



Annual Report
of the
ENGIE Scrutiny Board
2018-2019



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Chair's Foreword

In my role as Chair of the ENGIE Scrutiny Board, I am pleased to introduce our first annual report. The Scrutiny Board's purpose is to hold ENGIE UK publicly to account for the delivery of their Responsible Business Charter. We have provided independent oversight and guidance to the business through our review of progress against the Charter performance indicators.

ENGIE's decision to create an independent Scrutiny Board is a bold one and they should be commended for it. The business has been at the forefront of promoting high ethical standards and this became more pertinent following the collapse of Carillion.

We believe this governance model should seriously be considered by other private sector organisations, particularly those delivering publicly funded services or projects.

The Board's approach has been to challenge positively the business, giving real-time feedback, seeking to add value through our experience and insight and driving the business to be ambitious for its employees, clients and communities. ENGIE has been transparent throughout the process, providing full disclosure of any documents requested.

We see our role as providing independent verification to ENGIE's clients and stakeholders, and, where required, highlighting issues which may be impacting on the wider sector.

We recognise that ENGIE is committed to evolving as a responsible business and is on a journey to raise standards. The Scrutiny Board is proud to have made a direct impact during the year and be part of this evolving approach.

In terms of areas where progress has been made, the Board would highlight:

- The voluntary publication of pay ratios and improvements made
- Improved standards in employee engagement and recognition
- Commitment to new diversity and inclusion targets for ethnicity and gender
- The review of benefits for lower paid staff which resulted in the inclusion of additional holiday
- Achievement of the new ISO sustainable procurement standard

- Progress made in environmental improvement and commitment to zero carbon.

For other KPIs, whilst progress is being made, there is more to be done to achieve ENGIE's desired standards. These include:

- The fair payment of suppliers
- Customer service to business clients
- Reducing the gender pay gap and improving the data available to inform equal opportunities.

The Scrutiny Board was satisfied that realistic and robust action plans are in place and will continue to monitor them.

For a number of the charter commitments, whilst there are clear responsibilities that sit with ENGIE, there were specific areas where the Scrutiny Board recognised that a wider government or sector response was also needed:

- Living Wage commitment – it is ultimately the commissioner's decision to tender and award contracts which incorporate the Living Wage. In too many cases the purchaser is unwilling to fund this commitment
- New Fair Deal – the business continues to be faced with administrative challenges which directly impact on individuals and need government action to resolve
- Reducing the gender pay gap – a continued sector wide response is needed to encourage STEM take-up, attract more women into all roles and create environments where they want to work
- Apprenticeship Levy – There is need for a wider policy discussion to address concerns, which are shared with other employers, regarding the flexibility and practical application of the Levy in UK-wide businesses.

A table summarising progress against each of the Responsible Business Charter Commitments can be found on page 6.

Lord Kerslake
Chair, ENGIE Scrutiny Board



Chief Executive's Response

ENGIE UK welcomes the insight, challenge and support from the Scrutiny Board and the Centre for Public Scrutiny (CfPS). Operating in a responsible and transparent manner has been fundamental to ENGIE's approach and I am proud that we are leading the way through the creation of our Responsible Business Charter and accompanying Scrutiny Board.

The independence of the Scrutiny Board has been verified by the Centre for Public Scrutiny, a national charity specialising in governance and scrutiny.

This year has seen the business adapt to deliver the Responsible Business Charter commitments, which have now been embedded into operating plans in all business units. We recognise this is not a one-off task, raising standards is an evolutionary process to which ENGIE is fully committed and the Board is playing a crucial role in providing real-time feedback to support this journey.

We have worked closely with the Scrutiny Board and have given their feedback full consideration. Their work directly contributed to the employee benefits review for staff earning less than £10,000 a year, and they oversaw and closely scrutinised our supplier prompt payment action plan.

The Charter and the scrutiny of our progress against the commitments has driven significant progress over the last 12 months. They have improved how we operate as an employer, contractor, partner and sector leader. There is much more that needs to be done to meet our own targets and we will continue to evolve how we work to better meet the changing needs of our clients, communities and the places we serve.

Creating the Responsible Business Charter and the Scrutiny Board reflected our ambition to be more transparent and use scrutiny to bring additional insight, challenge and drive to the business. After twelve months, I am confident these bold steps were right for our business and that this sets a new standard for the sector to follow.

Nicola Lovett
Chief Executive, ENGIE UK & Ireland



Centre for Public Scrutiny

The Centre for Public Scrutiny (CfPS) has provided support to the Scrutiny Board, ensuring its independence and effectiveness in providing insightful scrutiny to ENGIE UK.

ENGIE has co-operated fully during the year, providing information as requested, putting forward senior accountable leads to be questioned and were open and honest in their evidence giving. This engagement has allowed the Board to have confidence that progress is being made and that its advice and recommendations are being acted upon.

Jacqui McKinlay, Chief Executive, CfPS

Scrutiny Board Member's Biographies



Lord Kerslake (Chair)

Bob Kerslake was Permanent Secretary of the Department for Communities and Local Government (DCLG) from November 2010 until he stepped down in February 2015 and was Head of the Civil Service from 2012 to 2014. Before joining the Civil Service, he received a knighthood for his services to local government, spending eight years serving the London Borough of Hounslow and then a further 11 years leading Sheffield Council.

Bob Kerslake is President of the Local Government Association, Chair of the Centre for Public Scrutiny, Chair of the Board of Peabody Trust and brings extensive UK local government and communities experience.



Sir Mike Rake

Sir Michael Rake was appointed Chair of Great Ormond Street Hospital in 2017. He was the former Chairman of BT Group plc (2007-2017); President of the CBI (2013 – 2015); a member of the Prime Minister's Business Advisory Group (2010 – 2015); Deputy Chairman of Barclays PLC (2012 to 2015); Chairman of EasyJet plc (2010 – 2013) and the first Chairman of the UK Commission for Employment and Skills (2007 – 2010). He was a director of the Financial Reporting Council (2004 – 2007).

Sir Mike also had a long career with KPMG and was International Chairman between 2002-2007. Sir Mike was knighted in 2007. He brings to the Board extensive experience financial and commercial expertise, as well as significant experience in technology and digital.



Joan MacNaughton, CB HonFEI

Joan MacNaughton is currently Chair of The Climate Group and of the Advisory Board of the New Energy Coalition of Europe. She is a Non-Executive Director of En+ Group plc and of the James Hutton Institute, and a member of several Advisory Boards including ENGIE UK, Grantham Institute at Imperial College, UKERC and UCL. Joan is also a founding Board Member of Powerful Women, which aims to increase the number of senior women in the energy sector.

From 2010 to 2016, Joan was Executive Chair of the Energy Trilemma and is now Honorary Chair. She is a Past President of the Energy Institute. In Government until 2007, Joan held a wide range of positions including as Chief of Staff to the Deputy Prime Minister to Prime Minister Thatcher and as Director General of Energy, playing a key role in shaping UK and international energy policy. In 2006 she was made a Companion of the Order of the Bath by HM The Queen.

Scrutiny Board Members Biographies cont...



Jane Ramsey

Jane took up her post on the Committee on Standards in Public Life in September 2016 for a five-year term. Jane is currently Chair of Young Epilepsy and Chair of the Children and Young People Steering Group for Transforming Care, NHS England. She was previously Chair of Cambridge University Hospitals NHS Foundation Trust. She joined the Trust in November 2012 from University College London Hospitals (UCLH) where she was Vice Chair.

She has previously served on the Council of the Royal Pharmaceutical Society, the Department of Health Audit and Risk Committee, chaired a local Housing Association and has been Head of Law for two London boroughs. She also served on the Independent Commission into regeneration and wealth creation in non-Metropolitan areas established by the Local Government Association.



Lord Adebowale

Victor Adebowale is Chair of Collaborate, a community interest company, Visiting Professor at the University of Lincoln and an Associate of The Health Services Management Centre (HSMC) at the University of Birmingham.

He is also Director at Leadership in Mind Ltd. Victor has been involved in a number of taskforce groups, advising the government and social enterprises on mental health, learning disability, employment and brings expertise on various issues relating to health, social care and public policy. He is co-founder and Chair of Visionable.com and a cross-bench member of the House of Lords.

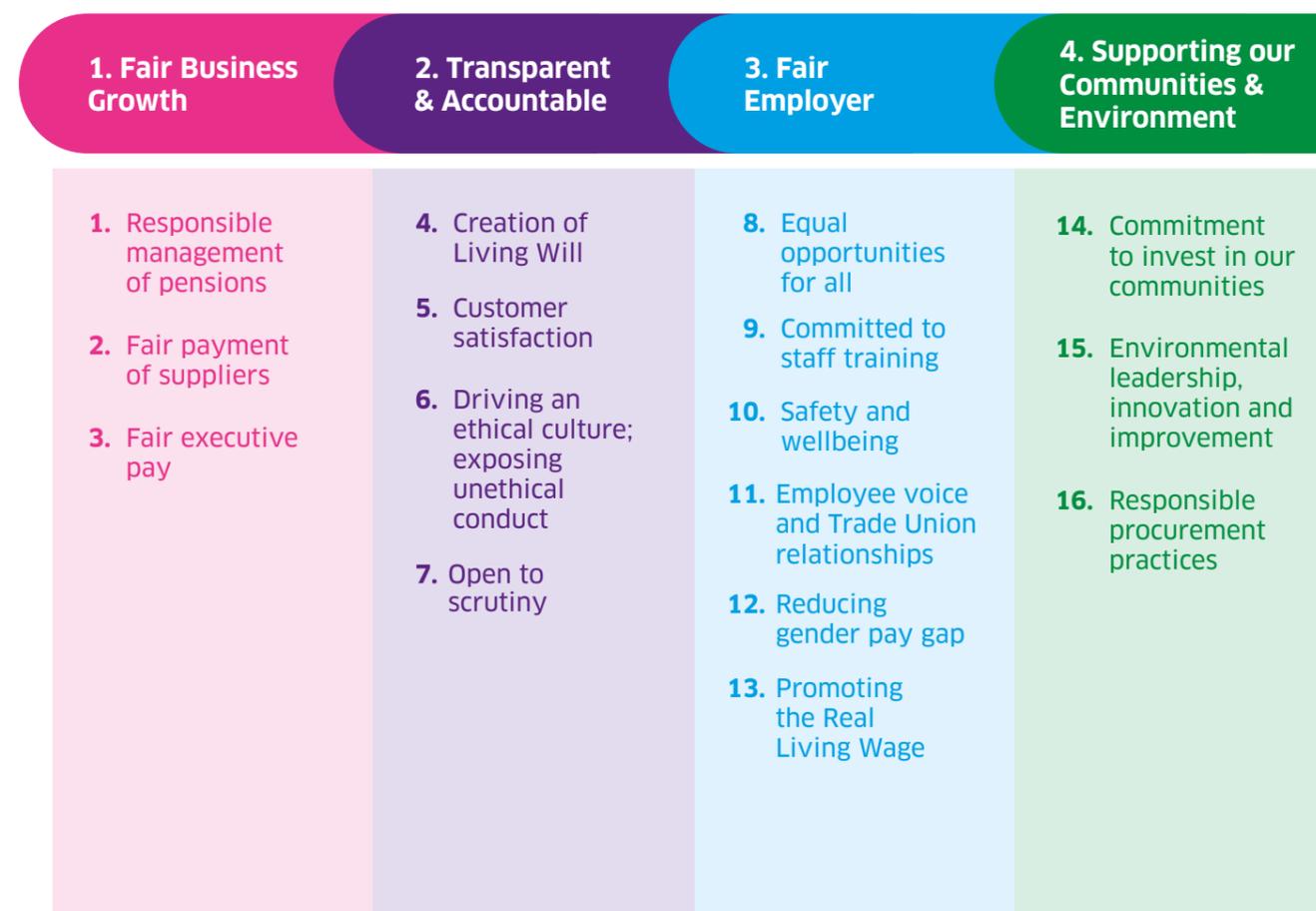


Baroness Drake CBE

Jeannie Drake is a Labour peer appointed to the House of Lords in 2010. She was previously a senior trade union official; President of the TUC; a Commissioner of both the Equal Opportunities Commission and the Equality and Human Rights Commission and a lay member of the Employment Appeal Tribunal. She was a member of the Turner Pensions Commission, on the inaugural Board of the Pension Protection Fund and on the Board of the Pensions Advisory Service.

Jeannie's current roles include being an independent member of the Private Equity Reporting Group; a member of the Byharis Trust and a trustee of the Telefonica UK pension scheme.

ENGIE's Responsible Business Charter



Key Performance Indicators (KPIs)

EXPLANATOR:

Full moon = achieved and continue to monitor

Three quarters circle = significant progress made

Half circle = progress made, work to do

KPI	Target	Full Moon
KPI 4	Creation of a living will	●

KPI	Target	Three quarters circle
KPI 1	Responsible management of pensions	◐
KPI 3	Fair executive pay	◐
KPI 6	Driving an ethical culture	◐
KPI 7	Open to scrutiny	◐
KPI 9	Commitment to staff training	◐
KPI 10	Safety and wellbeing	◐
KPI 11	Employee voice and trade union relationship	◐
KPI 13	Promoting the real living wage	◐
KPI 14	Commitment to invest in communities	◐
KPI 15	Environmental leadership, innovation and improvement	◐
KPI 16	Responsible procurement practices	◐

KPI	Target	Half circle
KPI 2	Fair payment of suppliers	◑
KPI 5	Customer satisfaction	◑
KPI 8	Equal opportunities	◑
KPI 12	Reducing the gender pay gap	◑

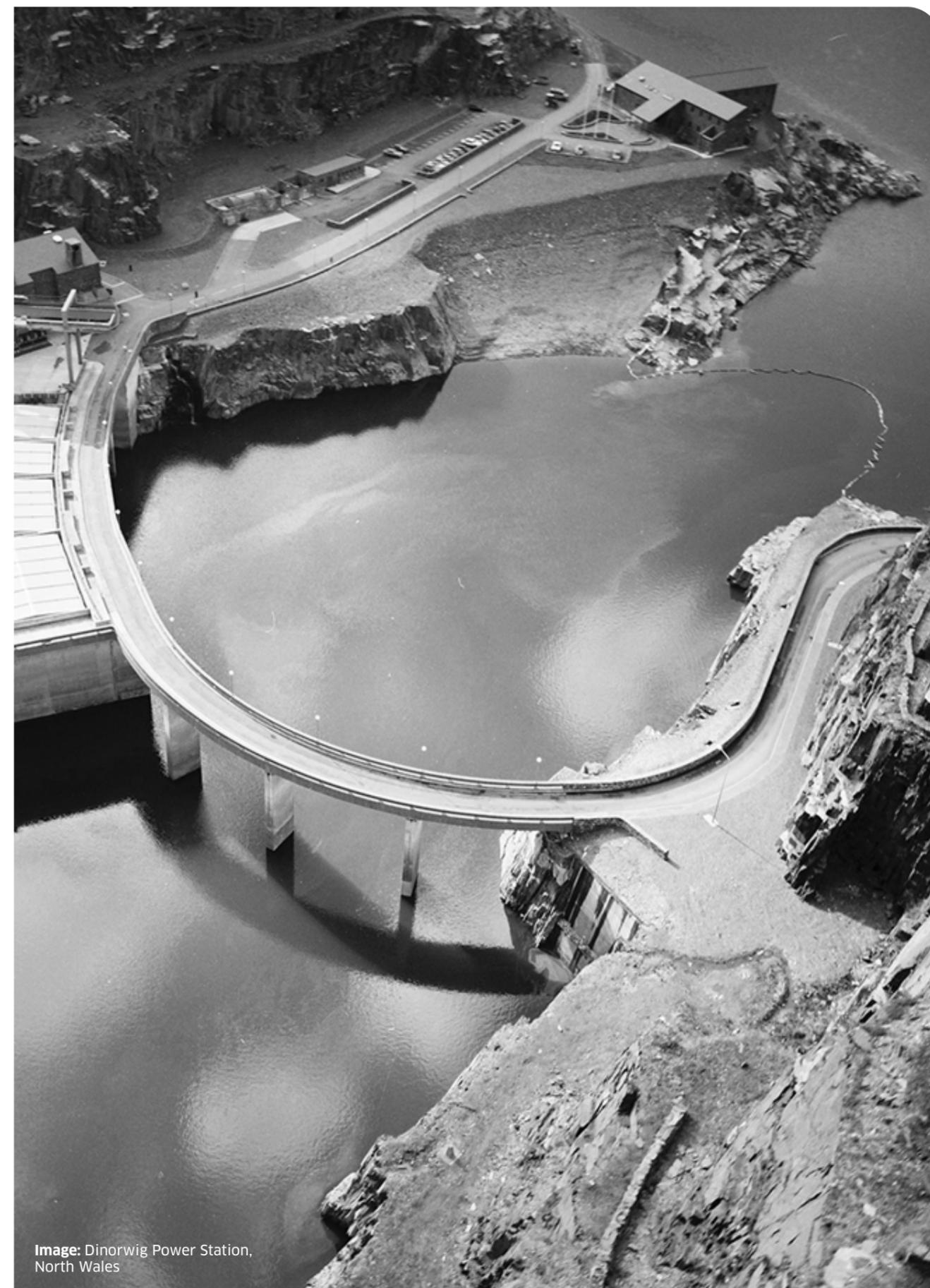


Image: Dinorwig Power Station, North Wales

Principle 1 Fair Business Growth

1. Responsible management of pensions
2. Fair payment of suppliers
3. Fair executive pay



Image: ENGIE employee, King's Yard Energy Centre

Charter Commitment: Responsible Management of Pensions

KPI 1	Evidence Reviewed
Ensure all UK pension commitments are honoured and manage pension deficit	<ul style="list-style-type: none"> • Details of ENGIE pension commitments in relation to Defined Benefits Schemes (DB), Defined Contribution Schemes (DC) and Public Sector Schemes (New Fair Deal) • Specific KPIs and their status reflecting recent actuarial valuation, agreements and policies

Board Review

Good management and effective protection of an employee's pension is a critically important obligation for an employer, both in terms of the consequences for the individual and the state. The Board is satisfied with the current position regarding the funding of pension commitments and that, where required, action plans are in place.

In its investigation, the Scrutiny Board reviewed the current policy and position in relation to take-up of pensions and how this could impact on lower wage employees who currently earn less than the threshold for automatic enrolment.

The Scrutiny Board considered the potential impact of differing contribution rates across the business to assess fairness to employees at all levels and recommended that ENGIE review their current approach. This led to an in-year review of the total benefits offered to employees earning less than £10,000.

The Board reviewed evidence relating to the organisation's experience of implementing the New Fair Deal arrangements where extended timescales in achieving this has led to poor employee experience.

ENGIE Action and further steps

- As a result of the review, a new benefits offer to employees earning less than £10,000 which includes an option of additional pension contributions and/or extra holidays is planned. Other employees who are also on less than 24 days holiday will receive this benefit. This will affect circa 4000 lower paid staff employees by providing them with an additional 2-4 days holiday and will take them above market average.
- The business is considering a standardised approach to the defined contributions pension scheme and the Board has advised that equity and fairness in relation to pensions forms part of future work in this area.
- The Board has raised concerns about issues relating to the administration of the New Fair Deal. It has recommended that these continue to be raised with Government.

Rating	Quote
	<p>'ENGIE has demonstrated its commitment to looking at fairness for all employees in relation to its pensions policy, going beyond what was originally asked in relation to fulfilling pension commitments. This is a strand we hope will continue to form part of their pension policy.'</p> <p>Baroness Jeannie Drake</p>

Charter Commitment: Fair payment of suppliers

KPI 2	Evidence Reviewed
Adherence to prompt payment code	<ul style="list-style-type: none"> Details of ENGIE's current performance and the action plan to ensure adherence to the prompt payment code The Board session had the opportunity to question the Chief Finance Officer, Shared Services Director and Chief Executive.
Board Review	
<p>ENGIE has a firm commitment to prompt payment of suppliers. The Cabinet Office requires large companies and large LLPs to report payment performance on a half-yearly basis. Under the voluntary Prompt Payment Code (PPC), signatories commit to making payment of 95% of invoices within 60 days. ENGIE is seeking to apply this standard across its UK business albeit that only one legal entity is formally covered by the PCC.</p> <p>ENGIE UK's performance is viewed as mid to upper quartile in comparison to competitors, but significant variations exist between its legal entities. Improvement initiatives have been implemented. During this year, ENGIE was not achieving the prompt payment standard and in April 2019 was informed that the Chartered Institute of Credit Management (CICM) had suspended ENGIE Services Limited, from the PPC.</p> <p>The Board advised that, regardless of complexities of systems, ENGIE must demonstrate a public commitment to supporting SMEs and the PPC through a realistic action plan to achieve the target. The Board reinforced the commercial and reputational risks of being classified as a poor performer in this area.</p> <p>An updated action plan was put in place by ENGIE with a view to achieving the standard by September 2019. Good progress was being made and ENGIE has achieved payment of 95% of supplier invoices within 60 days across all parts of the business. In November 2019, ENGIE services was officially put back on as a signatory to the Prompt Payment Code.</p> <p>Progress will continue to be monitored closely by the Board. The Board noted that the CICM has recently quoted ENGIE Services Ltd as a best practice example with its new policy to mandate the use of purchasing cards for all purchases of £500 or less, giving suppliers immediate payment and reducing invoice volumes by 20%.</p>	
ENGIE Action and further steps	
<ul style="list-style-type: none"> Following a thorough, ongoing review from April to October, the Board were satisfied that ENGIE had a realistic action plan and good progress was being made. The Board also discussed the importance of ensuring commissioners' supported the achievement of this standard through their own practices and advised that a collective statement to Government could be valuable. 	
Rating	Quote
	<p>'The priority was to ensure a realistic but focused action plan was developed and supported by ENGIE to improve performance. It is complex but paying suppliers quickly is the right thing to do as a responsible business, as well as essential to keeping the economy moving.'</p> <p>Sir Mike Rake</p>

Charter Commitment: Fair executive pay

KPI 3	Evidence Reviewed
Alignment with best practice reports and ratios	<ul style="list-style-type: none"> Evaluation of the current status of ENGIE's position on pay ratios for Executive Pay ENGIE's position compared to competitors based on available information ENGIE Group Executive Pay Policy Review of recent best practice and relevant regulations
Board Review	
<p>There has been increasing scrutiny of the levels of executive pay within the private sector, particularly those involved in public service delivery. In addition to the total remuneration, the focus has included pay policies and governance particularly when benefits are paid after poor organisational performance.</p> <p>The Board explored the new requirement for UK Quoted Companies to publish pay ratios from 1 January 2019 which will assist in establishing comparisons with competitors. ENGIE has voluntarily adopted these regulations. This decision was welcomed by the Board.</p> <p>Executive pay data will not be available publicly for listed competitors until January 2020. ENGIE intend to publish their data in line with the timetable for listed companies. Work has been undertaken based on publicly available data to establish a benchmark and carry out a basic review of pay ratios. This demonstrates that ENGIE currently compares well to competitors based on available information. The Board will review this position again in June 2020.</p> <p>Following a review of the ENGIE Group wide pay policy, the Board were satisfied that the policy had a fair balance between financial and operational measures, management measures plus non-financial factors linked to ethical, environmental and safety performance.</p>	
ENGIE Action and further steps	
<ul style="list-style-type: none"> For ENGIE to continue to monitor emerging data in this area to ensure they are in-line with best practice and recommended ratios. For the action plan to embed, drive and incentivise the right culture and behaviours at all levels of the organisation and measure its impact. 	
Rating	Quote
	<p>'The Board was satisfied that the pay policy is intended to incentivise the right behaviours and is in-line with recommended ratios. It will be important to monitor closely this measure as more comparable data becomes available, and we look forward to seeing ENGIE publish its own in due course.'</p> <p>Lord Adebowale</p>

Principle 2 Transparent & Accountable

4. Creation of a Living Will
5. Customer satisfaction
6. Driving an ethical culture; exposing unethical conduct
7. Open to scrutiny



Image: ENGIE employee at Sheffield University

Charter Commitment: Creation of a Living Will

KPI 4	Evidence Reviewed
Development of a living will for the organisation.	<ul style="list-style-type: none"> • Details of ENGIE's involvement in the Cabinet Office project • Living Will documentation

Board Review

ENGIE UK was one of five strategic suppliers asked to pilot the creation of a Living Will with the aim of allowing greater transparency into the structure of the business, how it contracts, the different contracts and supply chains. The requirement resulted from a Cabinet Office project to raise standards following the collapse of Carillion.

The Board noted that the Living Will was delivered to deadline and received positive feedback from the Cabinet Office.

From an ENGIE perspective, there have been benefits gained through this live document including creating a single point of co-ordination for contract information and associated supply chain and identifying the trigger points that may require intervention.

The Board positively viewed ENGIE's engagement with the project and development of the Living Will. Whilst the risks are very low for ENGIE, it is important for the business to be part of the industry response and work with the Cabinet Office. Transparency is essential to allow customers in the public sector to have access to financial and other information so that they understand ENGIE UK's financial position fully. Also, to ensure they have sufficient information to allow services to continue in the event of corporate financial crisis.

ENGIE is now incorporating these processes into the annual reviews as a Government strategic supplier including how it captures data for all government reporting to standardise and link to its Living Will.

ENGIE Action and further steps

- ENGIE is requested to update the Board in six months on how the Living Will is being used actively in the business to manage risk.
- A further KPI review will take place in 12 months taking account of any new risks which may arise.

Rating	Quote
	<p>'ENGIE has played a crucial role in the piloting of Living Wills. There have been positive benefits in terms of transparency and information sharing with Government and internally to the business.'</p> <p>Jane Ramsey</p>

Charter Commitment: Customer Satisfaction

KPI 5	Evidence Reviewed
Commitment to deliver the highest standards of customer service	<ul style="list-style-type: none"> Customer strategy and four delivery programmes Customer satisfaction metrics in relation to business to business, and business to customer services Measurements of account management plans and employee engagement

Board Review

The Board noted the strategy over the last three years to move away from a product to a customer focus. The purpose is to gain insight from the customer, understand their needs and complexity that allows ENGIE to present back their array of capabilities.

In relation to business to business (B2B) accounts, the Board was informed that historical performance scores in 2015/16 were poor as the business focused on integration. Whilst there have been significant improvements and the business is on track to achieve a neutral net promoter score, there is more to be done.

The UK business has a customer satisfaction strategy with four key programmes:

1. Customer Insight - Understanding the levels of customer satisfaction achieved across the business and acting upon it along with seeking feedback from projects and tenders won or lost
2. Customer Connect – Equipping teams/business to better understand customers’ needs and how capabilities can serve those needs.
3. Strategic Account Management – Building stronger

partnerships with the most important customers that will be critical in delivering growth.

4. Skills training for front-line customer teams - helping them to appreciate the role they play as ambassadors for the business.

The Board reviewed the current performance data and the action plans. It was explained that performance issues can arise, particularly at the start of a new contract, as roles and responsibilities are clarified and working relationships are established. These weaknesses have resulted in perceptions of poor service and quality. Scores improve during the contract duration and as relationships embed.

The Board challenged ENGIE’s aspirations against industry benchmarks and were reassured that they aspired to be a high service company aiming for satisfaction of 70% or higher.

For business to customer services (B2C), there have been two years of results from a sample of 3000 home energy customers. These scores are high with customers experiencing few problems, transition is prompt, and they are easy to deal with. Areas to focus on are improved communications around increasing monthly payment, and technology to help support this.

ENGIE Action and further steps

- There is scope for improvement in relation to business to business customer satisfaction and there are clear plans and targets in place.
- The Board encouraged the business to translate the learning from the B2C business and apply in other areas.

Rating	Quote
	<p>‘Customer satisfaction is central to operating as an ethical business – understanding and meeting needs. Resources are being directed at business clients and improvements are being made. This should continue to be a priority.’</p> <p>Jane Ramsey</p>

Charter Commitment: Driving an ethical culture; exposing unethical conduct

KPI 6	Evidence Reviewed
Ethical checks carried out on significant counterparties Affording protection to whistle-blowers Formal process for investigation of allegations All senior managers receive ethics training annually Whistle blowing processes communicated across our employees and supply chain	<ul style="list-style-type: none"> ENGIE’s policy framework relating to ethical conduct The UK and Group management and reporting mechanisms 2018 employee survey results and qualitative focus groups

Board Review

Driving an ethical culture is dependent on creating a culture of openness, transparency, accountability and effective leadership behaviours, as much as policies, procedures and training.

The Board were satisfied that ENGIE prioritises and invests to drive ethical conduct. This is evidenced by the introduction of mandatory ethics training, the implementation of ENGIE’s Leadership Way programme which seeks to drive an ethical culture, and measurement of impact through the employee survey. The impact of this is reflected in the employee engagement survey and interviews with senior managers.

In relation to the training delivered, the Board encouraged the business to identify ways to show the impact of training and other activities, rather than relying on training uptake and course satisfaction scores. The roll-out has been recent and the Board were satisfied that this will happen. There is also a commitment to make training available to all employees, and ensure take-up is as inclusive as possible.

The Board recognised the positive role of the internal Incident Management Committee in managing reported ethical incidents and how they are reported to customers. They consider this to be best practice in the sector.

ENGIE Action and further steps

- ENGIE were encouraged to consider best practice and learning from other sectors to drive improvement in this area. This work is now progressing.
- The Board requested that qualitative evidence was sought to gain further insight into perceptions of an ethical culture within ENGIE amongst employees. Interviews were undertaken which reflect that ethical standards are clearly communicated to the business, training delivered, and processes understood.
- Advised that effective impact measures are implemented to assess the impact of training and ensure an inclusive approach.

Rating	Quote
	<p>‘There has been a significant commitment to updating training and skills associated with ethics within the organisation and we are satisfied that the culture, processes and policy are embedding.’</p> <p>Jane Ramsey</p>

Charter Commitment: Open to Scrutiny

KPI 7	Evidence Reviewed
Implement a Scrutiny Board responsible for holding the business to account against the Charter Publicly available annual report/quarterly scrutiny board meetings to be held Responding to Freedom of Information requests	<ul style="list-style-type: none"> • Summary of ENGIE's approach to establishing the new Responsible Business Charter and Scrutiny Board • Details of ENGIE's policy and responses to Freedom of Information requests

Board Review

The Board reinforced that how a business operates in terms of transparency, accountability and involvement matters when building public and client trust. This is increasingly important when the business is responsible for providing public services, or citizens perceive public money to be at risk.

The Board welcomed ENGIE's commitment to adopting a clear set of commitments in the Responsible Business Charter which are enabling them to achieve higher economic, social and environmental standards whilst building public trust. By going a step further in creating an independent Scrutiny Board to hold ENGIE to account for delivery of the commitment, they are demonstrating that they are embracing scrutiny and transparency and generating the benefits of ongoing insight from the Board.

Throughout the year the Board has been overseen by the Centre for Public Scrutiny, a national charity which supports scrutiny excellence in the public, private and voluntary sectors. There have been four Scrutiny Board sessions held with evidence packs provided for all 16 commitments within the Responsible Business Charter.

ENGIE complies with Freedom of Information requests directly as required and via clients.

ENGIE Action and further steps

- The Board welcomed ENGIE's commitment to engaging fully in the scrutiny process during the year.
- ENGIE is encouraged to consider how the charter's commitments and scrutiny process can evolve to build and sustain best practice.

Rating	Quote
	<p>'ENGIE has taken a bold step in publishing a set of commitments and is being held to account for delivery by a truly independent board. We encourage others to follow in being open to scrutiny and for ENGIE to continue to lead the way.'</p> <p>Lord Kerslake</p>

Principle 3 Fair Employer

8. Equal opportunities for all
9. Committed to staff training
10. Safety and Wellbeing
11. Employee voice and trade union recognition
12. Reducing gender pay gap
13. Promoting the Real Living Wage



Image: ENGIE employees, Queen Alexandra Hospital - Portsmouth

Charter Commitment: Equal opportunities for all

KPI 8	Evidence Reviewed
<p>Effective diversity and inclusion processes implemented and monitored across the business</p> <p>Effective diversity training provided for staff, contractors and subcontractors</p> <p>External benchmark/accreditation of diversity performance</p>	<ul style="list-style-type: none"> • Details of Diversity and Inclusion Action Plan and progress against delivery • Specific data relating to the diversity metrics and performance

Board Review

The Board welcomed the priority given to this issue by ENGIE which is reflected in the development of a diversity and inclusion action plan with accountability shared between the Board Directors for HR and Finance.

The Board took an in-depth look at the data, across several meetings, and assessed the quality of diversity data available as being mixed but improving. The Board advised the business to be clear that the aim is for equality across all groups and to have stretch targets. These changes have been incorporated into the diversity and inclusion action plan.

Diversity management information includes data relating to promotions (female and ethnic minority). The scope of data collected was also increased in 2018 to include promotions and grievances by gender. The Board tested the challenges and barriers in this area including the quality of the data, legacy issues from acquisitions and an individual's right to withhold information. Reflecting ENGIE's own assessment, the Board's view is that this area is a work in progress with a clear plan to use the insights to improve diversity and representation at all levels of the business. Since the initial Board review, ENGIE has committed to three years of diversity and inclusion targets around ethnicity and gender.

The Board's analysis showed that the retention of mothers is an area for improvement and this was investigated during the year. The majority of ENGIE employees who take maternity leave are customer-facing, contract level staff. ENGIE has implemented a range of initiatives to encourage and support a return to work including introducing new benefits including increasing the annual holiday entitlement. ENGIE is currently reviewing its reporting system which will better enable the company to review the pension rights for mothers on maternity leave.

ENGIE is also developing a mentorship programme for women working at all levels and Women in ENGIE workshops to showcase paths and opportunities.

ENGIE Action and further steps

- The Board were satisfied that ENGIE UK is giving priority to Diversity and Inclusion, noting the challenges and mitigating action. As a result of the Board's involvement, ENGIE has strengthened its approach to data collection, target setting and monitoring.
- The Board requested a report on progress in six months and for post-maternity returners to be closely monitored for any ongoing issues.

Rating	Quote
	<p>'Accurate data is vital to give the insight needed for ENGIE to take steps to ensure opportunities are available to everyone, through addressing the associated cultural, environmental and behavioural issues.'</p> <p>Joan MacNaughton CB</p>

Charter Commitment: Committed to staff training

KPI 9	Evidence Reviewed
<p>Growing apprenticeships across the business - offered to all employees</p> <p>Minimum of one training day per employee per annum</p> <p>Top 50 apprentice employer</p>	<ul style="list-style-type: none"> • Details of ENGIE's approach to growing apprenticeships across the business • Details of activity to achieve the training day target and ensure all employees benefit • Details of Diversity and Inclusion Action Plan and progress against delivery • Specific data relating to the diversity metrics and performance

Board Review

The Board agreed successful organisations are those which maximise the potential of their people. The evidence presented demonstrated ENGIE's commitment to developing its people and supporting them to achieve their potential. Importantly, ENGIE's training strategy has a forward focus incorporating the impact of energy and digital industries. Environmental factors such as Brexit and the Apprentice Levy are also considered. The Board considered the ENGIE Academy Portal, E-Learning and ENGIE University as innovative best practice.

Overall, on average, employees receive 12 training hours per annum on training with approximately a third based on mandatory Safety, Health, Environment and Quality (SHEQ) content. The Board was pleased to see the one day training target being met exclusive of SHEQ training. ENGIE used training benchmarks to compare its provision of training and the Chartered Institute of Professional Development (CIPD) study confirms that ENGIE UK is within the 43% of businesses that provide up to 20 hours training.

The Board noted the positive investment made into the apprenticeship scheme with a significant increase since May 2019 and ENGIE is ranked within the top 50 apprentice employers. They highlighted that the retention rate is lower than that reported nationally and plans are in place to improve engagement and improve the support available. The Board reviewed ENGIE's experience of the Apprenticeship Levy. ENGIE are supporters of the scheme and committed to employing 5% of its workforce in "earn and learn" positions within five years.

The Board reviewed the information and examples of specific commissioner/procurement requirements in relation to training. It was noted that there are varied levels of training expectations from clients and stressed the importance of commissioner requirements in driving high standards in training and development.

ENGIE Action and further steps

- The Board advised that ongoing investment is needed to maintain progress and to position ENGIE as a sector leader in training provision, including within management levels as an apprentice employer.
- A potential barrier is the lack of consistency and prioritisation given by commissioners for training in the procurement process. The Board asked ENGIE to consider working with the sector and representative bodies to raise awareness of this issue.
- Consider learning from other sectors to improve gender representation in traditional male apprenticeship roles.
- The Board asked to be updated in six months on the Apprentice Levy experience.

Rating	Quote
	<p>It is good to see clear evidence of ENGIE's commitment to staff training and apprenticeships. We are keen to ensure these opportunities are available to everyone and track the impact this is having on equality of promotions, etc.'</p> <p>Lord Adebwale</p>

Charter Commitment: Safety and Wellbeing

KPI 10	Evidence Reviewed
Accident Frequency Rate (AFR) Safety Observations/Leadership Visits	<ul style="list-style-type: none"> • AFR performance data • Leadership Safety Visits (LSV) and Management Safety Visits (MSV) performance data. • Access to Action plan summary and performance data relating to each KPI

Board Review

The Board reviewed the evidence, setting out the strategic and operational approach to ensuring all ENGIE employees can work in a way that does not compromise their own safety and wellbeing or that of others. The evidence showed that the business is on target to achieve the KPIs for the year.

Safety and Wellbeing of workers remains a significant concern in the UK today and ENGIE, like most responsible businesses, has well-developed and embedded programmes in place aimed at developing its safety culture, leadership and management as well as improving performance on incidents, injuries and ill-health. Exemplary performance in this area is vital to winning new business and to retaining existing business. In addition, wellbeing is fast becoming a focus area for workers in the UK, and ENGIE's approach reflects the importance of supporting employees' health and mental well-being.

The Board assessed how a culture of openness was embedded at all levels and a shared understanding of the definitions of risk and incidents. With the creation of the SHEQ reporting system, the business is developing further capability for analysing and trending performance data to enable more effective targeting and elimination of root causes of injuries. In reviewing ENGIE's ambitions to raise standards in safety and wellbeing, the Board advised this data should be used to inform new improvement metrics.

ENGIE Action and further steps

- The Board recognised the commitment and investment made by ENGIE in safety and wellbeing and the progress being made to achieve the indicators.
- The Board requested that work is undertaken to develop new leading metrics which utilises the data now available to inform more effective targeting and elimination of the root causes of injuries.

Rating	Quote
	<p>'Tackling the root causes of injuries and promoting and supporting wellbeing is where ENGIE should be developing further capability. The Board will be keen to monitor progress and impact.'</p> <p>Baroness Jeannie Drake</p>

Charter Commitment: Employee Voice and Trade Union Recognition

KPI 11	Evidence Reviewed
Active and fully attended Employee Forums (3 x annually in all areas of the business) Full UKBU NEF and UK attended EWC 3 x annually Employee survey results – item on employee engagement/two-way engagement 3 x business/strategy dialogues for Senior TU officials Investors in People Accreditation	<ul style="list-style-type: none"> • ENGIE's strategy and activities in relation to employee and union engagement • Survey results and breakdown by gender

Board Review

The Scrutiny Board was keen to see that ENGIE recognise and promote the value of the trade unions' involvement in developing policies, as a valuable contributor.

They recognised the well-established framework for trade union engagement, with 55 recognition agreements in place with trade unions. The Board was satisfied that the formal business and strategy dialogues take place, alongside regular dialogues and briefings and the trade unions are given the opportunity to feedback their views on the ENGIE relationship. Representatives also attend the National Employee Forum (NEF) which meets three times each year.

ENGIE confirmed how they gain insight into the trade union views of relations. They reported that feedback and relationships have been positive and constructive. The Board advised that ENGIE seek direct feedback from trade union representatives. The Board advised how the negotiating environment is likely to become more challenging as the labour market adapts to Brexit and wage pressures increase.

In relation to the Employee Forum, the KPI had been achieved with forums delivered successfully and with positive feedback in 2018. ENGIE was able to articulate the impact of the forums on policymaking including an "Imagine 2030" project, where ideas informed the key strategic drivers for the ENGIE group.

The 2018 annual Employee Engagement Survey (EES) achieved a participation rate of 68%; the highest in the global group and up from 58% in 2017. There was also an increase in the overall employee engagement score of 78%, an increase of 6% on 2017 (from 10,052 employees, 2018). Each division of the business has access to their results and produce an engagement plan as a direct result of their survey outputs.

The Board questions showed that women scored higher on the majority of survey elements suggesting marginally favourable engagement rates for women in the business.

ENGIE Action and further steps

- The Board recognised the positive improvements in key employee engagement metrics and assurance that the data is informing corporate and team priorities.
- The Board supported the investment in employee voice and trade union engagement and the relationships that currently exist.

Rating	Quote
	<p>'The value, insights and direct business benefits gained from genuine employee and union engagement must not be underestimated. We are satisfied that ENGIE has this mindset and is working hard to engage well.'</p> <p>Baroness Jeannie Drake</p>

Charter Commitment: Reducing Gender Pay Gap

KPI 12	Evidence Reviewed
<p>Reduce gender pay gap to less than 30%</p> <p>Lead in the reduction of gender pay gap ratio vs competitors</p>	<ul style="list-style-type: none"> Data relating to the current equal pay position The ENGIE gender pay gap performance and available comparable data
Board Review	
<p>The Board reviewed the evidence and were satisfied there are currently no equal pay issues in the business.</p> <p>Recent legislation requires companies with more than 250 employees to publish data about their gender pay gap. ENGIE has a target to reduce the gender pay gap year on year e.g in 2020, ENGIE has a gender pay gap target of less than 30%, it is currently 31.8%. The Board was satisfied that plans are in place to address this situation. The Board noted 30% of the Executive Board is female and there was a Diversity and Inclusion Committee focussed on understanding and addressing what causes these gender imbalances.</p> <p>The front-line workforce is split evenly between the genders however, at more senior management and technical roles, the proportion of female staff to male staff is significantly less. The Board discussed the importance of eliminating unconscious gender bias and creating a positive working environment for all.</p>	<p>The Board noted that in STEM (science, technology, engineering and mathematics) industries, women only make up a fifth of the work force. ENGIE has made a commitment to encouraging and working towards a more even balance between the genders at senior levels.</p> <p>The Board reviewed the comparable data available from competitors alongside some of the initiatives they have undertaken. The Board accepted the diverse nature of ENGIE's activities results in limitations around direct competitor analysis as regards the gender pay gap ratio.</p> <p>However, opportunities should be taken to apply learning where possible, particularly in sectors with similar gender recruitment challenges.</p> <p>The Board reviewed and welcomed the actions in place to reduce the gender pay gap and priority to this given by the business. It requested an update in six months.</p>
ENGIE Action and further steps	
<ul style="list-style-type: none"> The Board was satisfied that there are currently no equal pay gaps in the business. The Board reviewed the plans in place to reduce the gender pay gap and reported they were robust and specific. They requested an update in six months. The Board supported ENGIE in engaging with Government and other initiatives to increase the involvement of women in STEM subjects and sectors. The Board promoted the importance of creating a culture that breaks down the stereotypical gender barriers between different job roles. ENGIE's gender pay gap improved and reduced from 35% to 31% in 2018-2019. 	
Rating	Quote
	<p>'This is a challenging task for the whole sector. While progress is being made in ENGIE, now is the time to redouble the company's efforts to attract women to jobs at all levels and to provide an environment where they can flourish.'</p> <p>Joan MacNaughton CB</p>

Charter Commitment: Promoting the "Real Living Wage"

KPI 13	Evidence Reviewed
<p>Provide 100% customers with the option to adopt the real living wage</p> <p>Living Wage Employer (Head Office staff)</p>	<ul style="list-style-type: none"> ENGIE's strategy, policies and action plan to embed real living wage options into bidding and contract discussion KPI performance statistics
Board Review	
<p>The Board recognised the commitment from ENGIE to apply the real Living Wage within the business. It was reported that the majority of ENGIE employees are paid above this level due to the technical and professional nature of their roles. All ENGIE employees at Head Office are paid the Living Wage.</p> <p>ENGIE is targeting customers where there is an opportunity to offer the real Living Wage. In the main this will be limited to soft services opportunities where the pay rates for roles (eg cleaning, catering, security) usually are at or just above the National Living Wage but below the real living wage. The Board also reviewed the work to assess agency pay rates and supply chain partner compliance checks.</p> <p>The Board was satisfied that customers are being offered the option to adopt the real Living Wage, take-up is however dependent on the clients' willingness to consider this. Some are unwilling or unable to pay the real living wage and pursuing this cost option would make tender bids uncompetitive.</p> <p>The Board recognises the impact of funding reductions on some public sector clients and the focus on driving down costs. They were keen for there to be a cross-sector commitment to raising living standards through a take-up of the real Living Wage.</p>	
ENGIE Action and further steps	
<ul style="list-style-type: none"> The Board welcomed the action being taken by ENGIE and will continue to monitor the steps being taken to embed this practice in all its operations and those of its suppliers. The Board will call on funders, particularly from the public sector, to adopt the real Living Wage. 	
Rating	Quote
	<p>'Raising living standards depends on people being paid a living wage. ENGIE is applying this to its business but it is otherwise dependent on purchasers. Adopting the real Living Wage should be the policy for all funders, particularly government and public sector providers.'</p> <p>Sir Mike Rake</p>

Principle 4 Supporting our Communities & Environment

- 14. Commitment to invest in our communities
- 15. Environmental leadership, innovation and improvement
- 16. Responsible Procurement Practices



Image: ENGIE employees take part in London to Paris charity cycle ride.

Charter Commitment: Commitment to Invest in Our Communities

KPI 14	Evidence Reviewed
<p>Explicit social value commitments within contracts</p> <p>Annual targets for community investment</p> <p>More than 95% of our contracts will report on Social Value Metrics</p>	<ul style="list-style-type: none"> • Strategy, action plan and performance statistics • ENGIE UK Social Value Methodology • Social Value Commitments – Contract Wins Report

Board Review

The Board recognised ENGIE's commitment to investing in communities as a key means of delivering better outcomes, as well as improving trust in the business. It investigated how ENGIE is moving towards more collaborative models of investment and engaging with stakeholders more transparently.

In response to the Social Value Act, Civil Society Strategy and Industrial Strategy, ENGIE has developed and recently rolled out a new methodology for measuring social value that brings together two leading frameworks to give a comprehensive understanding of social value and identify opportunities for improvement. This measurement system and methodology is the first step of a longer-term strategy to ensure this is embedded in the business. The Board considered the ENGIE model to be transparent, credible and able to be adjusted.

The commitment to social value and environmental impact will become more important to commissioners and in the procurement process in future years.

In terms of the specific target, the Board noted:

- Explicit social value commitments within contracts – work is progressing in this area following the introduction of the Responsible Business Charter. As a result, the business is being more proactive in offering social value commitments when the client does not request them.
- The annual target for community investment in 2018 was exceeded.
- 95% of contracts will report on Social Value Metrics.

The Board considered the validity of reporting and data and were satisfied that it was verified by a number of external parties.

ENGIE Action and further steps

- The Board was satisfied that good progress is being made and ENGIE has committed to embedding community investment and social value in all its procurement and delivery activities.

Rating	Quote
	<p>'The Board is keen to see ENGIE build on the progress that has been achieved. The opportunity is there to go beyond what is already being done and articulate sector leading levels of ambition on meeting customers' needs and ENGIE should seize it.'</p> <p>Sir Mike Rake</p>

Charter Commitment: Environmental Leadership, innovation and improvement

KPI 15	Evidence Reviewed
Delivering against the corporate social and environmental goals	<ul style="list-style-type: none"> KPI performance data split between Carbon, Waste, Water and Biodiversity Access to supporting strategy and policy documentation

Board Review

One of the highest profile issues from an environmental perspective is that of climate change. The Scrutiny Board recognises that, as a global energy business with significant energy and energy-related activities in the UK, ENGIE has a responsibility to respond to this issue and is currently developing a zero carbon plan both for the business and its clients. This will build on the existing Group ambition to be the leader in Zero Carbon Transition ‘as a service’.

The Board reviewed progress against the targets, split between Carbon, Waste, Water and Biodiversity and noted that in 2018 ENGIE came 1st place in the Sustainable FM Index which assessed performance against 23 other FM providers. ENGIE are the only organisation to have won the Index twice.

Overall, good progress is being made in the majority of areas. In 2019, the waste generated increased compared to 2018 although is lower than the 2012 baseline. In response, the Board was satisfied that a comprehensive waste strategy has been commissioned to advance the management of waste including a focus on awareness raising of alternative techniques to ensure the teams prevent excavated materials from becoming a ‘waste’ as much as possible.

The Board was keen to assess how ENGIE’s performance compares to other organisations and how they will continue to meet customer and client expectations and lead the way.

ENGIE Action and further steps

- The Board welcomed the progress being made and the action taken to improve standards.
- The Board advised that the next iteration of this KPI should consider how future ambitions will be captured, tracked and reported.

Rating	Quote
	<p>‘ENGIE is making good progress and the Board is keen to see further progress now to articulate future ambitions to ensure they are well-placed to meet customer and client demands and lead the way in the sector.’</p> <p>Joan MacNaughton CB</p>

Charter Commitment: Responsible Procurement Practices

KPI 16	Evidence Reviewed
Implementation of Responsible Procurement ISO 20400	<ul style="list-style-type: none"> Data and evidence of social enterprise spend Criteria and plan to achieve ISO Standard
Leading SME spend and payment terms	<ul style="list-style-type: none"> Strategy and approach to maximising spend with social enterprises

Board Review

Small and Medium Sized Enterprises (SMEs) currently represent 47% of the ENGIE supplier spend. The Board was keen to review how ENGIE ensures that its values and commitments are achieved across the supply chain and risks are mitigated.

The Board noted that supply chain partners are required to commit to a Supplier Charter which expects supplier to pledge their support in helping ENGIE meet the objects set out in the Responsible Procurement Policy and its ethics and compliance policies.

ENGIE demonstrated its commitment to achieving compliance against the ISO 20400 Sustainable Procurement standard guidance in 2019. The evaluation report noted that leadership was evident and strong evidence of good sustainable procurement practice across the business. The Board recognised ENGIE’s achievement in achieving this international standard, positioning itself as a forerunner in sustainability in the sector.

Reflecting on the growing importance of sustainability, the Board considered that compliance with this standard or similar will be a requirement of future bids.

The Board considered and welcomed the multi-pronged approach ENGIE has taken to maximising spend with social enterprises. Action has included prioritising key categories and seeking social enterprises in areas close to its office locations and using Social Enterprise UK data to inform its strategy.

ENGIE Action and further steps

- The Board recognised the achievement of the ISO Standard and will continue to review the impact of achieving the standard on performance, relations and SME spend.
- The Board advised ENGIE to promote more widely the value and benefits of this work to the sector and commissioners with a view to the ISO standard becoming a procurement requirement.

Rating	Quote
	<p>‘ENGIE is leading the way in terms of its commitment to responsible procurement practice, as reflected in the new ISO standard recognition.’</p> <p>Lord Adebawale</p>



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