

Engaging to make things easier, fairer and greener

Stakeholder Engagement Incentive Submission
2020/21 – Part 1





Cadent
Your Gas Network

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Keeping people warm while protecting the planet

We play a crucial role in maintaining, repairing and replacing gas pipes across four of the eight gas distribution networks (GDNs) in Britain. We strive every day to make things fairer, easier and greener, whilst taking care of an essential and vital public service.

We are responsible for ensuring the safe and reliable flow of energy, now and long into the future. We're proud to be at the heart of heat and work closely with our communities to keep them safe, warm and connected, providing extra care for those who might need it in a gas emergency. As part of this we also manage the National Gas Emergency Service telephone number on behalf of the gas industry.

The RIIO Framework

To ensure GDNs keep customer bills as low as possible and improve the service we provide, we are regulated by Ofgem under a price control framework called RIIO, which is designed to replicate the effects of competition.

The RIIO framework stands for:

Revenue = Incentives+Innovation+Outputs

and is designed to encourage network companies to:

- Put stakeholders at the heart of the decision-making process
- Invest efficiently to ensure continued safe and reliable services
- Innovate to reduce network costs for current and future consumers
- Play a full role in delivering a low-carbon economy and wider environmental objectives

Stakeholder Engagement Incentive

The Stakeholder Engagement Incentive is an annual initiative set by Ofgem, to encourage network providers to proactively engage with stakeholders to better understand their needs and deliver services and outcomes which benefit customers and communities.

This submission is made up of two sections:

Part 1

This section provides a detailed overview of our stakeholder engagement, customer, vulnerability and data strategies, including how these have been embedded across our organisation and demonstrating that we have met Ofgem's minimum requirements.

Part 2

This section outlines the key outcomes and benefits resulting from our stakeholder engagement activities, demonstrating how these projects align with Ofgem's assessment criteria and how we have gone above and beyond in our engagement activities.

Discretionary Reward Schemes 2018-2021

This year we have submitted two additional reports under the Discretionary Reward Scheme (DRS) and Collaborative Discretionary Reward. The DRS is an incentive set by Ofgem for gas distribution networks to demonstrate how our activities best serve the interests of our customers and communities, specifically in the areas of social, carbon monoxide (CO) and environmental.

Both the individual and collaborative DRS submissions cover the past three years and include details of our extensive work in raising awareness of CO and the Priority Services Register (PSR), supporting customers in vulnerable situations and out of fuel poverty as well as the initiatives that we have delivered to significantly reduce our carbon footprint. These initiatives are therefore not covered in our Stakeholder Engagement Incentive submission for 2020/21, so please refer to the DRS documents to find out more about our achievements in these areas.

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Welcome from Steve Fraser, Chief Executive Officer

As we have come to the end of RIIO-1, it's a poignant time to reflect on the past eight years and the significant role we have played in the communities we serve.

We have completely transformed our business operations and culture; putting stakeholders and customers at the centre of all we do, whilst maintaining the highest standards of safety and service levels. We have invested significantly in our people, processes and systems to provide colleagues with the skills, tools and information they require to deliver the best outcomes for our customers and communities.

We have built on the successes of previous years and during the past 12 months we have significantly strengthened our relationships with stakeholders, our supply chain and strategic partners, working together to share information and embed best practice. The success of this approach can be seen in the improvements across all of our performance measurements and the increase in our stakeholder satisfaction ratings.

Our vision to set the standards that all our customers love, and others aspire to is fundamental to our success. We have continued to demonstrate that by embedding our local delivery model, collaborating with

multiple stakeholders and maximising our use of insights and technology, we can proactively respond to changing customer needs, drive continuous improvement and innovative ways of thinking and working.

Leading by example

Stakeholders asked us to take a leading role in helping Britain 'build back better' by supporting the 'green economy' and 'levelling up' agendas. As a leadership team we have risen to the challenge. Working with our Board and stakeholders, we have redefined our purpose and values to create a future-focused culture and drive performance. We have also developed our new Force For Good strategy, which is built on the premise of making life easier, fairer and greener for our communities and creating a lasting and positive social impact.

We have taken a leading role in providing key insights and thought leadership to stakeholders on the decarbonisation of heat and transport, as well as supporting local authorities to develop their net zero pathways. In November 2020, I was invited by the Prime Minister to join industry leaders at a meeting for the launch of his Ten Point Plan for a Green Industrial Revolution, recognising the positive impact and effectiveness of our engagement.

Our commitment to provide services for all and support the most vulnerable in society has continued, with many of our initiatives now replicated across the industry. Creating a diverse and inclusive workforce has been a priority for us. We have worked incredibly hard to increase the inclusivity of our services, making them truly accessible for everyone, while collaborating with industry partners to join up wider support services.

I am committed to ensuring that we continue to build on the enormous levels of engagement we have delivered during the past few years. It is vital for the success of our business as we strive to be the leading gas distribution network, consistently delivering a right first time service and actively supporting the UK to meet its net zero targets.

Steve Fraser
Chief Executive Officer



We have continued to engage with a wide range of stakeholders and customers to ensure that our brand remains relevant to society's changing needs.

Evolving our brand

At the start of this year, our stakeholders set us the challenge of making our future plans a reality sooner. As a result of this feedback, we have enhanced our brand positioning and developed our **Force For Good strategy**.

New purpose

As our business matures and society's expectations change, so must we. Our new purpose '**keeping people warm while protecting the planet**' will help us meet the dual social and environmental needs of the communities we serve.

New values

We've established four new values: **we work together, we take responsibility, we drive performance** and **we shape the future**, demonstrating our commitment to delivering excellence today and seeking better solutions for the future.

Our purpose: Keeping people warm while protecting the planet

Our vision: Setting standards all of our customers love and others aspire to



Quality customer experience

We promise to provide a service experience of the highest quality to all of our customers, tailoring it to their needs.



Safe and resilient network

We are focused on delivering a resilient network to keep the energy flowing safely and reliably to all of our customers.



Tackling climate change

We are committed to meeting the net zero challenge and supporting the transition to a sustainable energy system.

Trusted to act for our communities

We are strengthening our reputation through the actions we take, ensuring our service is transparent, valued and trusted.

Turning insight into action

We use stakeholder insights to prioritise the actions we take across our business.

Engagement:
Improving today, shaping the future

Customers
Increasing our engagement with customers to identify their priorities and meet their needs.

Communities
Delivering engagement at a local level to respond to the diverse needs of our networks.

Colleagues
Creating an inclusive culture where employees, contractors and partners are given a voice.

Investors
Providing confidence and value through robust data, governance and outcomes.

How feedback has enriched our engagement

Throughout the eight years of RIIO-1 we have challenged ourselves to learn and improve.

We are delighted that this was recognised by last year's panel who stated that "Cadent continues to improve year on year". Our Executive Team are completely committed to ensuring that customers and stakeholders shape our business and we have taken on board the panel's detailed feedback. This year we have introduced additional challenge by forming a new Critical Friends Panel, and we have increased our focus on demonstrating the high levels of innovation across our networks, the breadth and scale of our initiatives and the robust level of project management that underpins all of our activities.

The stakeholder engagement that Cadent undertake shows a real commitment to listen to external parties and take on board constructive challenge, as well as demonstrate their ongoing leadership in the energy distribution space, to create a sustainable and reliable business for future generations."

Shravan Joshi MBE

Member of Cadent's Critical Friends Panel



Continuous improvement

Panel comments

Update for 2020/21

It was unclear how stakeholders have influenced priorities overall.

We test our strategic aims regularly with stakeholders, to ensure that they are aligned with their priorities and that we are focusing on the most important aspects. These outcomes and initiatives are then mapped against our Value Assessment Framework and strategic aims of making things fairer, easier and greener. This year our stakeholders asked us to prioritise supporting communities and customers in vulnerable situations and to be a leading voice in finding solutions to tackle climate change. We have adapted our operations to reflect this request.

[See Part 1 pages 03-04 to see how stakeholders have shaped our priorities](#)

More could be done to increase ambition such as improving the focus on innovation as well as the scale of initiatives.

2020/21 has been our most ambitious year yet and this has primarily been driven by our stakeholders, who have asked our Executive Team to be proactive in responding to the needs of a nation recovering from a pandemic whilst tackling climate change and informing the Prime Minister's Ten Point Plan. We have brought innovation to the fore and created new ways of working which have been implemented in all of our regions. We have shared best practice with our partners, key stakeholders and other GDNs via meetings, forums, events, thought leadership reports and our online Sharing Best Practice Hub.

[See Part 2 pages 06-07 and 10 for details of how we are innovating](#)

A number of initiatives seem to be in early stages and the panel expect to see more on the delivery of these next year.

Despite the challenges of the pandemic, this year we have embedded all of the initiatives that we started in 2019/20. This includes driving service efficiencies and delivering better outcomes for people living with compounded vulnerabilities. We have made our services even more inclusive and accessible, and our partners are using our tools and data to shape their strategies and deliver benefits to their communities.

[See Part 2 pages 06-08 for more details on this progress](#)

On decarbonisation initiatives, the Panel considered that Cadent did not take a leading role or determine ways to add value.

In 2020/21 we have significantly increased the leadership role we are taking in the decarbonisation of heat and transport, to demonstrate how green gases can play a significant role in the UK's transition to net zero. Our Senior Leadership Team have held over 300 engagement events with key stakeholders including the Prime Minister, BEIS, local MPs, and local authorities. We have led on the development of net zero pathways for metro mayor combined authorities in our networks. We have commissioned independent in-depth research with over 6,000 consumers and tradespeople to ensure that no one gets left behind in the energy transition. These insights have been shared with stakeholders at events attended by the Energy Minister and other influential stakeholders.

[See Part 2 pages 03-05 for our decarbonisation initiatives](#)

The Panel would have liked to see more being done to address diversity and inclusion.

Creating an inclusive and diverse workforce has been an absolute priority for us this year and we have made significant progress in embedding our Equality, Diversity and Inclusion (EDI) strategy. We have tested our approach with stakeholders and colleagues, using feedback from surveys and focus groups to create our EDI action plan. As a result, we have transformed our recruitment processes and internal engagement channels. We have set ourselves stretching EDI targets and in response to feedback we have signed the Race at Work Charter and Employers Domestic Abuse Covenant.

[See Part 2 pages 09-10 to read about our EDI achievements](#)

Project management of the initiatives was evident in the submission, however, the Panel found this difficult to assess as there was a lack of appropriate details in the relevant section.

All of our initiatives are underpinned by robust project management, with the appropriate resources and governance in place to ensure that the benefits are realised and that the relevant stakeholders are kept informed and involved. Much of this approach was covered in Part 1 of our submission last year, and this year we have detailed this thoroughly in Part 2.

[See Part 2 pages 01-02 and our 'Delivering value' tables for more on project management](#)

Our embedded and evolving engagement strategy

Our engagement strategy is centrally defined and regionally delivered. It is fully embedded in our business and ensures the strategic alignment of engagement activities across the whole company.

This conscious organisational principle underpins all of our customer and stakeholder relations, giving local management teams clear accountability for their own engagement plans, which are tailored to the requirements of the communities and customers we serve.

Our feedback mechanisms are well established and allow us to share best practice and learnings across all of our regions and with our strategic partners. This approach has been particularly important during the pandemic, where local needs have required tailored and flexible approaches to stakeholder engagement activities and priorities. We have assessed these requirements against our Value Assessment Framework to ensure we can deliver the best outcomes across all of our networks.

We have a central Research & Engagement Team that sits within the Customer Strategy function. This team are responsible for the ongoing stakeholder strategy, research and engagement plan and are experts in supporting others across the organisation. They oversee an engagement framework of nine delivery partners that each bring additional expertise in leading market research and engagement techniques, including providing independent quality assurance.

Investing in regional engagement resources

We have designed an operating model to bring engagement closer to the customers and communities we serve. In 2019/20 we launched our network-aligned operations model, appointing four Network Directors who are accountable for their regions. We also recruited regional External Affairs Managers to support engagement with key stakeholders such as MPs, local authorities, businesses and charities in their respective networks. In April 2020, we further strengthened this model to include regionally located Heads of Customer Experience, Customer Experience Managers and Stakeholder Engagement Managers who have built extensive local networks with stakeholders. Our commitment to embedding robust engagement has enabled us to be proactive and responsive to the requirements of communities and customers, as demonstrated by our role in the London Recovery Board (see Part 2 page 10).

Continuously striving for excellence

Each year, we review our enhanced engagement strategy with stakeholders and customers to ensure it is in line with their expectations and that their insights are delivering better outcomes. We have supported this through the adoption of good practice in AccountAbility's AA1000SES Stakeholder Engagement Standard. The engagement we undertake is in line with this standard and we review our activities against the standard's core principles on an annual basis.

This year we tested our strategies with our newly formed Critical Friends Panel and our enduring Customer Forum. Their feedback resulted in three key enhancements to our strategy, and these have delivered incremental improvements in the way that we engage.

The changes included:

- Creating a more explicit link from our engagement strategy to our new purpose of **keeping people warm while protecting the planet** and our Force For Good strategy to make things **easier, fairer and greener**
- Articulating the different relationships and levels of expertise and interest of stakeholders
- Outlining how we have enhanced data sharing with stakeholders and partners to demonstrate collaborative working

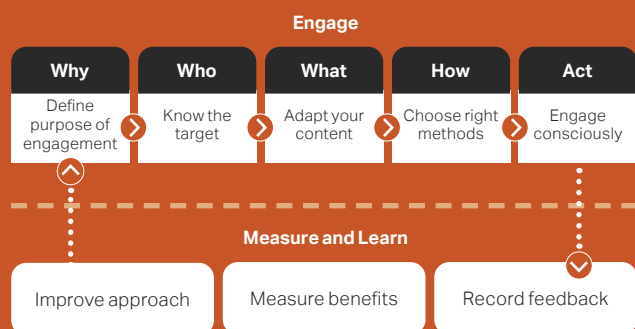
Stakeholder engagement strategy

Our aims:

- To inform and support the delivery of our Business Plan
- To assess how we are performing against our company's purpose, values, the strategic objectives that underpin them and whether we need to do more
- To be a key element in building trust with our customers, stakeholders and employees
- To establish and maintain a fully engaged workforce with a clear and consistent focus, supported by robust delivery plans
- To ensure our stakeholders are kept informed in a timely way
- To be a key enabler in helping us to anticipate changing customer/societal needs and expectations; in particular when we consider the current uncertainty that exists around future energy policy and aligning thinking across the industry and beyond
- To gather critical insights on how we can make things fairer, easier and greener to ensure that no one is left behind in the UK's energy transition

Our engagement model

We have continued to use the eight-step model to prepare for and deliver all forms of engagement. The model sits within our overarching engagement framework, which is based on Maslow's hierarchy of needs, and we overlay this approach with insights from our change management impact assessment, our stakeholder mapping tool and segmentation analysis.



At a high level, our model involves making sure that for any engagement:

- The purpose of engagement is defined
- There is clarity on who it is we want to engage with
- Content is tailored appropriately to the audience we are engaging with
- Cost benefit analysis is carried out to determine the right methods of engagement
- Feedback is captured, reviewed and shared
- Learnings are reviewed and applied to improve future engagement

Extending our enduring channels of engagement

Understanding stakeholder priorities is essential to ensuring we deliver services all our customers love. We have evolved our engagement channels to be even more responsive to stakeholder feedback.

Engagement satisfaction scores 2020/21

94% Stakeholder satisfaction score

91% Customer Forum satisfaction score

Critical Friends Panel

We established a new Critical Friends Panel (CFP) this year to test core strategies with key stakeholders, including our evolving engagement strategy, new strategic purpose, our hydrogen strategy and our customer vulnerability strategy. The CFP is comprised of senior stakeholders in local authorities, charities, large retailers, small and medium-sized enterprises, business customers and consultancies and they provide robust challenge and a supportive critique of our plans. We have used their feedback and insights to significantly shape our business strategies and enhance engagement. Panel meetings have been held via video calls and all participants have been given the opportunity to share their views during and after the calls. Due to the seniority and interest of the panel members, these calls have been extremely effective in ensuring we deliver on our stakeholders' needs and that we share and employ best practice.

Supply chain engagement

We carried out unprecedented engagement with our supply chain during this past year, and as a result we have seen a significant reduction in their environmental impact and an improvement in our service performance. We have a well-established supply chain, with close working relationships, but the additional challenges brought by COVID-19 required us to work even closer, quickly adapting to Government guidelines and being flexible to ensure we continued to deliver great outcomes for customers. We increased our engagement activities and included key suppliers in strategic conversations around reducing our collective environmental impact

and supporting customers in vulnerable situations. As a result, we sponsored our suppliers to join the Supply Chain Sustainability School and share their data, performance metrics and ideas on how to limit their carbon footprint (see Part 2 page 05). Furthermore, through engaging more frequently and using the eight-step engagement model, we have been able to identify innovations such as how to reduce waste from plastic piping through sharing and repurposing offcuts as well as ways to leave a lasting positive impression on local communities following completion of our works.

Enduring Customer Forum

Our Customer Forum is a powerful engagement channel that allows us to test our strategies and plans with a diverse group of people living across all of our networks. This includes hard-to-reach audiences such as customers in fuel poverty, people with compounded vulnerabilities, future generations and those whose first language isn't English. The forum is made up of over 150 informed and uninformed customers to ensure that we have a range of views from different perspectives. The forum reflects the demographics of our networks and we use segmentation techniques to provide a rich and multi-layered view of the responses we receive to ensure our understanding of the issues and feedback is thorough and representative.

Due to the pandemic, we have not been able to conduct our usual face-to-face engagement activities, however, the strong relationships we have formed with our Customer Forum members have resulted in us engaging with them more than ever during this year.

We have tailored our techniques to suit their individual requirements. Many of them are comfortable with online surveys, and they have also taken part in regional online focus groups. We have discussed issues such as our Corporate Social Responsibility strategy as well as data and digital roadside information options testing. Members of the forum have also taken part in week-long online communities, run by our engagement partners, during which we shared our Customer Experience Playbook and Connections service enhancements (see Part 2 pages 07 and 09).

Inclusive and flexible techniques

To ensure that we are as inclusive and accessible as possible, we offered those members who were not comfortable with taking part in online engagement a range of different options. This included 1-1 telephone calls with our Research & Engagement Team as well as assisted calls using SignLive (for people who communicate using British Sign Language) and Language Line (for people who require translation services) – as it's vital for our business operations that we include the opinions of people who have additional communication needs. In addition, our Heads of Customer Experience have been able to arrange socially distanced doorstep visits to meet with Customer Forum members who have specifically asked for face-to-face engagement. In these cases, our materials were posted to the customers' homes in advance, giving them time to digest the information.

Prioritising services using a hierarchy of needs

At times, engaging with customers and stakeholders can be quite complicated, especially when they have compounded vulnerabilities or are representing the needs of multiple audiences with complex needs. There are often competing and conflicting priorities, such as supporting people out of fuel poverty through short-term initiatives, versus making longer-term decisions that will impact future generations, such as developing pathways for the transition to low carbon heating solutions.

To address this and ensure that we make effective decisions based on the insights we receive from stakeholders and customers, we have developed a framework based around Maslow's three layers of need (basic, psychological and self-fulfilment) to draw

parallels with the essential services we provide as a GDN. Using this framework, we have crafted in-depth, multi-faceted engagement activities that enable us to ensure we develop services that address each area of need, starting with ensuring the basic needs are understood and fulfilled. This includes targeted initial exploratory research to uncover the issues, priorities and needs that are important in people's lives (including those not directly tied to issues of energy supply) to provide important broader context. We then validate the core themes through qualitative surveys, focus groups and reviewing historical data from customer interactions such as complaints, enquiries, customer feedback and questions posed to our website chat bots, Hydee and Connie.

By applying this concept of a hierarchy, we have created a more structured, insightful view of what benefits we can deliver to our customers and stakeholders and how to prioritise them. The framework acknowledges that there is no such thing as the 'average customer' and accepts that a basic requirement for one customer may be a psychological need for another and vice versa. This framework was particularly useful in defining our engagement activities for our Low Carbon Heating Solutions Research (see Part 2 page 04) and our Customer Experience Playbook testing (see Part 2 page 07) and the high-quality insights we received from these initiatives reflect the robustness of this approach.

Customer strategy and vulnerability strategy

Our engagement strategy is intrinsically linked to our customer strategy, customer vulnerability strategy and data and digitalisation strategy. These strategies are interrelated and help us to deliver best in class services that are aligned with customer needs and stakeholder priorities.

Customer strategy

A core component of our customer strategy is how we apply our enhanced engagement programme to gather real-time data from stakeholders and customers. We convert the insights we generate through our engagement activities into actions that can be delivered.

By applying an agile approach, which brings together Insight Analysts and operational delivery teams, we are able to make changes quickly, enabling outcomes and benefits to be realised. This approach is completely embedded across our business and supply chain. It is delivered via our regional operating model and is adapted to meet the needs of local communities. The strategy is tested annually with stakeholders and customers to ensure that it is relevant and fit for purpose.

Our aim: To provide outstanding service levels to all of our customers



Vulnerability strategy

Our customer vulnerability strategy is a key part of our service offering and recognises that everyone is unique and that their individual circumstances today could be different tomorrow. It reflects the need to understand and prepare for these changes before they happen so that we can adapt and respond to provide the services all our customers love.

Services for all

The overarching principle of our strategy is not to utilise labels and categories, but to provide services to all, recognising the specific circumstances of each customer, and tailoring services to meet their needs. We have continued to utilise strategic partners to deliver much of our engagement. Using well-established methods, our partners can access many of the most vulnerable people in our networks due to their existing connections in their communities.

Enhanced due to stakeholder feedback

We have refined our vulnerability strategy priorities this year following the feedback that we sought from our Critical Friends Panel, Customer Forum and expert stakeholders such as Citizens Advice and National Energy Action. Their expertise and experience of working closely with customers and communities during the

Our aim				Outcomes
Keep all of our customers safe, warm and independent in their home regardless of their personal circumstances				All of our customers are aware of the PSR and we understand their needs
Strategy				
Positioning Robust governance through all levels of the organisation	Data Enhanced use of data and analytics to better understand vulnerability	Services Co-created through ongoing stakeholder engagement		We never leave a customer vulnerable without gas
Partnerships A truly joined-up partnership environment	Training Investing in our people to support them to be able to act	Leadership At the forefront of promotion and awareness		No one is harmed in our networks from carbon monoxide
Customer commitments				
Identifying customer needs and joining up support services	Going beyond to never leave a customer vulnerable without gas	Protecting our customers from the dangers of carbon monoxide	Tackling affordability and fuel poverty	Everyone has access to affordable heat in their homes

pandemic has influenced us to place greater emphasis on initiatives such as supporting people in fuel poverty and joining up services so that they are easier for customers to access and understand. This has included providing energy and income advice through joint projects with our partners Affordable Warmth Solutions, an increased focus on reducing isolation and loneliness, such

as our Warm Hubs launch, and increasing support for male suicide prevention.

We have also launched two innovative schemes this year, our 'Support Service Selection App' and our 'One Number Referral Scheme' which provide a faster service and more tailored solutions for customers in vulnerable situations (see Part 2 page 08).

Data-driven decision-making and Artificial Intelligence

Driving performance through digitalisation

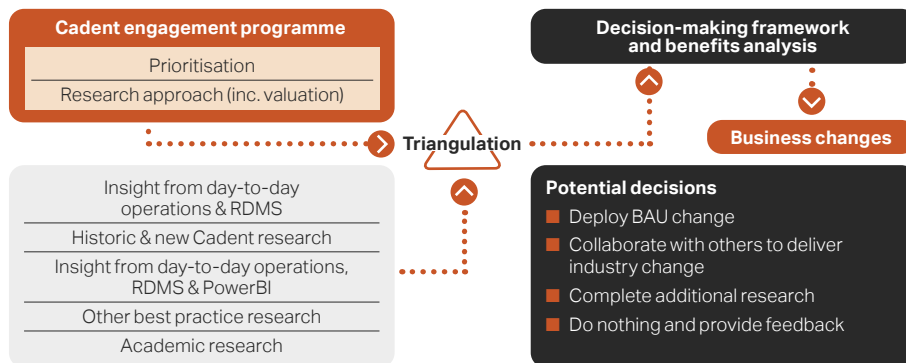
This past year we have further embedded data into our processes to ensure that all of our central teams and the 28 regional operating centres in our networks have access to the information they need to deliver stakeholder and customer value.

Up-to-date, accurate data is central to our stakeholder engagement approach, as it allows us to identify the issues affecting our customers and stakeholders and respond to them at pace.

As we shared in last year's report, we make learnings from our Relational Database Management System (RDMS) available at all levels of our organisation, in order to provide the insight needed to drive innovation in the way we work. We combine historical information with our ever-emerging new data sources, enhancing our overall pool of high-quality insights.

Evidence-based decision-making

A key theme for us this year has been improving the quality and ease of access to information as this enables our colleagues and partners to make quick, evidence-based decisions based on robust, real time data. Where possible, we have significantly reduced the volume of separate data sets so that colleagues can access the critical insights they need all in one place.



We know that the needs of customers and stakeholders are ever-changing, and we monitor trends closely. Key findings or issues are discussed at our Customer Insights Forums, during which we identify actions or further engagement requirements to increase our knowledge and understanding of the issues and opportunities.

Real time data at our fingertips: PowerBI

To ensure all colleagues have access to real time insights and enable them to make better decisions and find innovative solutions, we have launched a suite of PowerBI dashboards to record data on key areas including:

- Operational performance – including customer satisfaction, complaints, unplanned interruptions
- Diversity and inclusion – including workforce composition, gender and ethnicity pay gap, flexible working provision, health and wellbeing
- Feedback from customers and stakeholders, insights and trend analysis
- Learning and innovation opportunities

The dashboards are available to everyone and tailored to their needs. Managers and supervisors are equipped with the tools to make evidence-based decisions to improve performance and frontline colleagues can see their own performance against targets. This creates clear accountability and ownership across the organisation. By collating key performance metrics in one place, we are able to reduce the time supervisors spend gathering information from separate sources and provide them with a holistic view of the performance information and insights. The development of the dashboards, the granularity of performance data and the comparative capabilities have supported our colleagues to drive significant performance improvements, including increased customer satisfaction in all networks.

Artificial Intelligence enhancing our services

We have continued to use Artificial Intelligence (AI) to complement our working practices, which has led to efficiencies, service enhancements and an improved customer experience.

We have used AI across our emergency call handling and customer care services to develop our call agents, deliver operational efficiencies and inform service improvements via our Customer Insights Team. In addition, we have significantly improved the accuracy of our leakage prediction and prevention by a factor of four through the application of Big Data and AI.

This year we launched two chat bots in response to stakeholder and customer feedback: Connie provides information

on our connections website pages and Hyde responds to questions about hydrogen. Both chat bots were developed in conjunction with customers, and we use machine learning to upgrade their responses. We review the recurring questions and update the information about our services to ensure that the most prominent queries are covered effectively. Any recurring themes are fed into our Customer Insights Forum for further consideration. To date, Connie and Hyde have been involved in more than 8,000 conversations via our online chat functionality.

Advanced data optimisation techniques have enabled us to compare the costs and benefits of replacing every pipe in our network in isolation or in combination to model the safety, financial, environmental and service benefits prior to decision-making.

Responding to societal trends

Our Social Indicator Mapping Tool (SIMT), which we developed in conjunction with the Centre for Sustainable Energy, enables us to identify areas with higher levels of vulnerability, fuel poverty and CO risk, highlighting synergies that can be built into a community-focused approach. We use the data gathered from this tool to tailor all aspects of stakeholder engagement and safeguarding delivery to community characteristics.

During the past year we have added extra data layers to enable us to respond more accurately to societal needs. This included adding two new data layers to inform our

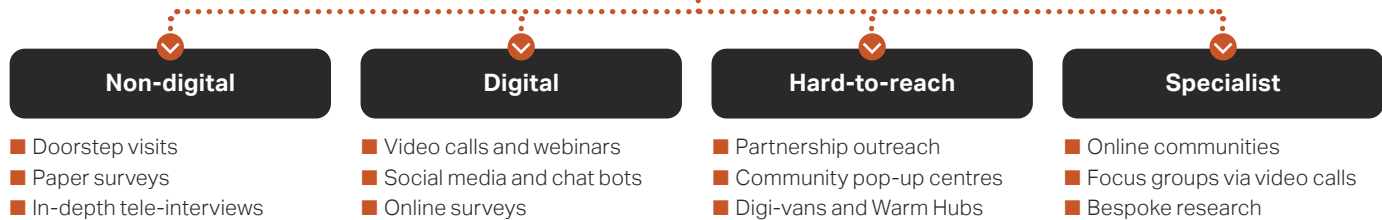
mental health and suicide prevention work, for males living on their own and males who are under 50 years of age. This was in response to stakeholder feedback that more needed to be done to provide support for people living among the most deprived 10% of society due to their higher propensity to take their own lives.

We have shared access to our SIMT with our strategic partners, other GDNs and utility companies. Together we have a unique view on growing issues that directly impact the lives of our customers and colleagues, and are able to tailor and target our services to those that need it most.

Tailored and targeted methods of engagement

Our flexible and tailored methods allow us to engage regularly, effectively and consistently with a wide range of stakeholders throughout the pandemic and beyond.

Research & Engagement Team and Customer Insights Forum



Flexible, accessible methods

We use the engagement methods that are most appropriate for stakeholders' level of interest, influence and knowledge. We make our engagement activities as flexible and accessible as possible, offering choice on channels of communication. We regularly review and benchmark our techniques, including our approach to segmentation, with stakeholders, and adapt accordingly.

Being flexible in this way, and utilising our regional engagement model and resources, has meant that we have been able to proactively inform and respond to stakeholders throughout the pandemic. We have built strong networks of trust and two-way feedback with the people who give their time to help us make our business even more customer-focused, innovative and fit for the future. While the pandemic has forced us to engage in new and unexpected ways, we have seized the opportunity to learn from this situation and take forward engagement solutions that add value. As a result, we have been able to engage more frequently and cost-effectively, maximising our impact.

Maximising digital technologies

With less opportunity to meet face-to-face this year, 85% of our engagement has been via digital methods such as online focus groups, roundtables and events conducted on Teams and Zoom as well as one-to-one video calls and webinars. We have also introduced week-long online communities, during which participants complete daily activities and share their feedback via a plethora of media. These have been invaluable in understanding the depth of stakeholders' insights and we have used this data to shape our net zero thought leadership programmes, company purpose, Force For Good strategy and customer experience models.

Our regional External Affairs Managers have continued to develop strong relationships with local authorities, MPs and industry stakeholders. The team have moved their key engagement opportunities online, maintaining the high quality of interactions throughout the past year. This has shown us that remote working can be an advantage, allowing a greater number of engagements within a shorter timeframe.

Accessing hard-to-reach stakeholders

Our tailored techniques are well suited to accessing hard-to-reach stakeholders. We work with carefully selected partners and use a range of translation services and new digital technologies, which have enabled us to more effectively gather key insights from under-represented groups and future customers. We have continued to provide choice and have conducted telephone interviews with people who are not comfortable using technology, sending printed copies of materials to home addresses when required. We have also carried out COVID-19 secure door knocks to engage with customers face-to-face, used our Warm Hubs to engage with isolated rural communities and gathered feedback via SMS and postal surveys.

This comprehensive range of methods provides us with both the breadth and depth of information to build a matrix of intelligence about our stakeholders' interests, wants and needs. We feed back to stakeholders on our decision-making in the way that they have requested, usually through follow-up discussions, meetings and emails, and we update our databases to reflect pertinent insights.

Segmenting for success

Our stakeholders are segmented and grouped into categories that ensure we consult them appropriately. All stakeholders are asked to join our stakeholder relationship database, which maps their priorities to our strategic aims and allocates an engagement relationship manager, who ensures we keep them updated on developments and decisions taken relating to their areas of interest.

Mapping stakeholders to needs and expertise

Our stakeholder mapping is ever-evolving, as new stakeholders emerge regularly. We track the progress of stakeholders' level of interest and involvement in our business based on their feedback, regularly update our records and create tailored engagement plans to suit their preferences. We document the frequency of our interactions, and the outcomes from them, so that we have a live

record of how we are impacting stakeholders and what further action we need to take.

Throughout all our engagement, we capture results and actions to enable us to continuously improve. We use our stakeholder mapping tool to identify key stakeholders who are interested in, or impacted by, our operations and the services we provide. This tool is shared with all departments within the business and is utilised in all projects as part of the change management impact assessment.

Enhanced categorisation

At the request of our Critical Friends Panel, we have enhanced this tool further to enable us to categorise stakeholders' involvement and define their role in specific projects and initiatives. Our categories include:

- Co-creators: we work closely with these stakeholders on joint projects and initiatives and they play a crucial role in developing services and driving innovation

- Partners: we commit to sharing best practice and learnings to enable continuous improvement across and outside our industry

- Managed stakeholders: we keep these stakeholders up to date with our progress as a business and invite their views at timely intervals

Feedback from stakeholders this year has shown that this additional level of categorisation has significantly enriched their engagement experiences with us. This is due to even greater clarity on the purpose, the outcomes and the role that they are required to play in delivering benefits.

Initiatives such as our Decarbonisation Pathway for Greater Manchester, Part 2 page 04, and Connect the Community Challenge initiative, Part 2 page 10, are excellent examples of this collaborative and tailored approach to engagement.

Leveraging leadership and good governance

This past year has emphasised the value of visible leadership, both internally and externally, to keep our culture of engagement and innovation at the forefront of our business activities.

With most of our teams working from home and their only interaction with colleagues being via video calls, our engagement channels have needed to work harder.

Throughout 2020/21 our Executive Team have led by example on engagement, inviting colleagues to share their thoughts and ideas and encouraging them to innovate and actively engage with their stakeholders, adapting our organisation to the new ways of living and working.

Colleague wellbeing, tackling climate change and supporting our customers have been constant themes throughout their engagement activities and they have welcomed two-way feedback and acted upon suggestions. Colleague engagement has played a key role in developing our new purpose and values and has been fundamental to improving our performance this year.

Senior leaders in the spotlight

Our Executive Team have also increased their engagement externally, representing the voice of our stakeholders at a number of high-profile and pivotal industry and political events. This has helped to position our organisation as a thought leader on key strategic topics such as the future of energy, social mobility and equality, diversity and inclusion.



Recognising excellence

We continue to reward excellent service and engagement through our pay and reward schemes for employees and contractors, while proactively seeking opportunities to embed a culture of engagement within our wider supply chain and partnerships. Our annual employee bonus is linked to our engagement strategy and our 'Cadent Congratulates' internal reward scheme recognises colleagues who go above and beyond to deliver against our values each month.

Governance process

Our governance process is well-established and has worked effectively in the past year.

Our regional engagement model, and the insights we have uncovered from our data sources, have been used to drive our strategy and the governance framework has provided oversight for our projects to ensure they are delivering value, in line with our cost benefit analyses and social return projections.

Progress against our initiatives and targets is monitored and steered by our Executive Committee and shared with the Board. The Customer Operations Performance Committee reviews the projects that emerge from opportunities identified by the Customer Insights Forum. Our Allocation Group oversees how we prioritise projects and measure value.

Assurance statement

This document accurately reflects Cadent's stakeholder engagement activities during the year 2020/21. The practices and initiatives outlined in Parts 1 and 2 demonstrate how we have adapted our engagement approach to reflect stakeholder feedback and a changing external environment. We are committed to enhancing our engagement frameworks to deliver the best outcomes for our customers, stakeholders and communities, while sharing best practice with our industry partners.

Sir Adrian Montague CBE
Chairman



Senior leadership engagement highlights



An audience with the Prime Minister

As Boris Johnson announced his Ten Point Plan for a Green Industrial Revolution, our CEO Steve Fraser was invited to join the Prime Minister for his launch speech and a subsequent roundtable with key industrial and political stakeholders. Steve represented Cadent and our plans to support the net zero transition, including HyNet, HyDeploy and the decarbonisation pathways for Greater Manchester and our other regions.



Ask Andy Street – Cadent colleague Q&A

Kate Grant, Director of West Midlands, invited Andy Street, Mayor of the West Midlands Combined Authority, to share his plans with our employees. The event included a Q&A session and the Mayor also announced his ambition for the region to reach net zero by 2041. Colleagues valued the opportunity to shape the Mayor's plans and to see the positive impact stakeholder engagement and our work has on local communities.



An Easter experience with North West customers

Mark Syers, Head of Customer Experience, and his team have been engaging with customers to understand how we can add value to local communities and personalise the service we offer. Customer feedback resulted in us developing a calendar of customer engagement campaigns centred around key dates in the year. During Easter, Mark and his team went out in the community delivering bespoke Cadent cards and gift packages to customers' homes.

Strategic partnerships and collaboration

Partnerships and collaboration remain core to our success in delivering our engagement strategy and we have continued to grow our relationships so that we are able to reach even more stakeholders.

Strategic relationships

Enhancing our relationships with partners has remained a priority this year as our services have expanded in response to stakeholder feedback and evolving customer requirements.

Our partnerships are grouped into categories: strategic, programme and project, depending on the breadth and longevity of the relationship and the associated activities. This enables us to allocate the appropriate resources and project management approach to our joint initiatives. We regularly review outcomes and performance using our partnership evaluation tool to ensure that the partnership is delivering against its aims and re-categorise depending on the outputs and conclusions.

Throughout this year we have continued to build on our existing relationships while developing new partnerships as our data has revealed new opportunities. This has included partnering with organisations to engage hard-to-reach stakeholders and building

pathways for a net zero future that ensure that no one is left behind in the energy transition.

Sharing data and best practice

Data has continued to underpin our strategic activities and we have shared our findings, tools and best practice with partners and stakeholders. This exchange of information has been particularly pertinent during the pandemic as poverty, loneliness and vulnerability have been exacerbated by the lockdown periods, and not all partners have access to the same data that we have and vice versa. We have used our insights to help prioritise those services that will deliver the most valuable and timely benefits.

Due to the success of many of our initiatives, we have also been asked to partner with other organisations who have been impressed by our thought leadership on the energy transition and supporting customers in vulnerable situations. This has led to us forming a number of new strategic partnerships this year.

Collaborating for success



NEW

Supporting social mobility

We are engaging with local schools and colleges in our most deprived areas to attract a more diverse talent pool by developing alternative career routes. Through our partnership with The Careers & Enterprise Company, we have been working to remove entry barriers for historically underrepresented communities. We are using our learnings to adapt our recruitment and attraction strategy.



NEW

Collaborating to provide advice on the go

We partnered with Age Concern Central Lancashire, Northern Gas Networks, Electricity North West and United Utilities to develop a Mobile Advice Centre (MAC) for isolated customers living in vulnerable situations. The MAC is a safe, warm environment where customers can access key safeguarding information and local support services.



BUILD

Enhancing gas safety awareness

We worked with the Fire and Rescue Service on a joint video campaign for CO Awareness Week 2020, sharing key messages about the signs, symptoms and dangers of CO. We also worked with the local Fire and Rescue Services and the Carers Trust to distribute over 20,000 gas safety information packs and resources to local communities as part of our targeted 'Be Winter Ready' campaign.



BUILD

Sharing best practice in EDI

We are already a Disability Confident and Youth Friendly Employer and signatories to the Energy & Utilities Inclusion Pledge and Skills Strategy. This year we also signed the Race at Work Charter and Employers Domestic Abuse Covenant. To share experiences and approaches to embedding EDI effectively, we hosted a successful cross-industry 'Let's Talk About Race' event with over 20 organisations.

Key partnerships 2020/21

Our partnerships support us in delivering our stakeholders' priorities of making things easier, fairer and greener.

Easier

- PG All 24 Fire & Rescue Services (2 new)
- PJ Aspire Housing
- PJ Age Concern Central Lancashire
- ST Carers Trust
- ST Fifth Sense
- ST Maggie's Trust
- ST Queen Alexandra College
- ST Royal Association for Deaf People
- PG National Energy Action
- PG Hazard Alley
- PG Marches Energy Action
- PJ Groundwork Manchester
- PJ Hackney Playbus
- PJ Islington Chinese Association
- PJ RNIB
- PJ Sense

Fairer

- ST Employers Domestic Abuse Covenant
- PG Careers Transition Partnership
- PG Careers & Enterprise Company
- PJ Nine colleges across our networks
- PJ Care Leavers Covenant
- PJ Operation Repeat
- PJ Action West London
- PJ Safer London
- ST Alzheimer's Society UK
- ST Disabled Living
- PG Affordable Warmth Solutions
- PG British Red Cross
- PG National Trading Standards
- PG Rural England Community Interest Charity
- PJ Leicestershire Police Against Scams
- PJ UK Men's Sheds Association

Greener

- ST Supply Chain Sustainability School
- PJ Bright Blue (think tank)
- PJ Liverpool City Region
- PJ Manchester Science Festival
- PJ Manchester Metropolitan University
- ST Progressive Energy
- ST North West Hydrogen Alliance
- ST Worcester Bosch
- PG Greater Manchester Combined Authority
- PG Keele University
- PG Health and Safety Laboratory
- PG West Midlands Combined Authority
- PJ Element Energy

Key

- Existing
- New
- ST Strategic partner
- PG Programme partner
- PJ Project partner

Measuring value and meeting stakeholders' priorities

Our approach to measuring value

Value Assessment Framework: when considering the value of a project, there are a number of questions, or value filters, that we employ to determine whether it will deliver real value for customers and stakeholders.

1 Is there a quantifiable benefit to customers and wider society?

Where possible, we calculate the social return on investment (SROI) benefits and use this as a key differentiator when assessing and prioritising potential and ongoing projects. Our SROI model was developed with Sia Partners and uses Government Greenbook data along with clearly defined assumptions to apply financial benefits to society based on the initiatives we deliver.

2 Do stakeholders consider the project to be of intrinsic value?

Where it is not possible to calculate the SROI, we use other cost benefit analyses and measures to determine wider value. We combine this data with direct feedback from stakeholders and customers, commissioning additional research if required. This qualitative assessment is essential in determining value, as many attributes are important to stakeholders, yet it can often be impossible to demonstrate a financial benefit.

3 Does the project align with our strategy and stakeholders' priorities?

All projects are reviewed to ensure that they align with stakeholders' needs and our strategic objectives of making things easier, fairer and greener for the people we serve. To maximise the impact that our projects and initiatives deliver, we have to remain disciplined and only invest time and resources in projects that deliver value and tangible benefits to our communities.

Project mobilisation and assessment

Following this analysis, we complete a change impact assessment and each project is given a rating. Our Allocation Group, chaired by our Director of Customer Strategy, considers the merit of each project using this Value Assessment Framework and manages any trade-offs. The highest rated projects are prioritised, and we use our stakeholder mapping tool to identify stakeholders who are impacted by or interested in the project.

Stakeholders' priorities for 2020/21

What stakeholders said	What we did
<p>"Cadent needs to focus on the future, helping Britain 'build back better' and supporting the green economy and 'levelling up' agendas."</p> <p>See Part 2 pages 03 and 09</p>	<p>Working with our Board, we have redefined our purpose and values to create a future-focused culture and drive performance. We developed our Force For Good strategy, which is built on the premise of making life easier, fairer and greener for our communities. We have led the way on decarbonisation: engaging in over 300 events to showcase our Future Energy strategy and pathways to net zero.</p>
<p>"Make it easier and quicker for all customers to access the services they need, especially those in vulnerable situations."</p> <p>See Part 2 pages 07-08</p>	<p>We have continued to lead the way in promoting the PSR and CO safety awareness whilst accelerating our compounded vulnerability programme of works to deliver key initiatives earlier than originally planned. We launched our 'One Number Referral Scheme' to join up customer support services and created our Support Services Selection App to help our colleagues better support customer needs.</p>
<p>"Tackling climate change is of paramount importance – help us understand how to decarbonise our regions."</p> <p>See Part 2 pages 04-05</p>	<p>We developed Decarbonisation Pathways for the Greater Manchester Combined Authority and have shared with local authorities and utilities who have asked us to collaborate with them on creating pathways for their regions. We have conducted extensive research with over 6,000 consumers and tradespeople. We developed the MyHeat model using our insights to demonstrate low-carbon networks in action.</p>
<p>"Cadent has a vital role to play in reducing inequalities by being as inclusive and accessible as possible."</p> <p>See Part 2 pages 08-10</p>	<p>We have delivered our Equality, Diversity & Inclusion commitments and signed up to new charters and covenants. We have provided extra training for all colleagues on isolation, abuse and loneliness and have enhanced our data capture and analysis to target hotspot areas. We have collaborated with more partners to access hard to reach groups.</p>

Evaluating performance

We use a variety of methods to benchmark and evaluate our performance:

Customer satisfaction measures

Our regional model and focus on using insights to enhance our services has resulted in us having our **best year ever for C-SAT scores** during 2020-21.

Engagement satisfaction measures

Our Critical Friends Panels and senior stakeholders gave us a **94%** satisfaction rating, a marked increase from 86% last year. Our Customer Forum gave us a satisfaction rating of **91%** which is the highest rating they have ever given us.

External accreditation and assurance

We use independent external parties to evaluate our approach to engagement and the outputs of our activities. This includes **ISO 14001** and **ISO 55001**, where our approach to stakeholder engagement continues to be recognised as a key strength. Our framework of independent research and engagement organisations assures our engagement activities, ensuring that they are conducted in line with external professional standards and adhere to best practice.

Awards

We received **ten awards** from five industry bodies in 2020/21, including **five wins at IGEN's Gas Industry Awards**. Our Wirksworth incident response gained **two awards** for providing an exceptional customer service and experience.

Notes





This report is printed on 100% recycled paper made from post-consumer waste. Both the mill and printer are FSC accredited and follow ISO 14001 environmental procedures. Our printer is also elemental chlorine free, uses vegetable based inks and is carbon neutral.

The lamination on the cover comes from a sustainable resource and its main component is not derived from fossil fuels. It has attained the EN 13432 and ATM D 6400 standards for biodegradability and composability and also has accreditation to the Vincotte OK Compost Home programme.

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