

VIRIDIAN GROUP

**CORPORATE SOCIAL RESPONSIBILITY
REPORT**

FOR THE YEAR ENDED 31 MARCH 2018

VIRIDIAN

CORPORATE SOCIAL RESPONSIBILITY REPORT

The Group is committed to operating in a socially, environmentally and ethically responsible manner. It aims to be recognised as transparent and ethical in its dealings and to contribute to the general economic and social well-being and development of the communities in which it operates.

The Group recognises the importance of engaging with a wide range of stakeholders including: its shareholders; customers; employees; the wider community; those tasked with protecting the environment; and suppliers. It does this through many channels including working closely with: industry regulators; consumer representative groups; various environmental bodies; various health and safety bodies; trade unions; business representatives; elected representatives and politicians; contractors; and landlords.

The Group has defined a number of principal CSR themes and priorities relevant to the management of SEE-related risks that may impact upon the short and long term value of the Group. These are classified below under the headings of Workplace, Environment, Marketplace and Community.

Workplace

The Group had 702 employees at 31 March 2018 (2017 – 627) with 579 employed in Northern Ireland (2017 – 515) and 123 in the RoI (2017 – 112).

Health and safety

A CSR priority for the Group is to ensure the safety of employees, contractors and the general public through the promotion of a positive health and safety culture and adherence to legislation and recognised safety standards. The Group's health, safety and environmental policy aims to promote high standards and is supported by specific safety principles, rules, policies and procedures. Contractors must adhere to the same safety rules and requirements as employees.

The Group health, safety and environmental management system is based upon internationally recognised standards which set out the requirements for occupational health and safety management best practice. The Group's approach to employment-related performance, such as safety and sickness absence, is to set targets in line with best practice. The Group regularly engages with relevant organisations including the Health and Safety Executive for Northern Ireland as well as the Health and Safety Authority in the RoI. The Group employs a dedicated internal health and safety professional and retains the services of an external health and safety consultant who both provide advice and recommendations to management on a range of health and safety matters. An external audit is carried out on every part of the organisation at least once a year. During the year the Group worked towards certification to ISO 45001:2018 Occupational Health and Safety Management and ISO 14001:2015 Environmental Management Standard and, in June 2018, the National Standards Authority of Ireland recommended that the Group be certified to both these standards.

Excluding third party contractors there were no reportable incidents or lost time incidents during the year (2017 – nil). Including third party contractors there were three reportable incidents or lost time incidents during the year (2017 – eight). Formal processes for incident investigation and analysis are in place.

<i>KPI</i>	2018 Number	2017 Number
LTIR (per 100 employees, excluding third party contractors)	-	-

Huntstown 1 and 2 continue to be accredited to OHSAS 18001:2007 for their occupational health and safety management systems.

Employment

The Group is committed to a working environment: in which personal and employment rights are upheld; which ensures equality of opportunity for all employees and job applicants; and which enables employees to realise their maximum potential and to be appropriately challenged and fully engaged in the business, with opportunities for personal development.

Equal opportunities

The Group is pro-active in implementing human resource policies and procedures to ensure compliance with fair employment, sex discrimination, equal pay, disability discrimination, race discrimination, sexual orientation and age discrimination legislation. The Group's equal opportunities policy commits it to providing equality of opportunity for all employees and job applicants and it regularly monitors its actions to promote compliance with legislation and to ensure that it provides equality of opportunity in all its employment practices. Equal opportunity measures and statistics in respect of the relevant businesses are reported formally to the Equality Commission for Northern Ireland.

Disability

It is Group policy to provide people with disabilities equal opportunities for employment, training and career development, having regard to aptitude and ability. Any member of staff who becomes disabled during employment is given assistance and re-training where possible.

Dignity at Work

The Dignity at Work policy and procedures underline the Group's commitment to equality and dignity at work for all, and ensure an environment free from bullying and harassment.

Remuneration

The Group operates fair and visible remuneration policies which are externally benchmarked to ensure that employees are paid an appropriate salary for the work they undertake. The Group has an effective approach to recognition and reward, based on business and individual performance. Various reward schemes are in place including bonus schemes, excellence awards, reward and recognition bonuses and skills progression arrangements. Total reward statements, detailing an individual's full remuneration package, are issued to staff annually.

Learning and development

The Group aims to align its Human Resources policies with key business drivers, which include performance improvement; cost reduction; business growth and innovation; and excellence in customer service. These policies are supported by clearly defined values and behaviours, a robust talent and performance management process, a strong commitment to employee and management development and organisational competence built upon appropriate capabilities and skills.

The Group's People Strategy ensures continuity with its strategic aims. The four key strategic areas are: talent management and learning and development, employee engagement, organisational effectiveness and recognition and reward.

The Group's Talent Management strategy aims to establish an integrated talent management process by ensuring an effective pipeline of leadership and scarce skills to ensure robust succession planning and protect business continuity, increase awareness of leadership and career development opportunities and accelerated development of high potential and scarce skill resources.

The Talent Management process includes a Competency Framework which identifies the key values and competencies, including behavioural indicators, and how they are expected to be demonstrated by employees at various levels within the business.

This Competency Framework underpins the annual Performance and Development Review (PDR) process, which evaluates the performance of each individual against defined and agreed targets and objectives. It also enables individuals to discuss the competencies where they show real strength and those areas that could be further developed.

Learning and development needs are also identified through the PDR process to ensure that employees have a development plan in place which is aligned to their development needs.

The Group is currently in the process of reviewing the PDR process and developing a methodology to ensure greater focus on development and career discussions. This review will include streamlining the documentation, rebranding and coaching managers on the process.

Learning and development (continued)

The Talent Management process also includes annual Talent Forums for each business within the Group and key functional areas across the business, to ensure that key skills and potential are identified in areas such as leadership, management, scarce skills, areas of specialism, etc. and that appropriate succession and development plans are in place. This also provides a consistent and transparent approach, offering a mechanism to develop employees to meet their full potential and to plan and manage their careers effectively.

As part of its commitment to develop talent, the Group has launched several programmes over the last 2 years including LEAP (Future Leaders' Programme), Aspire (High Potential Programme), Evolve (First Line Manager Programme) and Ignite (Student Placement Programme). These programmes are complemented by the Group's Learning and Development Calendar, which is available to all employees.

Furthermore, In 2017 Power NI launched a Pilot Apprenticeship Scheme in partnership with People First. The 7 apprentices will complete an NVQ Level 2 in either 'Providing Financial Services' or 'Customer Service Knowledge'.

Policies

The Group has a number of formal policies in place including Employee Complaint and Grievance procedures, Code of Conduct and Disciplinary policies. The Group also has a wide range of family-friendly working arrangements including enhanced maternity and paternity provisions, adoption, parental and dependant leave. These policies are regularly reviewed and updated on an ongoing basis.

During the year the Group implemented a new Secondment Policy and updated its Maternity Leave Policy for the RoI businesses.

All policies are available to employees via the Group's intranet.

Wellbeing

The Group takes the wellbeing of its employees seriously and during 2017/18 its Wellbeing Programme included the provision of flu vaccines, employee health checks, a personal resilience challenge and lunch & learns on various topics (including Building Your Resilience, Managing Stress, Beat the Energy Slump and My Child is a Fussy Eater).

The Group operates a Cycle to Work Scheme and offers Private Medical Insurance to eligible employees and has a Health Cash Plan for those employees not eligible for Private Medical Insurance. The Health Cash Plan enables employees to claim money back for everyday healthcare including dental, optical and physiotherapy treatments and allows fast access to private consultations and scans.

Third Party occupational health and counselling services are also available for employees if required.

Sickness absence

The Group believes that the pro-active management of illness and absenteeism is to the mutual benefit of the Group and its employees. The sickness absence rate for the Group was 3.41% (2017 – 3.39%).

Employee participation and external engagement

Employee communications occur through team briefings, communication and involvement groups, project groups, electronic communications and through interaction, consultation and negotiation with trade unions. Employee relations in all businesses are positive and constructive. There is a well-established arrangement for consultation and involvement throughout the Group and for negotiation with the relevant trade unions in Power NI.

During the year the Group redesigned its Intranet site, VOLT, and rebranded its Communication and Involvement Groups as 'CONNECT'.

In addition to the above, an Employee Engagement Survey was carried out in September 2017, resulting in an overall engagement score of 68%. Employee focus groups were also held, the feedback from which has been used to develop action plans. The Employee Engagement Survey will be carried out every two years with pulse surveys completed annually.

Employee participation and external engagement (continued)

The Group engages with relevant external organisations including the Confederation of British Industry Employment Affairs Committee, the Equality Commission for Northern Ireland, the Labour Relations Agency, Business in the Community, The Prince's Trust, and the Irish Business and Employers' Confederation. The Group also maintains links with the education sector and in particular with the two universities in Northern Ireland. A total of 15 student placements were offered for the current academic year across a range of functions and departments.

Group staff are actively involved in energy industry policy and advisory bodies in Ireland, Northern Ireland and Europe. In Ireland, staff have been appointed by their industry peers to the position of Chairperson of the Electricity Association of Ireland (EAI) and of the Energy Providers Group in Ibec. Within the EAI, Ireland's member association of Eurelectric, staff chair a number of Working Groups (I-SEM, Energy Efficiency and Gas to Power) and are active members of the EAI Committees (Markets, Retail and Policy). Staff also sit on the Board of the Irish Wind Energy Association (IWEA) and participate fully in their Committee and Working Group structure.

The Energia business is currently streamlining its CSR strategy, practice and policies and intends to apply for Business Working Responsibly Mark accreditation through Business in the Community during the 2018/19 financial year.

Diversity

The Group recognises the value of a diverse workforce and looks to offer equal opportunities to everyone. The Group has an excellent gender balance, with overall 47% (2017 – 49%) of its employees, senior management and directors being female and 53% (2017 – 51%) being male.

	2018		2017	
	Male Number	Female Number	Male Number	Female Number
VGIL Board ¹	1	-	1	-
Viridian Group Limited Board ²	10	1	10	1
Senior Management ³	7	2	6	3
Other Employees	358	335	308	310

¹ Directors appointed to the Board of the Company are not employed by the Group and are not included in the employee numbers shown in Note 8 to the financial statements

² The Board of Viridian Group Limited (VGL) is the main operational Board for the Group. Non-Executive directors appointed to the Board of VGL are not employed by the Group and are not included in the employee numbers shown in Note 8 to the financial statements. Three Executive directors of VGL (two males and one female) are also members of the Viridian Group Management Board (VGMB) and also included in the numbers for Senior Management

³ Senior Management comprises members of the VGMB and includes those senior managers who regularly attend VGMB meetings

Human Rights

Protecting human rights is important and the Group believes in the dignity and individual rights of every human being. The Group protects the rights of its employees by adopting suitable employment practices such as those described above. The Group also aims to act ethically in all its business dealings and has a zero tolerance approach to modern slavery.

Environment

Environmental CSR priorities within the Group are focused on a number of key areas:

- operation of the Huntstown plants in compliance with legal and regulatory requirements and having a robust environmental management system in place;
- direct investment in, and contracting with, a range of renewable generators for the production of low carbon electricity which can be supplied to customers of the Group's retail supply businesses; and
- the promotion of energy-saving ideas to its customers through the provision of energy efficiency advice, grants and other value-added services.

The Group's health, safety and environmental policy commits the Group to protecting the environment and is designed to ensure compliance with all relevant legislative and regulatory requirements.

Environment (continued)

Where practical and economically viable, the Group seeks to develop standards in excess of such requirements. Areas of particular focus include the responsible management of emissions, waste and recycling, measures to protect against pollution and the promotion of energy efficiency.

During the year the Group established the Green Team with representation from each of its businesses. The Green Team will gather and monitor energy usage throughout the business, working with staff to help reduce energy consumption whilst promoting environmental awareness. Recent office refurbishments across the Group have included energy efficiency measures such as LED lighting upgrades with motion sensors in some areas. The Green Team will continue to roll out energy efficiency measures across the Group and make a conscious effort to reduce waste where possible.

Energia Group

Huntstown 1 and 2 operate in compliance with their Industrial Emissions licences. Emissions of NO_x, SO₂ and CO are measured by onsite Continuous Emissions Monitoring Systems, CO₂ is calculated as per greenhouse gas permit requirements. Emissions for calendar year 2017 and 2016 are as set out below:

Calendar year 2017

Tonnes	NO _x	SO ₂	CO	CO ₂
Huntstown 1	379	14.4	1,235.5	586,567*
Huntstown 2	196	0.95	212	346,296*

* Calculated value

Calendar year 2016

Tonnes	NO _x	SO ₂	CO	CO ₂
Huntstown 1	133	6.8	766	263,862*
Huntstown 2	306	1.3	492	530,389*

* Calculated value

The emissions reflect the utilisation of the Huntstown plants and the type of load operation.

Through the operation of their respective Industrial Emissions licences, Huntstown 1 and 2 comply with the emission limits for NO_x, SO₂ and dust under the EU's Industrial Emissions Directive.

Huntstown 1 and 2 continue to operate in accordance with the Environmental Management System ISO: 14001.

Energia is a significant contributor to the sustainable energy agenda in both Northern Ireland and the RoI. Its renewable portfolio currently generates 2,478GWh offsetting the emission of almost 933,000 tonnes of CO₂ per annum.

During the year, through the Energy Efficiency Obligation Scheme (EEOS) in the RoI, approved by the Sustainable Energy Authority of Ireland (SEAI), Energia provided funding for energy efficiency projects of €1.09m (2016/17 - €4.31m) implementing a total of 381 projects (2016/17 - 697 projects) with estimated annual energy savings of 53.7 GWh Primary Electrical Energy (PEE) (2016/17 - 172.8 GWh PEE). This represents an estimated annual saving of 8,905 tonnes (2016/17 - 34,500 tonnes) of CO₂ savings and annual customer benefits of over €2.1m (2016/17 - €6.9m) based on an electricity unit rate of 10c/kWh and gas unit rate of 4.5c/kWh.

Through the Domestic EEOS in the RoI, approved by the SEAI, Energia provided funding for energy efficiency projects of €2.18m (€1.59m Domestic, €0.59m Fuel Poor) (2016/17 - €1.16m) implementing a total of 7,118 projects (2016/17 - 4,306) with estimated annual energy savings of 16.96GWh PEE (2016/17 - 8.5GWh PEE). This represents an estimated annual savings of 3,474 tonnes (2016/17 - 1,697 tonnes) of CO₂ savings and annual customer benefits of over €0.85m (2016/17 - €0.34m).

In Northern Ireland, through the Northern Ireland Sustainable Energy Programme Scheme (NISEP) approved by the Utility Regulator, in 2018 Energia managed a £732k (2017 - £757k) energy efficiency programme implementing a total of 285 projects (2017 - 334 projects) with estimated lifetime reductions of 303GWh (2017 - 294GWh) in energy demand. This represents an estimated 150,000 tonnes (2017 - 203,000 tonnes) of CO₂ savings and customer benefits of over £49m (2017 - £66m) over the lifetime of these measures.

Energia Group (continued)

Energia continue to pursue new and innovative services aimed at increasing awareness and offering customers energy efficiency solutions. In addition to gas boiler servicing, Energia offers customers a smart thermostat that enables control of the heating system from a smartphone, tablet or PC resulting in the ability to make real energy savings. Energia's Energy Centre offers customers a range of energy efficiency products such as roof and cavity wall insulation, boiler upgrades and solar panels.

Energia continues to run customer information programmes particularly aimed at energy efficiency for all industrial and commercial customers. These programmes include; customer energy conferences; energy efficiency training programmes; energy awareness days and shows; energy audits and energy efficiency literature/brochures. With the use of social media becoming more prevalent and customer engagement channels broadening, Energia is increasingly using these channels to run competitions and make customer offers.

Power NI

An Energy Services team within Power NI oversees sustainable energy activities and considers business opportunities.

During the year Power NI managed a £1.7m (2017 - £2.4m) energy efficiency programme aimed at reducing CO₂ emissions and alleviating fuel poverty in Northern Ireland. Funded by the NISEP, a total of 7 energy efficiency schemes (2017 – 7 schemes) were implemented with estimated lifetime reductions of 220 GWh (2016 – 262 GWh) in energy demand. This represents an estimated 140,000 tonnes of CO₂ savings (2016 – 162,000 tonnes) and customer benefits in excess of £25m (2016 – £36m) over the lifetime of these measures.

Over 7,500 customers (2017 – 8,200 customers) use 'EcoEnergy', Power NI's 'green' electricity tariff.

Power NI continues to offer a renewable microgeneration tariff which offers customer rewards for the value of ROCs and electricity generated and exported to the network. Over 8,900 customers, representing over 12,000 sites, use this service and Power NI acts as an Ofgem Agent on behalf of more than 9,400 sites.

The 'Products and Services' section of Power NI's website www.powerni.co.uk provides a wide range of information and advice on energy efficiency and renewable energy. An online Home Energy Check (HEC) was launched on the Power NI website in October 2016 and gives customers an indicative energy rating for their home. At the end of March over 400 customers had completed the HEC.

An online billing service is also available from the Power NI website. The service, called Energy Online has 102,388 domestic and commercial customers (2017 – 92,300 customers) registered to view their bills, submit their meter readings and view their electricity consumption online.

Power NI provided a comprehensive portfolio of products and value added services for its customers such as home insulation, boiler servicing, boiler replacement, solar water heating and solar photovoltaics. Trials were initiated during the year with the aim of offering battery storage for photovoltaics.

During the year Power NI fitted three electric vehicle chargers at its business premises: two at its Belfast office and one at its site in Omagh. Plans are in place for a fourth charger to be installed at its site in Antrim.

Marketplace

A CSR priority is to maintain a highly ethical approach to regulatory responsibilities, obligations under licences, public positioning and marketing of products and services. The Group aims to be transparent and ethical in all its dealings with third parties and has a number of policies in place to underpin this objective. Policies include anti-corruption and bribery, anti-slavery and human trafficking, Code of Conduct and 'whistleblowing' procedures as well as the Group's corporate governance arrangements.

The Group's procurement policy is to source equipment, goods and services from a wide range of suppliers throughout the EU and beyond in accordance with commercial practices based on fairness and transparency. The Group's UK businesses are committed to ensuring transparency in their approach to tackling modern slavery consistent with the Modern Slavery Act 2015.

Where applicable the Group adheres to the required tender procedures of the EU Procurement Directive as it relates to Utilities. The Group recognises the important role that suppliers play in its business, and works to ensure that payments are made to them in accordance with agreed contractual terms.

As a major purchaser, the Group recognises that it has an opportunity to encourage suppliers of materials and services to deliver good environmental and safety performance and to maintain responsible practices towards their employees and the communities in which they operate.

Community

Through its mainstream business activities and its community involvement policy, the Group seeks to make a positive impact on the communities in which it operates.

Power NI offers a 'For Your Benefit' service for its customers which includes a benefit entitlement check, budgeting and energy advice for particularly vulnerable customers. In the year, 130 customers availed of the service.

Power NI also offers a number of services to its customers that are promoted through its codes of practice (produced in several different languages) and through various advice providers, including Citizens Advice Bureaux and Advice NI. Power NI aims to assist its customers with special needs through a number of these services. Almost 2,400 customers (2017 – 2,200 customers) with special requirements benefit from a range of services through Power NI's special needs register.

The Group recognises the social dimension of debt prevention and management and Power NI continues to offer a wide range of payment options and debt prevention measures. Approximately 157,090 residential customers (2017 – 161,460) use 'Keypad' meters. These pay-as-you-go meters enable customers to budget for their electricity payments, while Power NI offer a 2.5% discount off the standard price of electricity and provide user-friendly credit and consumption information.

Power NI engages with a wide range of organisations in the voluntary, public and private sectors focusing on social action and energy saving. Within the last year Power NI continued to work in partnership with Age NI in order to help improve older peoples' lives. Social media was used to provide practical information to older people, their carers and families and energy clinics ran in Age NI shops to provide advice on energy efficiency and relevant grants such as NISEP.

Energia operates several Community Benefit Funds around wind farm sites on the island. All of the wind farms in Northern Ireland are operating a Community Benefit Fund with Rathsherry in County Antrim and Teiges Mountain in County Fermanagh being added this year. These are managed by the Community Foundation for Northern Ireland with the exception of the Teiges Mountain scheme which is managed by the Fermanagh Trust. The Meenadreen wind farm in County Donegal is approaching its first anniversary and the Community Benefit Fund there has been rolled out from April 2018 by the Community Foundation of Ireland. During the year, over €297,000 was distributed in grants by Energia under Community Benefit Funds across the island of Ireland.

As noted above Energia provided funding for energy efficiency projects through the Domestic EEOs in the RoI. As part of this funding Energia provided €516,000 towards SEAI's Better Energy Communities programme. This programme focuses on utilising government funds and contributions from energy companies to carry out energy efficiency retrofits in communities across Ireland. Works are carried out in 3 main categories: businesses and community groups, residential dwellings and homes suffering from energy poverty. Retrofit measures include attic and cavity wall insulation, installation of energy efficient boilers and solar thermal and solar PV systems. These measures will result in CO₂ savings of over 700 tonnes per annum.

In addition to this, Energia has donated another €120K to initiatives including Grow It Yourself, Seachtain na Gaeilge, Christmassy Homes and donations to local charities.

Sponsorship and charitable donations

Each year Power NI and Energia choose a charity as the main focus of their fundraising activities although the Group also supports various local good causes nominated by staff. Energia also partially matches its staff's own fundraising.

The Group seeks to support charities which its people, customers and suppliers can relate to, and where we can make a difference by raising public awareness as well as money. This year Power NI has chosen to sponsor Action Mental Health and Energia sponsored Foyle Down Syndrome Trust and Down Syndrome Ireland.

Power NI has increased staff mental health awareness and staff raised almost £7,000 for Action Mental Health through various fundraising activities such as raffles, abseils, zip lines, a marathon and a sky dive. Energia staff contributed over £11,000 to its chosen charities raised through various fundraising activities such as coffee mornings, table quizzes and a sponsored cycle.

Power NI also operates a 'Helping Hands in the Community' Scheme which is available for all employees to obtain support of up to £250 for an organisation/charity that they are involved with. Some of the organisations supported during the year include: Bradley Manor Care Home, Assisi Animal Sanctuary, St. Mary's Parent Support Group, Belfast School of Performing Arts and Lisburn Youth FC.

In addition to sponsorship of organisations of £462,000 (2017 - £169,700), the Group's donations to charities in the year were £14,800 (2017 - £21,500). There were no contributions for political purposes.