



2012-13 DISCRETIONARY REWARD



SUBMISSION PART I

A BIG STEP FORWARD IN STAKEHOLDER ENGAGEMENT



JOHN BARNETT,
COMMERCIAL DIRECTOR

As an electricity network operator Northern Powergrid serves a diverse population across northeast England, Yorkshire and North Lincolnshire of some 8.3 million people. The services we deliver impact on everyone who lives, works or even travels through the communities we work in and our wider stakeholders extend to individuals, groups and organisations interested in or impacted by our work regionally, nationally and internationally.

The last year has been a challenging and exciting time for Northern Powergrid. We have significantly intensified our stakeholder engagement as an essential part of developing our 10-year business plan and as an important influence on improving our current services. This has included building relationships with many more stakeholders.

We aspire to be recognised as a leader in the field of stakeholder engagement. Our reflection on past performance, combined with the learning we've undertaken during 2012-13, has pointed us firmly towards establishing a much broader and inclusive approach to stakeholder engagement and the new outcomes that this delivers. To achieve this we needed to be better organised with more formal governance arrangements in place. Formal accreditation of our stakeholder engagement process isn't mandatory under the Ofgem scheme, however our aim was to set our bar high to secure a significant improvement in performance.

We therefore targeted gaining external accreditation under the Stakeholder Engagement Standard AA1000 inside one year and I am pleased to report that this has been achieved.

Another big improvement in 2012-13 has been the breadth and depth of people across the company who are now regularly involved in engaging with our stakeholders and making changes as a result of the feedback. We've found that this enhances employee engagement and, combined with leadership from the top including regular executive progress reviews, we have moved on significantly from our approach in earlier years.

Our stakeholder database now contains more than 6,000 live contacts; and we've enhanced it during 2012-13 to not only identify stakeholders by type but also to add their areas of interest, helping us to tailor our engagement and communicate outcomes to them. We can now easily attach key documents, activity logs and correspondence

to stakeholder records so that our activities are better coordinated irrespective of which team member is carrying them out.

This is a journey that will not end, as we aim to constantly improve and embed our existing engagement and build mature relationships with new and emerging stakeholders; to strengthen our business and the services we deliver for the ultimate benefit of our customers.

We've worked really hard in 2012-13 to achieve the position we are reporting in this submission and I appreciate the valuable time and feedback that our stakeholders have provided and the hard work of our team to get us here. I am particularly excited about the strong platform this provides for us to deliver further wide-ranging benefits that our stakeholders will value.

A handwritten signature in black ink that reads "John Barnett".

John Barnett
Commercial Director

OUR APPROACH – STAKEHOLDER ENGAGEMENT DRIVING IMPROVEMENT

Our approach aims to put stakeholder engagement, the feedback this generates, and the way that this influences and informs what we do, at the heart of the business.

We value our stakeholders and their opinions as we know that listening and responding to them helps us to stay ahead when it comes to identifying and meeting our customer and stakeholder needs.

Our engagement activity has told us that our stakeholders’ interests lie in seven priority areas. Six align with the Ofgem output areas of power reliability and availability, social obligations, connections, safety, environmental impact and overall customer satisfaction; with an additional priority identified around investing in our workforce.

we are not changing our plans and why. While we have highlighted the key groups we regularly engage with, it’s important to note that we’re prepared to hear from anyone about any issue they wish to raise with us and seek to reference our wider engagement at every opportunity.

The delivery of our strategy is supported by an annual stakeholder plan and a stakeholder toolkit which is available to our employees via our intranet ‘the grid’. The toolkit was launched in 2012-13 and supports our team through the end-to-end process of stakeholder engagement.

Our overarching approach to engagement, our stakeholders and the co-ordination of activity across the priority issues.

The success of this approach, set out in appendix 1, is in the execution of clear, open and honest communication. We engage our stakeholders through well-informed discussion and, whilst we regularly benchmark with some key questions these are based on more in-depth stakeholder feedback. We ensure that we are not asking ‘closed’ questions. A continual loop of feedback, specifically highlights ‘you said, we did’ in our dialogue. Importantly we also feedback when

Our approach to stakeholder engagement and the more detailed plans developed and implemented to support this, are to:

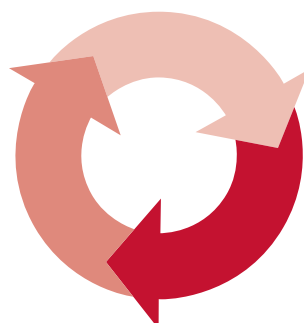
- Align stakeholder engagement to business priorities to ensure it is meaningful and makes a difference
- Translate feedback from stakeholders into improved services and business performance for mutual benefit
- Research, benchmark, and adopt best practice from other organisations
- Embed stakeholders in every aspect of the Northern Powergrid culture; aligning our employees and service providers to stakeholder experience and needs
- Take a holistic approach to stakeholder engagement that is tailored, multi-layered and multi-channelled to meet the needs of our large and diverse range of stakeholders
- Keep pace with new and emerging markets and developments to ensure that our stakeholder mapping reflects current and potential future stakeholders
- To listen to, communicate our response to and, most importantly, act on the feedback we collect

Our stakeholder engagement process involves a continual two-way dialogue between our stakeholders and us. This enables us to find and implement solutions to our mutual benefit.

STAKEHOLDER ENGAGEMENT PROCESS

Using information from stakeholder engagement to inform business decisions and feedback the outcomes to stakeholders

Engaging stakeholders about their needs and views



Informing and sharing business plans and service enhancements with stakeholders checking understanding, & feeding back on progress

INDEPENDENT STAKEHOLDER AUDIT MANAGEMENT REPORT (SGS)

“The stakeholder engagement toolkit, including the strategy, is a good framework for guiding effective stakeholder engagement and ensuring that engagement is performed and feedback sought across all of Northern Powergrid’s business units.”

OUR STAKEHOLDERS – ANYONE AND EVERYONE

As an electricity network operator, we have a customer base of 3.9 million and serve a diverse population of some 8.3 million people. Many of our customers don't know who we are until their lights go out. We've made it our business to increase our profile and get talking to our customers, our communities and wider stakeholders.

As we have such a large number of potential and existing stakeholders, it's important to not only know who they are, but to feel confident that we can categorise and prioritise them. This principle is integral to effective delivery; it's not always desirable, or often necessary, to reach stakeholders with the same level of intensity, this allows us to target our stakeholders accurately and with purpose. Stakeholders are categorised according to the level of impact our plans and decisions may have on them, directly or indirectly, and the influence that they have in helping us to achieve successful outcomes.

We've represented this process in the table below. It outlines three levels of priority for stakeholders:

- **Priority 1** – These are stakeholders who are **BOTH** heavily impacted by what we do **AND** have high levels of influence (directly and indirectly) in successful outcomes. We maintain regular and systematic engagement channels and strong relationships with this group.
- **Priority 2** – These stakeholders are **EITHER** heavily impacted by what we do **OR** have high levels of influence on successful outcomes. We are regularly in contact with this group; engagement levels vary dependent on the issue and their levels of interest.
- **Priority 3** – These stakeholders are minimally impacted by our work and have a low level of influence in terms of successful outcomes. We communicate regularly with this group and there is an open invitation for them to engage with us across the board or on specific issues.

We already work with thousands of stakeholders that range across customers, community groups, local and central government, environmental agencies and groups, energy suppliers, local businesses, employees, investors and our regulator. These groups, and the way they are currently prioritised, are outlined in the Stakeholder Mapping grid. The scope to increase our stakeholder numbers and our engagement levels is significant and something we are consistently reviewing – particularly as the subject area and priorities are changing.



Northern Powergrid stakeholder panel meeting

INDEPENDENT STAKEHOLDER AUDIT ASSURANCE STATEMENT (SGS)

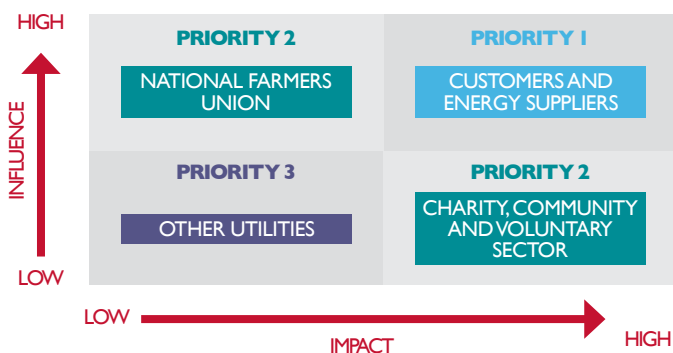
"Northern Powergrid is proactive in engaging new stakeholders, evaluating the effectiveness of engagement and engaging with organisations that have better contact with certain stakeholder groups.

There are examples where Northern Powergrid has brought together a variety of stakeholders who have not traditionally worked together, to provide better outcomes related to specific issues for all stakeholders involved."

"This is a very useful opportunity to come in to the session today to meet a whole series of stakeholders; it is a very important sector. Right from the moment I arrived I bumped into people with similar issues that we face as another public service sector as well, like metal theft and continuity of supply in challenging circumstances with the change in environment around us."

RICHARD MCCLEAN,
MANAGING DIRECTOR,
TYNE AND WEAR METRO
STAKEHOLDER PANEL MEMBER

HOW WE PRIORITISE STAKEHOLDERS



D.N. These are illustrative examples. Please see over the page for the full stakeholder list.

OUR STAKEHOLDER MAPPING

KEY		
	PRIORITY 1	
	PRIORITY 2	
	PRIORITY 3	

STAKEHOLDER GROUP			STAKEHOLDER GROUP
Stakeholder Group	Stakeholder Sub-group	Stakeholder Type	Priority Level
Domestic Customers	Vulnerable customers	Elderly, chronically ill, disabled	1
	Domestic users and generators	Metered users	1
		Micro generators	2
Emergency Response	Emergency services	Police, fire service, medical	2
	Local resilience forums	Regionals LRFs	1
Unmetered Customers inc Local Authorities	Local authorities / Councils	Street Lighting	1
		Sustainability	2
		Leaders / Senior Managers	1
		Highways / street works Planning and development	1
	Unmetered customers	Industrial and utilities	1
		Highways Agency	1
		BT	1
			1
Repeat Connections	Customers	House builders	1
		House builders Federation	1
		SYPT	1
	Suppliers	Distributed generation customers	1
		Independent Connection Providers	2
	Trade Bodies	Distributed generation trade bodies	1
Interest Groups	Vulnerable Group representatives	RNIB	3
	Special Interest representatives	Association of North East Councils	3
		Energy Users Council	2
		NFU	1
	Environmental groups	Environment Agency	1
		DEFRA	1
		Campaign for National Parks	2
	Charity, community and consumer interest groups	Green Alliance	2
		Which	3
		EST	3
		Institute Customer Service	2
		BITC	2
		NEA	2
		Involve /VONNE	2
	Communications groups	National, local and trade media	2
		Parish Councils	2
	Business Interest Groups	CBI	2
Chambers of Commerce		3	
Other	Future Transport Systems	3	
Industry Participants	IDNOs	Council of European Energy Regulators (CEER)	1
		HSE	1
		Energy Networks Association (ENA)	1

STAKEHOLDER GROUP			STAKEHOLDER GROUP
Stakeholder Group	Stakeholder Sub-group	Stakeholder Type	Priority Level
Industry Participants	Other industry players	Transmission – National Grid	2
		Large Users (EHV) + generators	1
		Others DNOs	3
		Other utility companies	2
		Other suppliers (smart metering, renewables)	1
		Energy Suppliers	1
		ICPs	2
	Meter Operators	1	
	Internal	Employees	1
	Employee	Trade Unions	2
Legal	Legal	3	
Governmental	National	Dept. of Energy and Climate Change	1
		Suppliers (retailers)	2
		EIA	3
		Ofgem	1
		Energy consultants	3
	Political Regional	MPs	2
		LEPs	2
		Councillors and Council CEs	1
		Police Commissioners	2
		Association NE Councils	2
Energy Groups	Renewable energy groups	Renewables generators	2
		Renewables UK	2
	Major Energy Users	Large Employers / Commercial	1
		Commercial developers	1
	Other energy groups	Energy Retailers Association	2
		Ne Energy Leadership Council	2
		Energy Saving Trust	2
		Energy Institute	2
		CO2 Sense	2
		EEf	3
Finance	Internal	Shareholders	2
		MEHC	1
		Pension Trustees	2
	External	Capital Markets	3
	Academics	Academics	3
Service providers	Service providers	2	
Customer Service	Customer Satisfaction	Consumer Focus	1
		Institute of Customer Service	1
		Citizens Advice Bureau	1
		Ombudsman Service	1
Social Issues	Fuel Poverty	Fuel Poverty Advisory Group	1
		National Energy Action	1
	Vulnerable Customers	Red Cross	1
		Community Energy Solutions	1

HOW WE ENGAGE – OPEN ENGAGEMENT TAILORED TO SUIT YOUR NEEDS

Having recognised our various stakeholders and established a successful approach, we've designed our engagement activity with the knowledge that our stakeholders have varying levels of knowledge, interest and capacity to engage.

We engage through multiple channels, share our information

and design our discussions and questions to address this.

We use the model below to guide our engagement activity. The levels are not exclusive; we engage with all our stakeholders openly, systematically and regularly and build on this, based on their characteristics, with more targeted engagement.

Our stakeholder engagement activity is extensive; across the organisation this ranges from regular meetings and workshops with key individuals and groups, through to specialist sessions on key issues as and when they emerge.

COMMUNICATION THAT IS OPEN TO ALL OUR STAKEHOLDERS

We're proud of our open communication processes. Throughout all of our activities we ask clear, open questions in order to facilitate a mature and informed conversation.

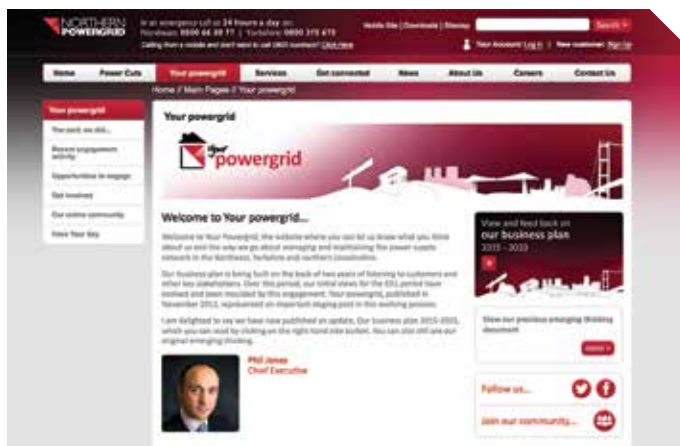
Digital communication is an important channel to us. A dedicated area of our website, *Your powergrid*, acts as our main communication channel with our stakeholders. The existing stakeholder area of our website was updated in November 2012. Alongside this we developed a new e-bulletin, which is sent monthly to over 3,300 stakeholders, a number which is increasing regularly and more recently over 3,000 domestic customers who have been in touch with us over the last year and are particularly tuned to the services we provide. We also regularly update Twitter and Facebook for our 1,400 followers and friends, and use our own online community to engage with over 1,000 members, on key topics, polls and surveys.

By using our own communication channels, we are able to reach a substantial number of interested individuals. However, in order to reach those interested people with

HOW WE DETERMINE WHO TO ENGAGE AND HOW

CATEGORY	LEVEL 1 – TARGETED	LEVEL 2 – OPEN TARGETED	LEVEL 3 – OPEN
Stakeholder characteristics	<ul style="list-style-type: none"> High influence AND high impact Named individuals or small groups. 	<ul style="list-style-type: none"> Some influence / impact but limited resource to engage Easily identified Medium to larger groups. 	<ul style="list-style-type: none"> Varying levels of influence & impact and limited resource to engage Large numbers with shared interests.
Types of engagement	<ul style="list-style-type: none"> Face to face meetings Named Northern Powergrid contact Direct one-to-one relationship. 	<ul style="list-style-type: none"> Attendance at existing meetings/forums Events/ workshops Focus groups Specific market research Tailored on-line activity. 	<ul style="list-style-type: none"> Focus on generic on-line via e-bulletins, web and community Open invitations to participate in activities.

YOUR POWERGRID – OUR STAKEHOLDER COMMUNICATIONS



INDEPENDENT STAKEHOLDER AUDIT ASSURANCE STATEMENT (SGS)

“A high level of consideration has been taken to determine the most effective methods by which feedback can be received from different stakeholder groups.”

INDEPENDENT STAKEHOLDER AUDIT MANAGEMENT REPORT (SGS)

“Northern Powergrid uses various tools for engaging with stakeholders. Most importantly consideration is taken as to the most effective means of communicating with different groups.

Engagement methods evidenced during the evaluation included; intranet, web-site, twitter, videos, reports, e-bulletin, leaflets, posters, local community events, external expert groups, stakeholder panel, working groups, meetings of local associations (local government, charities etc.), using third party organisations (VONNE and Involve for fuel poverty), customer surveys, amongst many others.

Northern Powergrid uses a variety of mechanisms for engaging stakeholders. It has been innovative in using software and recent developments in communications as a tool for engaging where appropriate.”

"I think the whole approach to stakeholder engagement is really refreshing it's very open. It's very much in listening mode and hearing what people think and what people want from their network. That's very interesting and it's certainly a change and things are really moving in the right direction. I think today there is a real buzz and people are really quite pleased that they've been listened to and having a chance to talk about their network and what they expect from their network operator."

PHIL TAYLOR,
DIRECTOR, NEWCASTLE
INSTITUTE FOR RESEARCH
ON SUSTAINABILITY (NIRES)
STAKEHOLDER PANEL MEMBER

"Large organisations like yourselves are seen as a bit faceless. There was some frustration expressed in terms of connectivity but then again your colleague saying well, we'll look to improve that, you call me directly if you can't get through. Farmers listen to that and they respect and trust individual people."

BARNEY KAY,
REGIONAL DIRECTOR,
NATIONAL FARMERS UNION,
NORTH EAST

"I think the whole approach is really great because it's nice and open. I think having the relevant people to the party is really important; the challenge is that you've got a lot of people in the room so to make sure that we're getting hold of everyone's views and it's moving forward, it was a great opener and I can imagine that there will be even more streams of work that we will need to pick up on but this is a fantastic opportunity."

JO CAUSON,
CHIEF EXECUTIVE, INSTITUTE
OF CUSTOMER SERVICE
STAKEHOLDER PANEL MEMBER

limited awareness of our organisation, we continue to work in partnership with several membership and representative organisations. By doing so, we are able to raise awareness of our services and future plans to a much wider group. For example, we have communicated through member publications for NECC (North East Chamber of Commerce), NFU (National Farmers' Union), VONNE (Voluntary Organisations' Networks North East) and Involve Yorkshire and Humber:

DIRECT ENGAGEMENT WITH SPECIFIC STAKEHOLDERS

Over the last year we've moved to a more pro-active model for direct engagement. Although we still run regular meetings, workshops and surgeries we know from our stakeholders that they want to talk to us, where possible, through existing established channels. We regularly attend a number of established events and meetings with member organisations. These events are key in order to gain feedback from different local groups and authorities in a way and at a time and place that suits them. Events have included NFU membership meetings, Small Energy Suppliers Forum and the Local Government Yorkshire and Humber Local Authority Chief Executives meeting and North East Local Authority Resource Planning meeting.

For those key stakeholders who are heavily involved with, or impacted by our business, we offer and hold regular one-to-one meetings with them at a frequency of their choosing.

EXPERT GROUPS AND OUR STAKEHOLDER PANEL

The added value our stakeholders and partners bring to our business,

in terms of not only feeding back on our proposals but in collaborating and generating improvements and solutions, is huge. Over the past year we have formalised our engagement, establishing panels and groups who meet regularly to collaborate, innovate and feed their collective views into our organisation. These groups have been selected to bring in expertise in certain fields that are beyond our own and have been set up to challenge and innovate on how a network operating business such as ours can improve how and what we can deliver:

- **Our stakeholder panel.** Chaired by Phil Taylor, Director of Newcastle Institute for Research on Sustainability and led by Mark Drye our Director of Asset Management; this group of industry experts check and feed back on our investment plans with a particular interest in addressing the issues and opportunities within the low-carbon agenda.
- **Our technical panel.** Chaired by Phil Taylor, Director of Newcastle Institute for Research on Sustainability and led by Mark Drye our Director of Asset Management; this group of industry experts check and feed back on our investment plans with a particular interest in addressing the issues and opportunities within the low-carbon agenda.
- **Our social issues expert group.** Chaired by Derek Lickorish, MBE Chair of Fuel Poverty Action Group and led for us by John Barnett, our Commercial Director this group brings together experts in fuel poverty and customer vulnerability to innovate and generate ideas for our current and future approach;
- **Our customer service expert group** is chaired by Lynne Mills, Director of the Institute for Customer Service and led by John Barnett on our behalf, comprising experts from customer service organisations brought together to collaborate and generate ideas for improving our service for customers and putting them at the centre of what we do.



Engaging at events

- **Our stakeholder panel** brings together a mix of our key stakeholders covering all our business output areas, on a quarterly basis, giving us the opportunity to discuss and debate different views, opinions and needs in one place. Stakeholders views help develop our thoughts and decision making and balance the competing tensions across the priority output areas. Our Chief Executive and other executive team members attend these meetings to hear the feedback first hand.

INDEPENDENT ENGAGEMENT AND RESEARCH

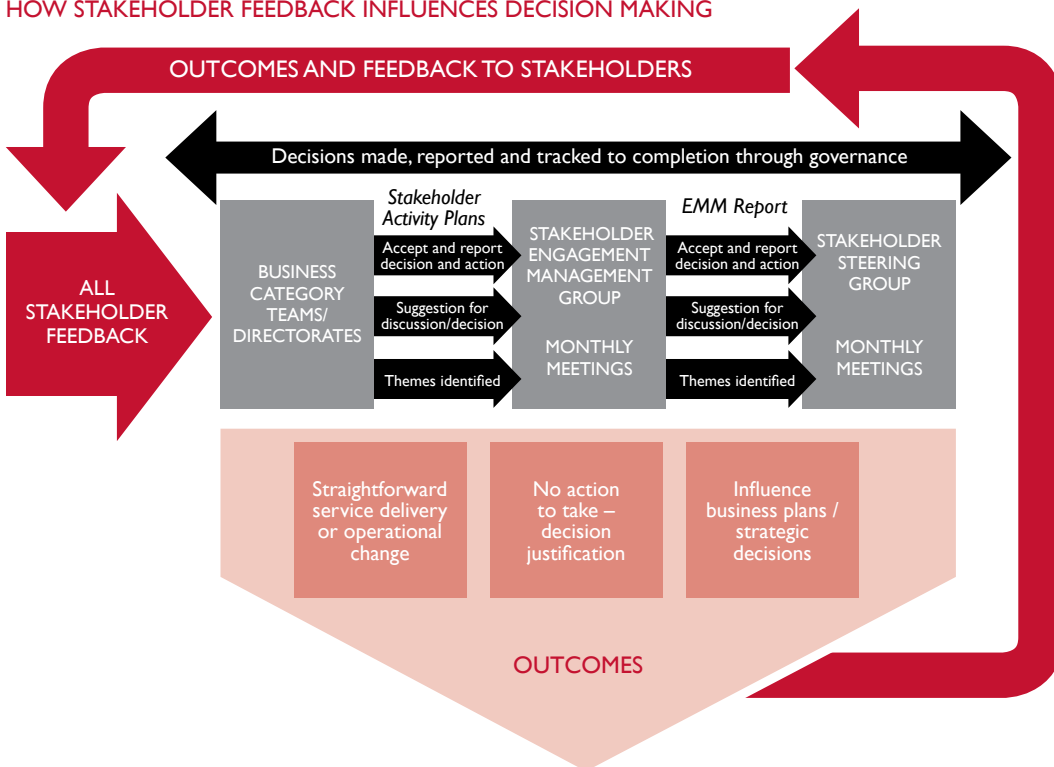
We regularly use expert independent organisations to make sure we hear from key stakeholders who may be hard to reach due to awareness, time limitations, or the sheer size of the group, or where more detailed feedback is required. This includes focus groups, telephone interviews and doorstep research.

We are keen to reach out to those most affected and sometimes least satisfied with our services to understand their needs. Using independent facilitators enables us to step out of the discussion and encourage more independent, transparent, open and frank feedback from those people from whom we really need to hear:

ROBUST GOVERNANCE TO ENSURE FEEDBACK INFLUENCES DECISION MAKING

We have adopted a clear process for the governance and reporting of stakeholder activity, which ensures we have an end-to-end system in place to deliver engagement activity, and the resulting feedback and outcomes in a comprehensive manner. The process set out in the table below has been designed so that stakeholder feedback influences throughout the business and ensures that decisions are made as a result of this at the right place by the right people within our organisation.

HOW STAKEHOLDER FEEDBACK INFLUENCES DECISION MAKING



INDEPENDENT STAKEHOLDER AUDIT MANAGEMENT REPORT (SGS)

“There are processes to capture feedback from all engagement. Feedback is recorded in an activity log and based on the information an action plan is produced that states the people responsible for performing the actions and when these should be completed by.

Through activity logs, action plans and the Executive Monthly Management report, stakeholder feedback is reported. For actions and decision making arising from feedback, a date is recorded by which any stated action must be complete to enable timely responses by Northern Powergrid.”



INDEPENDENT STAKEHOLDER AUDIT ASSURANCE STATEMENT (SGS)

“Northern Powergrid seeks to involve stakeholder feedback across all its operations and activities.

The stakeholder engagement toolkit provides a formalised and robust process for all aspects of stakeholder engagement, from the strategy to governance and decision making.

The Stakeholder Engagement Management Group oversee the action plans to monitor the completion of all actions. The status of all stakeholder engagement actions are reported to the Stakeholder Steering Group, comprised of the executive management allowing decision making at various levels in the organisation to be influenced by stakeholder feedback.”

We've provided more detailed information about some of the key reports and groups in the process, below:

STAKEHOLDER ENGAGEMENT MANAGEMENT GROUP (SEMG)

A monthly meeting involving senior managers from across the business who are responsible for stakeholder issues, important stakeholder groups or for stakeholder feedback which needs actioning. The group is supported by individuals with responsibility to report aspects of stakeholder engagement. The group's main function is to plan and carry out the delivery of the stakeholder strategy, as well as responding to and acting on the resulting feedback.

Each priority area has a stakeholder plan in place and a lead within the business. These plans track activity, feedback and actions/outcomes. The plans inform the monthly report to the stakeholder steering group.

STAKEHOLDER STEERING GROUP

This is the executive function of the organisation. Their main role is to ensure that the activity, feedback and actions are prioritised, planned, executed, measured and responded on and that ultimately what our stakeholders want is helping to shape and influence our business and the services we deliver.

The executive receive a monthly report and in addition can request reporting on any or all aspects of stakeholder activity, feedback and our actions in our response



Listening to our stakeholders

at any time.

The monthly executive report is a detailed document sent to the Stakeholder Steering Group which is informed by the stakeholder action plans, with further input from the SEMG. The report includes detail of activity, summary of feedback and new actions in response to feedback.

We also report on all open actions in response to stakeholder feedback, including leads, dates and progress. For example, in March 2013 there were 88 actions reported in response to stakeholder feedback, these are a mix of short and long term commitments. As well as reviewing activity, the report covers any planned activity over the coming month and new confirmed activity. It also flags to the executive if an engagement activity has not been effectively closed or responded to or whether any actions have passed their original deadline.

MAKING IT HAPPEN – ACCREDITATION, EVALUATION, FEEDBACK AND CHANGE

To support our approach we have an annual stakeholder plan in place which is aligned to our wider business plan. The plan sets out our stakeholders' priorities and what we will deliver to meet these over the coming year. We report this through an annual publication; in future this will become more detailed in terms of our deliverables and will be communicated through annual stakeholder events.

The stakeholder priorities are refreshed and revised annually through a set piece of independent engagement and feed into our annual business plan and organisational goal-setting cycle. Following this, and our annual independent stakeholder audit, we also take the opportunity to review and refresh our stakeholder strategy, mapping and processes.

In order to achieve our goal of becoming leaders in the field of stakeholder engagement we know that expert and independent benchmarking and review are essential.

Over the last year we:

- Worked with SGS, an external auditor that specialises in business process certification, to validate our stakeholder engagement process (covering our enduring stakeholder engagement processes and overall strategy as well as the engagement process for our business plan) against the AA1000 Stakeholder Engagement Standard and the Ofgem criteria for stakeholder engagement. We achieved the AA1000 assurance as independent validation of our approach; the assurance statement and more detailed management report can be found in appendix 2 and 3.
- Engaged Explain, an independent market research organisation, to conduct monthly stakeholder benchmarking, with 50 randomly selected stakeholders each month, to gather feedback on our stakeholder engagement activities and processes in order to inform and measure improvements. The outputs are analysed each month to review whether the engagement undertaken meets their requirements and to review impacts on new initiatives (see appendix 4).
- Participated in the Business in the Community Corporate Responsibility index and Environmental index achieving bronze and silver awards respectively. The awards help businesses to achieve transparency with their customers and other stakeholders by supporting the systematic measurement, management and -integration of responsible business practices.

Our stakeholders tell us that it feels like we are increasingly becoming an organisation that listens and responds to their views and needs, and our external validators were positive about the commitment and enthusiasm for stakeholder engagement across the executive and senior managers. We are pleased with the progress we are making whilst recognising that we have work to do to keep up this momentum and embed stakeholder engagement within the culture of Northern Powergrid.

INDEPENDENT STAKEHOLDER AUDIT MANAGEMENT REPORT (SGS)

“Engagement is carried out by those responsible for stakeholder relations in each area of the business to ensure relevance to both the business and stakeholders and capture a broad range of perspectives.

Northern Powergrid is able to demonstrate that it is acting on feedback received from stakeholders. There are many examples where Northern Powergrid has used feedback to influence the decision-making process, and the executive and senior management show a clear commitment to using feedback to make decisions. A culture is continually growing whereby important decisions are not taken without having gained feedback from relevant stakeholders.

Stakeholder engagement is well integrated into Northern Powergrid's day-to-day activities and the latest business plan. There is a clear commitment to engagement and using feedback in the decision-making processes by the executive and senior management.”

INDEPENDENT STAKEHOLDER AUDIT ASSURANCE STATEMENT (SGS)

“In our opinion Northern Powergrid's, stakeholder engagement and how feedback is used in the decision making process, fulfils all expected elements to demonstrate strong commitments to the AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness.”

STAKEHOLDER ENGAGEMENT – BRINGING IT ALL TOGETHER

The component parts of stakeholder engagement are in place; we've set out within this submission our strategy, decision-making processes, who our stakeholders are and how we engage with them. We're confident that we meet not only the Ofgem minimum requirements but that we can proudly say that we meet the best practice standard of AA1000SES.

We believe that the key to success in embedding stakeholder engagement in Northern Powergrid is to ensure these components are strong individually and really make a difference for our customers, employees and other stakeholders when brought together.

- Our decision making, reporting and governance processes are designed to make it easy for front-line employees to make immediate improvements based on stakeholder feedback, whilst ensuring that more complex decisions and solutions can be considered and stakeholder feedback reviewed as a whole at senior management and executive level.
- Recognising that delivering significant results requires the time and skills of the right people:
 - We have appointed a central stakeholder team to guide and co-ordinate our stakeholder engagement activity. The team ensures that all engagement is captured and has clear action plans, that the feedback loop is executed and identifies gaps in engagement for the activity period.
 - The breadth and depth of employees across the organisation involved in engaging with our stakeholders, making sure the right people are having the right conversations, taking on the feedback and making changes as a result has significantly increased.
- Our stakeholder and expert panels bring together a range of stakeholders regularly, to sense check our plan and improvements. They will increasingly play a role in the organisation, holding us to account for delivering the commitments we make and responding to their feedback.



