG, research and engagement partners and through benchmarking activities

This delivery model also encourages innovation and allows good practice identified in one area to be recognised and applied more widely. When we created the Customer Insights team and instigated a monthly Customer Insights Forum involving representatives from across the organisation (both delivery and engagement specialists) in mid-2018 we noted that the East network had far greater customer service scores than the North West network. By undertaking thorough analysis, we noted a difference in the way that customers were engaged with during and post planned work activities. In the East, customers received face-to-face contact during these stages, whereas in the North West, engagement was done through SMS alone. We discussed this in more detail with a sample of customers and subsequently rolled out a consistent engagement approach in all networks, leading to improved satisfaction scores from customers. Our ongoing transformation programme encourages local entrepreneurialism through training on a number of techniques and rewarding problem solving and innovative behaviour. This programme supports our approach to engagement.

In addition to local creativity and sharing of ideas, the central team are accountable for seeking ways to improve the way that we engage.

During RIIO-1, through the Stakeholder Engagement Incentive Scheme, we have demonstrated continual improvement as we have evolved and developed new ways of engagement. In 2019, the review panel noted a significant improvement in our strategic approach to engagement and in the innovative techniques being applied, such as how we have utilised artificial intelligence (AI) and machine learning to enhance the insights gained through our customer centre. Our relative performance is in the upper quartile of all energy companies reviewed over this period and we are aware of the areas that we must improve, such as ensuring that we stay up to date with new and innovative ways of engaging to deliver value. One way that we will do this is through our partnership approach, which helps us to stay up to date with new developments and ways of working that are being applied elsewhere. For example, in 2019 we used our first online pop-up community to engage with customers on our environmental improvement plans. By maintaining the right strategic partnerships, we are able to follow innovative approaches identified by others quickly and leverage the maximum benefit. Our approach to creating the right partnerships is described below.

Our continued use of a national CEG and regional Stakeholder Groups will also continue to help us to identify more innovative ways to deliver great results through engagement. For example, we are exploring with them how we can enhance our engagement with future customers, learning from lessons in the water sector that considers a wider range of future customer categories than we have to date. Our intention is to shift the membership of these groups over time to continually seek new ideas and experience to support us in driving the organisation forward.

We are developing a culture that embraces engagement

From our Board, right through to the front line of our organisation, the strategic importance of high quality engagement with our customers and stakeholders is fundamental to achieving our vision. Indeed, stakeholder engagement performance is one of the measures that underpins our Short Term Incentive Scheme – all employees receive a financial reward against this scheme each year, which is set by our Remuneration Committee. We increased the weighting applied to engagement in 2019/20 from previous years to add weight to this crucial area. Each month, our Board receives a report triggered through our Customer Insights Forum, relating to key engagement activities in the month and updates on actions related to the insights gathered.

At the start of RIIO-1 we described ourselves as ‘passionate amateurs’ when it came to stakeholder engagement; we could see the importance of ongoing engagement activities, but we were engaging in an unstructured manner, making it very difficult to measure the success of engagement or share good practice across the business. During RIIO-1 we set up a central Stakeholder management team, which established a stakeholder strategy and began to test different methods of engagement, but on a relatively small scale. In 2018, we appointed our Director of Customer Strategy putting engagement at the executive table as we realised the strategic importance of engagement in order to deliver our business plan and develop our RIIO-2 Business Plan. It is against this backdrop that the new strategy has been written, building on firm foundations and lessons learnt during RIIO-1. We believe that we are in a much stronger position to build off past performance and experience and deliver great outcomes for customers now and into the future.

Our Board fully recognises the importance of effective engagement, and seeks regular updates on how we are engaging, with outputs of engagement feeding into decision-making processes. For example, a new template was introduced for writing Board papers in 2018, seeking decisions based around a series of questions,

requiring the author to demonstrate how research, engagement and benchmarking have been factored into recommendations or approval options. This is critical to the long-term commercial success of the business, not only for the reasons described above, but for our long-term success to influence the behaviour of others. This is particularly prevalent in our role in influencing the future role for gas and transition to more sustainable sources of heat, changing mindsets of gas consumers and across the industry.

We are now a standalone gas distribution business, with new ownership and a brand-new identity. We are taking the opportunity to significantly transform into a truly customer-centric organisation, where engagement is paramount. We've made several significant steps towards this over the last 12 months:

- As noted we have established and appointed our Director of Customer Strategy, raising the profile of our Customer Engagement Strategy at the Executive level.
- Our business transformation programme to establish a geographically aligned operating model supports an engagement approach tailored to the individual needs of our networks.
- All employees are rewarded based on the organisation's customer service scores and stakeholder engagement contributions.
- Customer insight sits at the heart of our performance management governance process.

Insights from our engagement directly underpin the performance management across the organisation, and we've invested heavily in our data and technology platforms to improve the quality and quantity of insights being received and our ability to analyse, interpret and act on this intelligence.

Engagement that focuses on the needs of our four regions

Each of our networks is very different; geographically and demographically, and this leads to intrinsic differences in optimum operational and service requirements. The best way for us to learn about our customers and what they want and expect from their energy network, is for us to embed ourselves within the communities in which they live; to be both visible and available at a local level, to be known and trusted by them and the people who represent them.

We have reviewed the structure and focus of our previously centralised Stakeholder Advisory Panel, to ensure the highest quality engagements with our stakeholders to support the delivery of these tailored services. Our new regional stakeholder engagement groups reflect our renewed and refined focus on localised engagement to ensure that we are attuned to what our customers really want. We will build on existing local forums such as Local Energy Advice Partnerships (LEAPs), local resilience forums and infrastructure boards as much as possible. It is through the learning from these regional groups that we will drive and implement the bespoke, high quality services that our customers deserve. Examples of organisations in these groups include; local councils, environmental organisations, local MPs and local businesses.

Localisation is a key element of our Stakeholder Engagement Strategy. The topic and level of detail required help us determine which level to engage at. For example, when engaging on programmes of work, asset investment projects or community schemes, it is critical that this engagement is done locally, directly with those impacted by the topic being discussed. This is why each of the Network Engineers within each of our networks has direct accountability for defining and delivering engagement programmes within the areas that they operate. This is built into role descriptions and development plans to ensure a high level of local ownership is maintained.

Beyond this, our independent CEG provides expert challenge to our business decisions and going forward will hold us to account to the promises we make in the Business Plan. Formed in June 2018, the CEG brings together people from a variety of backgrounds (consumer, third sector, business, government, regulation) to provide independent examination and challenge to our business. This additional challenge and perspective has

influenced our approach to engagement across the organisation and is continuing to help to shape our RIIO-2 Business Plan proposals. Additionally, we have implemented initiatives across the business based on the CEG’s challenge, such as increasing the accessibility of our services through enhanced communication channels, significant improvements to our website and offering a multi-language service across many forms of customer interaction.

Inclusive, representative and accessible

Our stakeholder, customer and community base is diverse, and it is critical that we recognise this diversity when planning and undertaking effective engagement activities. We use the model below to prepare for and deliver all forms of engagement. Starting with the topic and aim(s) of engagement activities, we are able to determine the stakeholders who are most interested, impacted or have the greatest expertise to engage with. The diagram below is deliberately circular to represent our closed loop approach to engagement. Once we have undertaken engagement it is critical that we use the insights received and assess the impact of the engagement or subsequent activity. This may lead to more engagement or a change of approach for us to apply elsewhere.



Some groups are much easier to engage with than others, but through careful planning prior to engaging on subject matter, we are able to identify relevant audiences and segments of our customers and stakeholders. This often requires taking additional steps to engage with typically hard-to-reach groups of customers such as those in vulnerable situations, those who speak English as a second language, young, future and business customers. We ensure we engage in a manner that is inclusive, representative and accessible by considering a number of factors. These are described below:

Consideration 1: Methods

It's imperative that we focus on those engagement methods that deliver the most value for our stakeholders and enable us to make informed decisions. To do this, we've reviewed and benchmarked our engagement methods, prioritising those that were the most effective and delivered the most valuable insights and meaningful data. We have combined these methods below with our enhanced engagement activities (used during the RIIO-2 Business Plan development process) to ensure we maximise every interaction with our stakeholders, feeding the data and insights back into our business and decision-making processes.

- Customer panels
- Stakeholder panels
- Social media engagement
- Stakeholder workshops
- Surveys and research
- Consultations
- Proactive calls
- Reactive calls
- Publications
- Roadshows and leaflets
- Public exhibitions
- Newsletters
- Ad campaigns

Our variety of engagement methods provides us with both a breadth and depth of information, which enables us to build a matrix of intelligence about our customers' interests, wants and needs. It also supports our commitment to engage our hard-to-reach stakeholders; we are adapting and being flexible, offering choice on methods of communication, rather than expecting stakeholders to go out of their way to reach us.

Our engagement prioritisation tool helps us identify the best engagement method from the above options. The tool uses a scoring methodology which compares the cost of each engagement option versus predicted engagement value. The score is based on:

- The number of participants and their level of knowledge;
- The quality of the feedback that can be extracted;
- Their potential to inform the business.

By consistently comparing the engagement value of each option, we can make cost-effective and consistent decisions on our methods and continually monitor their efficacy.

Consideration 2: Partnerships

Co-development of programmes and external partnerships form the cornerstone of our strategy, as we know we can't, and shouldn't, deliver this alone. We can't be experts in every field, therefore we will source the right expertise when required. Partnerships are effective where the partner has greater reach, is better placed (e.g. has an existing trusted relationship with those being engaged with) and where they can deliver the same or better result at a lower cost. We individually assess how we form partnerships by considering these factors, along with others such as expertise levels and the time available to source the results from engagement.

We operate partnerships in four different and complementary ways:

Engagement delivery partners – we apply a thorough and robust process to procure and establish partnerships with research and engagement specialist organisations with years of experience in engaging on all manner of subjects with hugely diverse populations. Our current suite of partners in this area include:

- Brandwalk
- Complete Strategy
- EQ
- NERA
- Savanta
- Sia Partners
- Traverse

Operational delivery partners

A number of our core services are delivered by strategic partners. For example, we partner with Affordable Warmth Solutions (AWS) to identify customers living in fuel poverty and connect them to our network, supporting them with efficiency and energy advice. AWS operates this service across the UK and has far greater reach with stakeholders, also operating to support customers living in fuel poverty. We undertake much of our engagement activity in this area through AWS. When considering the factors listed above this is an example of AWS having greater reach, the ability to engage more efficiently than we can and more expertise to plan and deliver engagement.

Charities and professionals working with customers in vulnerable situations

Whilst we have formal partnership arrangements in place with some charities, such as the Alzheimer's Society, we engage with a far wider range of charities and professional bodies to bring insight into our organisation and deliver information and messages out to numerous hard-to-reach groups. Our engagement experience has told us that these charities and professional bodies are relied on heavily by groups that they serve, and their reach is far greater than ours.

Relevant external organisations

We work closely with the Fire and Rescue Services, engaging on the dangers of carbon monoxide poisoning. We have formal partnerships in place with 21 regional fire services and aim to extend this to all in our network regions by the end of 2019/20. By choosing the right organisations, which have significant reach, customer trust and operational relevance, we have reached far greater numbers of customers than we could have done alone.

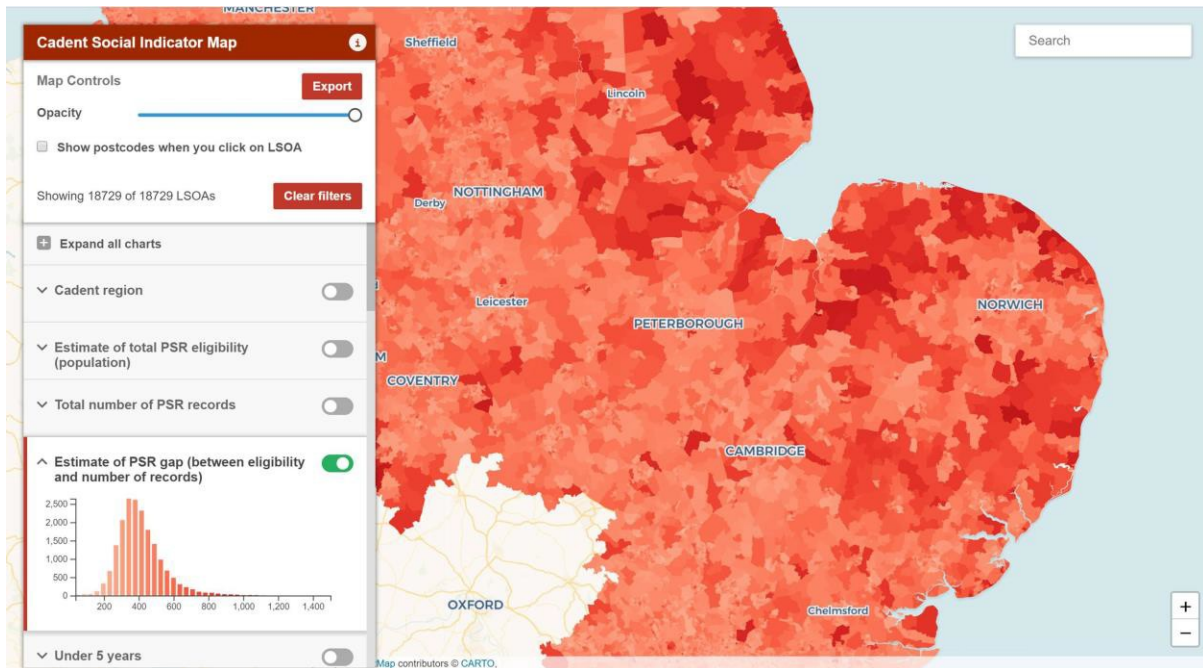
Consideration 3: Knowing Our Customers: Data and targeting

We recognise through our vision statement that the needs of our customers differ and therefore we need to understand these needs in order to tailor how we engage with customers. There are a number of limitations to allow us to do this, not least the fact that we do not own the data relating to our customers. We continue to work with Xoserve to explore how we can access greater levels of data, without compromising GDPR and working on a portal that allows us to communicate with customers without physical sight to personal details.

We have invested heavily in data and analytics in RIIO-1, including purchasing certain publicly available data and a robust data management system (set on Amazon's Web Services platform) which we will continue to develop to provide us with more granular information about our customer segments and preferences. An area

that we have already noted success in, is how we map vulnerability. We have spearheaded industry collaboration and embedded our understanding of vulnerability in all our business processes to allow us to target how we engage with different segments of our customer and stakeholder base, recognising their specific needs.

Through analysis of our own and other data sources, our data mapping tool helps us to visualise data across our footprint on vulnerability, fuel poverty, and carbon monoxide. The picture below shows how the tool combines various data points to identify likely areas of vulnerability.



This allows us to quickly understand and focus our attention on where customers in vulnerable situations are located, and helps us to develop tailored approaches across all of the communities we serve. Working closely with our Customer Engagement and Stakeholder Advisory Groups and stakeholders across our networks, we have co-developed processes to ensure we are responsive to customers' needs.

Our Safeguarding Team has spearheaded industry collaboration on data sharing between gas distribution networks and electricity distribution network operators, and is now working to bring the water companies into the data sharing. We have 63 different support offerings for customers in vulnerable situations, ensuring that responses are tailored and specific to the needs and requirements of each individual and their circumstances.

Everyone, from front line staff to our office-based employees, has a part to play in assisting our customers, and all staff receive regular updates and training on our key messages and principles.

Consideration 4: Multiple channels of communication

Our Customer Strategy, which is described in Chapter 7.3 of our Business Plan, is based on six pillars; one being the establishment of multi-channel communications with all customers. This is critical in us engaging widely with customers, making it easy to engage with us via customers' preferred methods. In 2018/19, we invested in technology to enable two-way SMS engagement with customers and significantly enhanced our website, making it far easier to navigate, interact with and be read in over 100 languages. Our engagement strategy seeks to continually challenge the channels through which we engage to ensure that we are accessible to all. We have developed a separate output case entitled 'measuring and enhancing accessibility and inclusivity

(Business Plan Appendix 07.03.05) in which we will work with an independent expert to establish an index which measures the transparency, accessibility and inclusivity of our communications.

Consideration 5: Segmentation

We keep our approach to segmentation under continuous review. We want to hear from a diverse and representative sample of the 11 million homes and businesses who pay for or are impacted by our decisions. We can then tailor our approach to engagement to the needs and circumstances of all of our stakeholder groups. For example, during the RIIO-2 Business Plan development process, in order to develop the sampling framework for domestic customers, we applied characteristics such as age, gender, ethnicity across the population of each of our networks.

We have grouped our stakeholders into 13 categories and 33 sub-categories. We also serve 135,723 non-domestic customers, made up of industrial and commercial customers. Due to the lack of publicly available detail at regional level, we used nationwide data to segment business customers by size (large, small and medium sizes and micro) and type (industrial and commercial). We also consider gas usage levels, which closely related to organisation size offers a slightly different perspective.

Our engagement toolkit (described above) supports individuals and teams through a comprehensive engagement planning process helping to identify who we should engage with, for what purpose, in which manner and on which topic.

When determining the segments to engage with on each engagement topic, we used the following four criteria:

<p>The topic that we are engaging on / aims of engagement</p>	<p>What existing research already exists that we could use? i.e. we will not seek to engage with certain groups if we this will not provide new / improved insight</p> <p>Who are the main users or interfacing organisations with a service?</p> <p>How wide reaching is the topic area?</p>
<p>Levels of expertise, impact and interest in the subject matter</p>	<p>Who is / will be impacted by the topic of the engagement</p> <p>Which time horizon are we engaging on? i.e. are future customers equally important?</p>
<p>Regionality</p>	<p>Is regionality a factor?</p> <p>What level of localisation is required?</p> <p>How can we use our existing regional engagement routes to facilitate RIIO-2 plan engagement?</p>
<p>Influence</p>	<p>How much influence do individuals / groups have on the outcome being engaged on?</p>

Once we have determined who we need to engage with, we assess how we will deliver engagement. Our engagement toolkit encourages individuals to consider whether the delivery is best completed nationally, regionally or locally. It helps those planning their engagement to consider the best channels to reach by asking certain questions in templates that lead to suggestions. The toolkit also considers potential barriers to

engagement and how might these be overcome and helps individuals to determine if engagement is best delivered in partnership or alone. We have identified good practice in the Accountability Stakeholder Engagement AA1000 Standard, which we have built into our toolkit and we are considering applying for accreditation under this standard during RIIO-2 to help us to future proof our toolkit.

Responsive to stakeholder needs, now and into the future

Our Engagement Strategy works across three distinct time horizons: drawing insight to act on today, establishing plans for RIIO-2, and looking further into the future. We define these three time horizons as follows:

Horizon 1: Prioritising actions for today's customers and stakeholders

The Customer Insights Forum feeds directly into our overarching governance framework. Each month, our Chief Operating Officer chairs the **Customer Operations Performance Committee ('COPC')**, which is fed by inputs from the **Customer Insights Forum** and links from and to network performance meetings. At any one time, there are a number (typically between 5-10) of national customer improvement initiatives (identified and prioritised through the Customer Insights Forum) that are measured and tracked at the COPC meetings. Additionally, there are typically a further 5-10 network-specific initiatives that are performance managed through network performance meetings. This model creates a clear line of sight between insights and actions, and progress is reported to the Board on a monthly basis.

Horizon 2: Planning for the future

The feedback and insights received through our RIIO-2 enhanced engagement plan have fundamentally shaped our RIIO-2 Business Plan. We took the insights from business as usual operations and combined these with customer and stakeholder research based on very open questions to establish their key needs, requirements and expectations. Later phases focused on the priorities and themes identified by this broad approach, which allowed us to establish the draft customer commitments in our plan that we issued to Ofgem's Customer Challenge Group in July 2019. During July 2019, we tested the options in this plan with customers, stakeholders, experts and against relevant benchmarks and in Autumn, the final proposal of our plan was assessed for its acceptability through a sixth and final phase of engagement. By following a structured process and applying the toolkit described below, we demonstrate a clear 'golden thread' from insight right through to the designed outputs in our plan.

Horizon 3: Engaging on plans for the future

As well as responding to changing needs in RIIO2, our engagement needs to look further afield than the next price control period, especially in areas such as the future role of gas and our role in supporting the UK's challenge to transition from a predominantly fossil fuel-delivered energy model to a more sustainable one by 2050.

This engagement is often more strategic and delivered through a higher level of authority in the organisation, including at Board level. Clear accountability has been established for this type of engagement within the organisation and this links back with the Customer Insights Forum to ensure a level of consistency between our short, medium and long-term directions. We have recognised the strategic importance of engagement against a longer time horizon, which often expands beyond today's customers and generally involves consulting on matters at a societal level rather than at a regional or customer level.

There is no single way by which we **horizon scan** to seek to explore future needs of our customers and stakeholders, we do this in a variety of ways. We play an active role in engaging with all major political parties and policy makers through two-way dialogue on matters such as energy policy, climate change, education and employment. It is critical that we are not just engaging to understand plans, but that we are influencing plans using our experience, expertise and insights from our large customer base.

This is true at a more local level too, with strong ties formed with local mayors and MPs to understand challenges, opportunities and future requirements at a city or district level. We also engage on specific topics with experts to identify future needs. For example, we engage with environmental expert groups such as Green Alliance, employment experts such as Hay Group and third sector organisations such as Sustainability First and Citizen's Advice to understand potential societal requirement changes. Bringing these feedback loops together is one of the main reasons why we have developed our centralised control over ongoing engagement as described above. The risk otherwise would be that decisions are made and actions taken with only part of the data driving this, rather than a centralised approach to triangulation and strategic decision making.

We also engage directly with customers, including tomorrow's customers. This was particularly important during the RIIO-2 business planning process where we noted a strong divergence between existing gas consumers and future (younger or off grid) customers. Younger (future) customers typically prioritised matters related to sustainability far higher than existing customers and as such, in planning for the longer term we reflected this additional requirement in our RIIO-2 Business Plan.

The area of biomethane connections often requires engaging with others on the longer-term horizon. In March 2019, we initiated an ongoing set of Engagement Days, involving customers, suppliers, expert consultancies and other stakeholders. These focus on roles and responsibilities across the industry, opportunities for collaboration and provide a platform for suppliers to demonstrate innovative thinking and optionality to improve future service levels. These are run in addition to us chairing a cross GDN working group related to biomethane delivery, which seeks to join up many parts of the overall industry, encouraging whole system thinking.

The importance of continued engagement around whole system solutions

It is of significant importance that stakeholder engagement is undertaken to enable joined up discussions and ultimately decisions to be made in a number of critical social, political and macro-economic areas, where whole system thinking is crucial. We have established a Future Heat and Transport Steering Group which is chaired by our Chief Safety and Strategy Officer. This comprises experts across the organisation to oversee how we are engaging and delivering against our plans. This feeds into the Safety and Sustainability Steering Group (subcommittee of the Board). Examples of ongoing engagement include the continued development of future energy scenarios, the future role of gas, creating greater opportunities for new, green-gas entrants to connect to the network and providing information to facilitate the market in decentralised gas operation. These aspects and others are covered in Chapter 6 of our Business Plan. More detail describing how we will engage, with whom and the aims of these engagements is provided in the final section of this strategy document for each of the output commitments that we are making in RIIO-2.

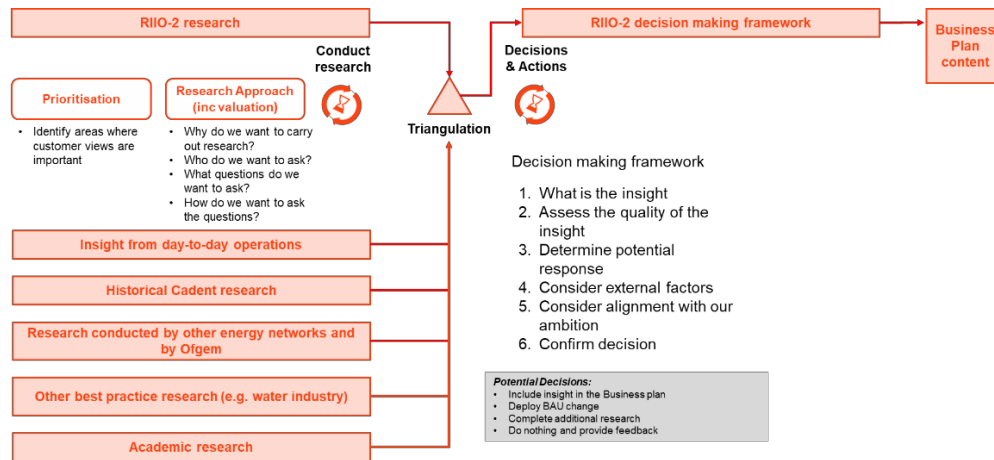
Whole system solutions engagement is not just important to support the development of future joined up plans, but also in order to build an understanding of how whole systems changes, will impact upon customers, the challenges customers will face as a result and any benefits they might receive. This is of particular importance to fuel poor customers and customers in vulnerable situations who are most likely to be negatively impacted by fuel price rises or disruption resultant from changes to how their homes are heated. The results of this engagement will be of significant importance to Government Policy makers, Ofgem and energy companies.

In recognising the importance of engaging against this third time horizon, the complexity that this involves and the need for all network companies to work together to find future, whole system solutions we have proposed an evolution from the Stakeholder Engagement Incentive Submission (SEIS) output that was introduced for RIIO-1. Whereas the output (incentive) was based on all engagement activities and the benefits generated from engagement efforts, we are proposing that much of this has now been established as business as usual within network companies. The current framework is most geared towards encouraging engagement activities and therefore, we are proposing an incentive-based output that recognises engagement which focuses on whole energy solutions and the transition of energy to more sustainable sources. This output case is described in detail in Appendix 07.03.02 - Enhanced Engagement on Whole Systems.

Synthesising data and triangulation

All insight gathered from our engagement is ultimately brought together into a single forum to be understood, prioritised and converted to action. This forum is called our **Customer Insights Forum**.

The Forum brings together insights from business as usual (BAU), the RIIO-2 enhanced engagement programme and our External Affairs team. Each part of the organisation which generates customer or stakeholder insights is represented at the meeting and its purpose is to triangulate the various data points and prioritise an action plan to improve customer experiences now and/or build improvements into our RIIO-2 Business Plan. Over 20 demonstrable improvement actions were implemented in 2018/19, including accessibility improvements to our website and SMS channels, significant improvements across our new gas connections processes, and developments to the experience of customers experiencing gas interruptions. The diagram below shows how this process works.



Underpinned by ambitious performance targets

Engagement can be and often is timely, expensive and requires comprehensive planning. It is critical that we are confident in the **value delivered by our engagement**. As such, we have defined ambitious performance targets that we hold ourselves to account for in three ways:

- **Personal objectives linked to performance and pay** – In 2019, we introduced a much clearer methodology against which we set annual personal and team objectives, which links back to our four values and delivering against our commitments to customers. In particular, all employees have objectives against customer experience, data management and delivering transformation.
- **Business-wide performance objective linked to all employees' bonuses** – In 2018, we agreed a new staff pay deal and terms and conditions for new starters. This means that all employees now have 35% of their annual bonus directly associated with stakeholder engagement and the delivery of customer outcomes. Previously, only managers were financially incentivised in this manner, and the relative weighting of stakeholder and customer outcomes was only 10%.
- **Through the COPC, linked to customer outcome performance** – Our Customer Insights Forum directly feeds our most senior performance committee, which is chaired by our Chief Operating Officer. The Customer Operations Performance Committee takes customer and stakeholder insights from the Customer Insights Forum and turns them into action. At present, there are four customer improvement measures that are tracked by this forum, directly relating to customer insights, which feed in to Board updates each month. The targets underpinned by these improvement measures will lift us to the upper quartile of customer service performance.
- **Our business plan includes a bespoke reputational ODI** – We will demonstrate continual improvement in our stakeholder engagement approach and delivery of the commitments included in this strategy through an annual report which will be informed by feedback from our Customer Engagement Group, Regional Stakeholder Groups and customer forum.

Engagement that is transparent and measurable, now and into the future

Engagement has to be a continuous two-way dialogue. This principle is paramount to our Engagement Strategy. Through the application of our engagement toolkit, before embarking on any engagement activity, we establish who we are engaging with, for what purpose, how we will engage and what outcome(s) we are aiming to effect. We apply the following principles when engaging:

- Be clear with the audience why we are engaging and what we are aiming to achieve, and seek the same understanding back.

- Plan for and allow sufficient time for effective conversations.
- Set clear goals to achieve through the engagement and assess these at the end of it.
- Capture the output(s) of engagements in a consistent manner (as described above).
- Act on insights and feedback.
- Be clear on the actions taken and feed back to customers and stakeholders.

There are many ways that we close the loop following engagements with customers and stakeholders. The list below contains some of the most common methods, but the regional ownership of engagement plans allows for a degree of flexibility to be applied:

- Website updates and feeds
- Direct response written, verbal, face-to-face
- Social media
- Stakeholder Engagement Incentive Submission (SEIS)
- Annual Report and Accounts
- Safety and Sustainability Report
- Ongoing formal engagement forums with minutes and actions (e.g. Regional Stakeholder Panels)
- Regular or ad hoc meetings
- Customer Forum meetings

Whichever method(s) is / are used, it is essential that the engagement activities we undertake are assessed as to whether they have achieved the purpose they were designed for, what impact they have had on business and customer outcomes, what lessons can be learned and what stakeholders would like to know as a result of findings.

Adding value to customers, stakeholders and communities

The strategic value of high quality engagement is undeniable. However, an important part of our Engagement Strategy is that we are able to measure the benefits of specific engagement activities, which allows us to prioritise the actions that we take and be confident that they are adding value. This is really important when feeding back to customers and stakeholders. We use a variety of measures, but the most prevalent is our **social return on investment ('SROI')** measure.

The SROI tool takes input values such as the cost of delivering the project, the potential societal benefits to all customers that the work or product impacts, and the lifespan of the work programme or product, then quantifies an output value.

This ensures a moderate assessment of societal benefit and avoids any over-inflation of results. The reality, however, is that societal benefits will exceed the output value.

What we learn from the tool is both retrospective and forward-looking. This means not only are we able to use it to verify that deliverable benefits for ongoing programmes of work remain at the levels we expect, but we capture the impact of future societal benefits. Through this, we continually strive to raise the bar, delivering more for our customers.

It is not always possible or relevant to use the SROI model to measure the benefits of engagement activities. For example, there is a clear benefit from each single piece of insight received through a conversation with a customer or stakeholder, but it is almost impossible to value this. Additionally, some engagement investment can be made based on more traditional cost benefit analysis models, especially where significant upfront investment is required, such as the implementation of new technology to support improved outcomes. Along with our own value testing tools, each time we partner with an external organisation we draw on the assessment models that they use. This adds further checks and balances to our spending, and another tier of independent appraisal.

Built on experience and good practice methods

Our Engagement Strategy has been developed over the last few years, and the annual Stakeholder Engagement Incentive Submission process has stimulated ongoing improvement. It has provided an objective assessment of both the strengths and weaknesses of our existing strategy and that of others, allowing us to leverage best practice from the gas sector into our future strategy developments. We believe that the discipline of capturing our engagement activities and the benefits associated with them each year is good practice, and part of our ongoing engagement strategy is to maintain this discipline, even if it is not associated with a financial incentive in RIIO-2.

After each significant engagement event, we mandate the completion of a lessons learnt exercise, where we capture the aspects of the engagement that worked really well (and should be repeated) and not so well (and should be improved). These lessons then feed in to future engagement activities. We also build on best practice elsewhere through:

- Partnerships – see section above;
- Working with expert research and engagement organisations – e.g. Sia Partners, which co-created our SROI and six-stage engagement model shown above;
- Assurance process – working with various external organisations to provide independent assurance over our engagement process and outcomes. Organisations we have used include Savanta and Complete Strategy;
- PR19 – we have taken the opportunity to review the approach taken by water companies during the ongoing water industry price control review (PR19). We sought to identify best practice adopted by these organisations;
- Site visits with other organisations (including Severn Trent Water and Amazon);
- Sponsorship of key projects such as Sustainability First's Fair for the Future project.

A Business Plan underpinned by ongoing engagement

In the Enhanced Engagement Chapter of our RIIO-2 Business Plan, we set out ten firm commitments to ongoing engagement within the organisation. These build on the principles described in this Engagement Strategy and the strategic importance placed on high quality engagement across the organisation.

The **ten commitments** to ongoing engagement are described in detail in the Business Plan, but can be summarised as follows:

Commitment 1: BAU insights – We will continue to undertake this work, which is centrally coordinated through our Customer Insights Team. We have also invested in artificial intelligence and machine learning, as well as the establishment of our own customer data lake sitting in the Amazon Web Services cloud solution. These will allow us to analyse far more data to a far more granular level, and ultimately provide even more proactive and tailored services to the differing needs of our diverse customer base. Over £2m of investment will be made in RIIO-1 to ensure that we have the necessary team structure and IT platforms to leverage throughout RIIO-2.

Commitment 2: Establishment of customer forums – We held deliberative workshops in our first phase of engagement. It quickly became apparent that customers wanted to continue to talk to us, and we established face-to-face regional customer forums in evenings and on weekends. Following this success, we are committed to keeping these forums in place. As our customers become more informed about who we are and what we do, we can move into more complex discussions and they will help us to shape our business and challenge us along the way. Our intention is to continue engaging on at least a quarterly basis in all regions to check how we are doing with our commitments, and capture evolving areas of interest or challenge throughout the RIIO period. We will refresh our community every year to ensure we keep a broad customer base across our networks.

Commitment 3: Turning insight into action: evolution of the Customer Insights Forum – We are committed to using the insights from ongoing engagement activities to continually improve the service levels we offer our customers. The Customer Insights Forum feeds directly into our operational and customer performance governance framework and ultimately reports to our Board.

Commitment 4: Regional stakeholder groups – We have repurposed our national Stakeholder Advisory Panel to create four network-aligned stakeholder groups. We trialled this through stakeholder engagement events in November which were very successful, and these will operate alongside and complement the national Customer Engagement Group. Where possible, we are leveraging existing groups, such as our ongoing engagement with Local Area Energy Plans.

Commitment 5: Cadent's Customer Engagement Group ('CEG') – We will continue to operate with an externally appointed and independent Customer Engagement Group with rotating membership to ensure continued fresh challenge and insight. As part of our commitment to ongoing engagement, we have proposed a reputational Outputs Delivery Incentive in which we will publish an annual assessment against our stakeholder engagement strategy and the commitments within it, which will be informed by our CEG, our customer forum, regional stakeholder groups and expert stakeholders such as Green Alliance and Citizen's Advice. This is described in the 'Trusted to act for our communities' section in Chapter 7.5 – Our Commitments. This will also provide an opportunity to benchmark our performance.

Commitment 6: Online forum – We are currently tendering for a provider of an online customer forum service that will work alongside our customer forums. We are using a series of pop-up events as part of our RIIO-2 engagement plan, which we will learn from and feed in to this process.

Commitment 7: Stakeholder Engagement Incentive Submission evolution – We are shifting from a holistic assessment of our Engagement Strategy and the benefits associated with it, to a more focused assessment of the effectiveness of our ongoing engagement in whole system thinking, especially that associated with future energy transition and the future role of gas.

Commitment 8: Brand awareness – Through the extensive enhanced engagement programme we have completed to support the development of our RIIO-2 customer commitments, we identified the importance that customers and stakeholders place on 'trust', especially when considering what it would take for them to love the standards that we set. Their feedback has been that, to trust an organisation, they need to know it and understand it – at the moment, most of our customers do not have this knowledge of Cadent. To achieve our vision, enhancing our brand awareness is critical. We are committing to doing this, linking in with other strategic objectives such as improving customer and community safety through ongoing safety campaigns.

Commitment 9: Filling our expertise gap – As we develop our internal engagement capabilities, we have worked with a number of consultancies to support our overall delivery. We are investing in training our own staff during RIIO-1 so that this becomes a skill set we have to continually deliver value through ongoing engagement.

Commitment 10: Stakeholder engagement throughout our plan and output commitments – in our Stakeholder Engagement Strategy, we show how engagement is critical to the delivery of all our output commitments with engagement strategies for each output commitment. Our strategy aligns with our Innovation,

MOBs and Customer Vulnerability Strategies, which all focus on how robust and structured engagement underpin successful delivery.

The cost of ongoing engagement

There is a cost associated with our ongoing engagement commitments. We estimate that the annual direct cost of delivering against our ten engagement commitments will be c.£2m. This number is included in our baseline costs and does not include any cost of additional time that other employees (not part of the central Engagement Team) spend delivering engagement activities as a proportion of their day job (such as our front line field force or customer centre call agents). It is important to note that these costs, as the direct costs are not incremental costs in the RIIO-2 business plan – **they are existing business costs** that will roll into RIIO-2, but through the introduction of this strategy we will ensure that we are measuring the value that engagement delivers.

We are investing heavily in RIIO-1, which helps us to keep the ongoing costs lower than otherwise would be the case. For example we have already invested and will continue to invest to improve our access to data, our analytical skills to use it, on technology and to upskill our people. We started to invest in technology and data-related solutions in 2018, and anticipate a total spend of c. £2.5m in this area by 2021.

Aligning engagement with our Innovation and Customer Vulnerability Strategies

There are clear links between this strategy and our Innovation, Customer Vulnerability and MOBs Strategies. Our Innovation Strategy has been developed around six core themes, one being the importance of ongoing and targeted engagement to identify, test, develop and implement new innovative solutions across our business; partnerships form an important element of this.

Likewise, our Customer Vulnerability Strategy, which is described in Chapter 7.3, cannot be delivered without comprehensive stakeholder engagement. A large proportion of our Customer Vulnerability Strategy focuses on raising awareness of the services available to customers and how we can support their specific needs. Our approaches to accessibility, multi-channel communications and, once again, partnerships (as defined in this strategy) are critical enablers for our Customer Vulnerability Strategy. We explain in our Customer Vulnerability Strategy how our Board are fully engaged in its delimitation and delivery. To support this, members of the Board have committed to direct engagement with customers with additional needs during the RIIO-2 period.

Our MOBs Strategy is built on developing building-by-building plans, that will detail key stakeholders and engagement strategies. These will be delivered alongside a set of locally owned engagement strategies and MOBs engagement groups, which are in the process of being set up.

An engagement plan to support our customer commitments

Stakeholder engagement is essential to the delivery of all the output commitments that we have made in our Business Plan. Our Customer Engagement Group challenged us to articulate in more detail our engagement activity to support the delivery of our commitments as cost effectively and efficiently as possible. Below we have summarised parts of our ongoing engagement plan in relation to the delivery of these output commitments, to demonstrate the inherent importance of engagement to our future success. The examples provided below are not intended to be exhaustive, but rather indicative, and often picking out some of the larger scale engagement plans.

Ongoing engagement strategies in support of our ‘Safety and resilience’ commitment

Output commitment	Planned engagement activity
Delivering metallic mains replacement	<p>Aim: To support the delivery of our asset investment work - minimising disruption from our work and gaining the support and cooperation from parties who have influence over the timing and efficiency of our work.</p> <p>What we’ll engage on: The purpose of these is generally to engage on upcoming schemes of work, timescales and working arrangements. They have been successful in some of the London Boroughs to date and in areas of the West Midlands such as Stratford Upon Avon. These networks will continue to grow as we approach the start of RII02 and become more influential in shaping work delivery plans.</p> <p>Approach: Through transforming to a more regional model of operational delivery, we have established Regional Engagement Mangers, who have all begun to establish working groups, forums and network of key regional stakeholders.</p> <p>Who we’ll engage with</p> <ul style="list-style-type: none"> • Regional Stakeholder Engagement Forums • Regional Stakeholder Meetings • Infrastructure Boards • LEPS • Round tables with GLs • Engagement with other utility and network providers <p>When we’ll engage: Depending on the nature of the planned work, we will engage in a proactive manner to ensure sufficient time to act on the results of engagement or realise benefits.</p>
Network asset risk measures	
London MP	

<p>Making the commercial frameworks work for customers</p>	<p>Aim: The commercial framework for gas transportation, including the UNC, charging arrangements and bilateral contracts, is complex and hard for business, industrial customers and stakeholders to understand and navigate. In some cases, customers do not have a direct route to change the framework as they are not parties to the UNC. This is a marked difference in electricity where connected customers are parties to the Connection and Use of System Code. We seek to simplify this and support our customers in doing so.</p> <p>What we'll engage on: As independent custodians of the commercial framework (we are independent from gas supply and production), we are able to play a central role in identifying and developing changes to address issues and challenges facing our customers and stakeholders. We therefore commit to focus on three classes of customer that are relatively new, and for which the framework is most likely to cause friction:</p> <ul style="list-style-type: none"> • Distributed entry gas. • Gas powered electricity producers. • Compressed Natural Gas Filling station operators. <p>In addition, our regional stakeholders have highlighted the barrier energy infrastructure can represent to delivering economic growth. We will therefore include regional and local authorities as the fourth focus area for framework enhancements.</p> <p>Approach: For each of these four areas we will establish a customer/stakeholder forum, which will meet regularly to:</p> <ul style="list-style-type: none"> • Allow customer/stakeholders to raise issues. • Allow us to test issues we have identified. • Identify and action knowledge sharing. • Establish and maintain an activity schedule of framework changes. <p>Who we'll engage with:</p> <ul style="list-style-type: none"> • Customer groups (listed above) • Policy makers • Local authorities • Other stakeholders involved in decision making
<p>Entry capacity enablement</p>	<p>Aim: From our day to day interactions with project developers, we know that the availability of network entry capacity is a major issue. This was reinforced by the results of our joint stakeholder engagement exercise with the other gas distribution networks.</p> <p>What we'll engage on: In considering how we respond to this challenge, we recognise that both the investments and charging arrangements must be addressed in parallel. Simply proposing capital expenditure projects (such as strategically located in-grid compressors) would not resolve the issue, as the current pricing rules would result in the triggering party still picking up the cost. The barrier to entry gas would only be effectively removed if the new investments</p>

	<p>are supported by an element of cost socialisation. Our aim is to improve this through a network investment and pricing consultation process.</p> <p>Approach: Our commitment is to support both network investment and a pricing consultation to unlock the full potential for new sources of gas connecting to our network. We will initiate a review of the pricing and related commercial arrangements governing the connection of gas entry facilities to our network. When the new arrangements are approved, we have the opportunity to intervene at a much earlier stage to design a commercial regime that is scalable and sustainable as levels of entry gas grow. This will require considerable ongoing engagement effort.</p> <p>Who we'll engage with:</p> <ul style="list-style-type: none"> • Policy makers, including BEIS • OFGEM • Biomethane and other future entry connections customers • Other industry players
<p>Optimising capacity between distribution and transmission</p>	<p>Aim: To support the new proposed amend to the existing NTS exit capacity incentive.</p> <p>What we'll engage on: Ofgem has proposed to amend the existing NTS Exit Capacity incentive as at RIIO-1 by:</p> <ul style="list-style-type: none"> • Replacing advance capacity price estimates with final offtake capacity prices when calculating rewards and penalties; and • Introducing a mechanism that enables a within-period adjustment of offtake capacity baselines, to ensure ongoing alignment between baselines and peak demand forecasts. <p>Approach: We support Ofgem's proposal to continue applying a financial ODI in the form of the NTS exit capacity incentive. The output delivery incentive will continue to encourage GDNs to book in an efficient manner. We will await the conclusion of NTS's current transportation charging and access review but whatever the output, in order to continue to provide customers with maximum value from this incentive, close and ongoing engagement is required with National Grid and other parties.</p> <p>Who we'll engage with:</p> <ul style="list-style-type: none"> • National Grid and other parties • OFGEM
<p>Actively facilitating demand side response efficiencies</p>	<p>Aim: To play a leading role in facilitating demand side response efficiencies.</p> <p>What we'll engage on: Given the potential for new demand and supply resources looking to connect to the gas distribution network with the need for additional storage or network reinforcement, it is crucial that we consider options where customers could support us in managing the network and minimising costs.</p>

	<p>Approach: We commit to develop a new demand side interruptions tender to seek to understand the capacity of our customers to adjust their demand at times of the year that would enable supply and demand to be balanced with lower overall cost, or to enable a greater capacity of renewable resources to be utilised on the network.</p> <p>We will undertake customer surveys over the course of 2019/2020 and we are committing to redesign the interruption tendering approach to enable any additional actions that would be beneficial to managing supply and demand efficiently for end consumers.</p>
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Ongoing Engagement Plans in support of our ‘quality experience’ outcome area

Output commitment	Planned engagement activity
<p>Setting standards that all of our customers and stakeholders love:</p> <ul style="list-style-type: none"> Establishing and raising the bar for all of our customer and stakeholder experiences Delivering guaranteed minimum standards Customer satisfaction Quick quotes – improving our connections service 	<p>Aim: Deliver ever improving standards of service to customers across all of our services.</p> <p>What we’ll engage on: We’ll engage to define appropriate benchmarks and methodologies to measure our service standards.</p> <p>Approach: These commitments have largely been developed based on detailed engagement with each of our customer segments. We have started to measure customer satisfaction in numerous ways beyond the regulatory customer satisfaction measure. This allows us to hear from different types of customers, receiving different services and requiring different ways of working. For us to set the standards that all of our customers love, we will continue to engage with customers, seeking continual feedback via surveys using multiple methods (phone, paper, website, SMS) and we will work with other organisations to identify benchmarks and ways to measure our performance such that we can demonstrate year on year improvements.</p> <p>Who we’ll engage with: All of our customer segments and stakeholders at regularly defined intervals.</p>
<p>Creating an accessible and inclusive network business</p> <ul style="list-style-type: none"> Time bound appointments Measuring and enhancing inclusivity and accessibility Rapid responses to enquires and complaints 	<p>Aim: To create a more inclusive and accessible environment for our customers to engage with us.</p> <p>What we’ll engage on: How to make our services more inclusive and accessible and ways to improve the responsiveness of our services.</p> <p>Approach: These commitments have been identified through ongoing engagement with a wide range of our customers and represent areas that are important to them and where they believe we could improve. We will continue to engage with customers across multiple segments and specialist organisations to identify specific needs that we need to cater for. We will engage with other organisations to identify good practice that we can deploy.</p>

	<p>Who we'll engage with:</p> <ul style="list-style-type: none"> • End consumers • Expert stakeholders (e.g. those working with customers with specific needs) • Other utilities • Other organisations • Partners delivering our work
<p>Minimising disruption from our works</p> <ul style="list-style-type: none"> • Better roadworks information • Co-ordinating with others • Getting customers back on gas • Personalising welfare facilities 	<p>Aim: To minimise disruption felt by customers from our work. The work we do, which can cause disruption to customers is generally essential to maintain safety and network resilience levels. Our customers tell us that they understand this. However, through our enhanced engagement programmes we have identified a number of ways that we can reduce disruption to them, without reducing the amount of work (and therefore compromising our safety or network resilience standards).</p> <p>What we'll engage on: Proactive engagement with other utilities and local authorities (plus DfT and local councils) to inform of planned work requirements and join up planning processes. We'll provide more timely notifications to customers impacted by our work and means to receive regular updates.</p> <p>Approach: Ongoing engagement will take several forms:</p> <ul style="list-style-type: none"> • Enhanced proactive engagement with local communities and customers impacted by our mains replacement programmes – utilising different channels of communication. • Network infrastructure boards. • Local scheme level engagements with key stakeholders • Increased proactive engagement with other utilities to minimise overall time in the road (from different utility works). <p>Who we'll engage with</p> <ul style="list-style-type: none"> • Councils • Local Authorities • Department for Transport • Local Mayors and MPs • Customers • Other utilities • Network infrastructure boards
<p>Supporting customers in vulnerable situations</p> <ul style="list-style-type: none"> • Identifying your needs and joining up support services • Going beyond to never leave a customer vulnerable without gas • Carbon monoxide (CO) awareness 	<p>Aim: Deliver even greater service levels to customers in vulnerable situations.</p> <p>What we'll engage on: We have led the development of a single 'energy' Priority Service Register (PSR) and are currently leading work to extend this into water. We'll engage with customers and partners to create far greater awareness of the risks associated with CO. We'll engage with policy makers, charities and service providers to establish ways that we can ensure that we never leave a customer vulnerable without gas.</p> <p>Approach: Partnership is critical to the delivery of the commitments that we are making in this area. We will continue to build on our relationship with key partners such as the Fire Brigades and NHS funds across our footprint to increase our reach in reducing the risks associated with CO. We will trial numerous ways to deliver services beyond the meter to ensure that customers are not left vulnerable without gas and we'll implement new ways of working once concepts are proven.</p>

	<p>In addition we will maintain our approach of engaging with children at key stage 2 to educate and inform them (and ask them to inform parents and grandparents) of the dangers of CO. We'll use methods such as videos, social media, billboards, magazine advertising, etc to deliver these messages.</p> <p>Who we'll engage with:</p> <ul style="list-style-type: none"> • Charity organisations to support the development of ideas and delivery of plans (e.g. NEA) • Policy makers • OFGEM • Delivery partners – e.g. fire brigades • Experts supporting customers in vulnerable situations • Customers • Schools • Employees
<p>Tackling affordability and fuel poverty</p> <ul style="list-style-type: none"> • Fuel poor gas connections only scheme • Enhanced fuel poor interventions • Income and energy efficiency advice • A pioneering new central funding scheme in England 	<p>Aim: To take action to reduce fuel poverty across our regions. We cannot deliver these commitments without robust and carefully considered ongoing engagement.</p> <p>What we'll engage on: Proposals to join up the current disparate funding arrangements into a single managed fund with policy makers, OFGEM, gas suppliers and others across the industry. Advice and options available to support them with customers in fuel poverty.</p> <p>Approach: To deliver on the extension to the currently fuel poor gas connections scheme, we will utilise our existing partnering arrangement, learning from the RIIO1 experience to drive even greater benefit into RIIO-2. Our plans for RIIO2, based on the engagement we undertaken will see us offer far greater and wider reaching services to customers to support them out of fuel poverty. This will require substantial engagement with regulators, other GDNs, other utility organisations and participants across the industry. We will pilot this approach in the West Midlands in RIIO1 to determine how this should be expanded across all of our regions during RIIO2. Additionally, through our community fund, we will invest to support AWS in delivering their national scheme that brings together various funds to identify and deliver tailored solutions to customers in fuel poverty.</p> <p>Who we'll engage with</p> <ul style="list-style-type: none"> • Affordable Warmth Solutions • OFGEM • Government and policy makers • Gas suppliers • Other GDNs • Charities supporting customers in fuel poverty • BEIS • Customers in fuel poverty
<p>Transforming the experience for customers in multi-occupancy buildings (MOBs)</p>	<p>Aim: To improve the service levels provided to customer living in MOBs.</p>

<ul style="list-style-type: none"> • Targeted asset management strategy • Minimising interruptions duration • Supporting customers in vulnerable situations • Personalising welfare services • Proactive compensation payments • Priority Services Register awareness and registration • Customer gas safety checks • Enhanced stakeholder engagement plan • Partnerships with building owners • MOB specific customer satisfaction survey 	<p>What we'll engage on: Our enhanced engagement programme has helped us to understand other areas of improvement, which are listed in the left hand column. Many of these will require ongoing engagement, especially with customers impacted by our works, in addition to the levels of engagement today.</p> <p>Approach: Many of the additional challenges in serving customers in MOB's relate to the number of additional stakeholders that need to be engaged in order to undertake our necessary work. This is why we are committing to creating a repository of site specific building plans for all of our high-rise MOB's. This will contain up to date plans for remediation work at each site should that be necessary that will be consulted on with other key stakeholders (e.g. landlords, local councils, local businesses, building owners, etc). We will establish local MOB's stakeholder groups to oversee plans and delivery.</p> <p>Who we'll engage with:</p> <ul style="list-style-type: none"> • Property owners and landlords • Building management organisations • Parties through the Energy Exchange Programme • HSE • OFGEM • Customers • Local authorities • MOB's stakeholder groups
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Ongoing Engagement Plans in support of our 'environment' outcome area

Whilst each of the output commitments listed below have been shaped through engagement with customers, expert stakeholders our shareholders and through a robust benchmarking exercise, another key factor is how we support Government and local authorities in delivering net zero carbon targets. Our ambition levels have been tested to ensure that they align with national and regional ambitions.

Output commitment	Planned engagement activity
<p>Becoming a carbon neutral business</p>	<p>Aim: To become a carbon neutral business by 2026.</p> <p>What we'll engage on: Ways to reduce our carbon footprint, priorities, offsetting measures, willingness to pay.</p> <p>Approach: We cannot deliver against this commitment without engaging with others. We will continue to work with environmental expert organisations, such as Green Alliance in developing our detailed plans to deliver our commitment. In addition, we will work with organisations to help us find ways to offset our carbon usage.</p> <p>This is not an area unique to ourselves; many organisations are playing their own part to reduce their carbon emissions. During the RII02 planning process, we have undertaken a large scale benchmarking exercise to understand what others are doing so that we can learn and, where it makes sense, to follow. This continued sharing of good practice is something we are committed to in RII02.</p>

	<p>Who we'll engage with:</p> <ul style="list-style-type: none"> • Environmental experts such as Green Peace, WWF, Green Alliance • Sustainability First (through sponsorship of their Fair for the Future project) • End customers • Future customers • Our delivery and supply chain partners <p>Our employees</p>
<p>Demonstrating decarbonisation at scale (incl. Hynet and Hydeploy)</p>	<p>Aim: To set our clear options through the use of hydrogen to deliver decarbonisation at scale.</p> <p>What we'll engage on: The options available, the results from our two significant trials, the benefits, the costs, the impact on customers, new opportunities and how we best demonstrate progress</p> <p>Approach: Engagement in this area is multifaceted. However, in particular, we are committing to continuing to take a leading role in supporting government bodies to consider the options available to them to tackle climate change and decarbonisation. We will continue to invest time and effort with all major political parties and help to educate our customers over the options available such that we are playing a major role in outlining the UK's future energy scenarios.</p> <p>Who we'll engage with</p> <ul style="list-style-type: none"> • Delivery partners • Universities • Government • BEIS and other policy makers • End customers • Future customers • Environmental experts
<p>Off Gas Grid Communities</p>	<p>Aim: To connect off-grid communities to the network where there is a customer benefit from doing so.</p> <p>What we'll engage on: Engagement is key here to; a) identify the off-grid communities, b) inform and educate them over the opportunities to be connected to the grid and c) to identify and implement effective solutions. Each scheme of this type will require robust and careful planning and project management.</p> <p>Approach: Working with local authorities to identify opportunities for additional connections. Attending local community events and the use of literature to advise customers of opportunities. The use of data and analytics to identify potential areas of benefit.</p> <p>Who we'll engage with</p> <ul style="list-style-type: none"> • Local authorities • Local communities • End consumers
<p>Zero avoidable waste to landfill</p>	<p>Approach: Becoming a carbon neutral business will require us to engage with partners (delivery and supply chain) to create the right circumstances in which this commitment can be upheld. Benchmarking will also form a major thread of our ongoing engagement strategy.</p>

	<p>Who we'll engage with: Similar organisations and groups to the 'carbon neutral' commitment, but also with waste management organisations and recycling centres.</p>
<p>Supporting our people to reduce their emissions</p>	<p>Aim: To provide advice and support for our employees to reduce their emissions and carbon footprint.</p> <p>What we'll engage on: The causes of emissions, alternatives, incentives to reduce emissions (e.g. car share allowances), the dangers and risk.</p> <p>Approach: From the engagement we have done with our employee base, the environment is a major factor for them, both in terms of what they see as important, but also in what motivates them at work. Our ongoing engagement strategy will help to educate our employees about actions they can take at work and at home to reduce their emissions. We will take additional steps to encourage the use of more environmentally friendly modes of transport (including cars), incentivising car sharing and green vehicles, creating more opportunities for avoiding unnecessary journeys and being clear how to reduce waste.</p> <p>Who we'll engage with:</p> <ul style="list-style-type: none"> • Employees
<p>Tackling theft of gas</p>	<p>Aim: To reduce the volume of gas that is stolen each year.</p> <p>What we'll engage on: How to identify theft of gas, the dangers of it, how to report it and how to share data.</p> <p>Approach: This is not an issue that any one part of the overall gas industry can solve. It is essential that we work with other parties, such as gas suppliers to share information, ideas and knowledge to reduce this problem. Additionally, gas is not the only utility experiencing theft; there are lessons and collaboration possible with other utilities, especially water, where we have trialled ways of working during RII01.</p> <p>Who we'll engage with:</p> <ul style="list-style-type: none"> • Our engineers • Gas suppliers • End customers • Other utility companies in our regions • OFGEM

Ongoing engagement plans in support of our ‘trusted to act for our communities’ outcome area

Output commitment	Planned engagement activity
<p>Making a positive difference to our communities</p>	<p>Aim: To make a positive, demonstrable and lasting contribution to the communities we serve.</p> <p>What we’ll engage on: Opportunities to use the community fund, opportunities for employee volunteering, local community schemes, sponsorship opportunities, etc.</p> <p>Approach: We are making a number of commitments in this area, including the continued operation of our Cadent Foundation (community fund), matched giving to charities and charitable partnerships. The Foundation is being established in RII01 and will be stakeholder informed, meaning that we will continue to work with national and local stakeholders to inform how we spend the fund, to maximise the benefits to the communities we serve.</p> <p>To enable effective two-way dialogue we are appointing a Cadent Foundation Director who will work with local and national stakeholders to identify potential opportunities for funding.</p> <p>Who we’ll engage with:</p> <ul style="list-style-type: none"> • Charities • Local community groups • Local councils • Employees • Other business and community schemes • Our Board • Customers
<p>Being a transparent business</p>	<p>Aim: To raise awareness amongst our customers and stakeholders of who we are and how we operate.</p> <p>What we’ll engage on: What we do, safety advice, environmental advice, energy efficiency advice, our performance levels, our sustainability report, our annual report, our tax treatment and executive pay.</p> <p>Approach: Whilst our customers generally tell us that they do not expect us to increase the level of transparency over our operation, they do expect us to continue to be transparent and offer information through various channels. This will include our website, social media, through our work delivery literature and periodic publications such as our Annual Report, Safety and Sustainability report and trust charter.</p> <p>Additionally, our customers have told us that in order to trust our standards, they need to understand them, and moreover, understand us. They have been clear that they do not want to pay for large-scale advertising campaigns ‘for awareness sake’ but where there are opportunities to build brand awareness through exercises that provide back to communities (e.g. local sponsorships, or safety campaigns) then they are very supportive.</p> <p>Who we’ll engage with:</p>

	<ul style="list-style-type: none"> • Customers • Partnerships • Charities • Newspapers and magazines
<p>Sustainable engagement to drive better outcomes</p>	<p>Aim: To build on the firm foundations set in RIIO-1 to engage effectively with customers, stakeholders and communities to support the delivery of our plan – which ultimately delivers excellent outcomes to customers.</p> <p>What we'll engage on: General research studies, current performance standards, future requirements, areas for improvement, assessing priorities, identifying good practice, benchmarking with others.</p> <p>Approach: Our plan is underpinned by the recognition of the strategic importance of ongoing stakeholder engagement. We will merge the Enhanced Engagement team that we have established to support the development of the RIIO2 plan with existing engagement specialists that sit within the External Affairs team and Customer Centre to build a single central point of ownership and rigour to our ongoing engagement strategy. This will be supplemented by firm targets for all relevant employees (linked to their remuneration) associated with stakeholder engagement to create truly localised ownership and accountability for delivery.</p> <p>Additionally we have noted in our Business Plan the benefits that all GDNs have delivered to their customers through high quality stakeholder engagement, which has been incentivised through the Stakeholder Engagement Incentive Scheme (SEIS). As described above, whilst a platform of ongoing engagement is well established in the organisation, we believe that in the area of energy transition, where whole system solution thinking is critical, an extension of the incentive scheme will be very beneficial.</p> <p>Who we'll engage with:</p> <ul style="list-style-type: none"> • Customers (segmented) • Expert Stakeholders • Employees • Other GDNs • Other high performing organisations • Benchmarks
<p>Creating a thriving environment for our people</p>	<p>We will only ever be successful as an organisation if we provide the right environment for our people to deliver in. We have engaged widely with our employees for years, through engagement surveys and to gather their input and views in respect of our RIIO2 proposals. We commit to continue to do this and offer our employees ways in which they can engage with the communities that we serve (e.g. through an enhanced employee volunteering scheme)</p>