



NETWORKS

STRATEGIC STAKEHOLDER ENGAGEMENT FRAMEWORK



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INTRODUCTION

ESB Networks has a key role to play in enabling the transition to a low-carbon society. Our network provides an electricity connection to over 2.3 million customers in homes, businesses, farms and communities across the country, enabling electricity to be supplied in a safe and reliable manner, and supporting economic and social development. We value the trust that has developed with our customers and stakeholders over many years. As the use of the network evolves, we understand the importance of keeping our customers at the centre of everything we do. Engagement is essential to maintain the alignment of interests between our stakeholders and the way we plan and run the ESB Networks business.

Working collaboratively with all our customers and stakeholders, we can take positive actions together to address climate change as the key challenge of our generation. Working together, we will connect much more renewable generation to the network and enable the use of clean electricity to drive carbon out of transport and heating. We appreciate the importance of listening to our customers and stakeholders to hear their views, concerns and expectations so that we are better informed in our decision making and management of the network.

We are committed to continuously improving our approach to engagement to deliver benefits to all our customers, stakeholders and our business. This framework for stakeholder engagement builds on our history of engaging with, and listening to, our customers for over 90 years and sets out a systematic approach to ensuring an open and ongoing dialogue with all our stakeholders. We will continue to use a range of channels, new technologies and digital options to ensure effective communication and quick and easy access to our services. We will continue to engage directly with customers and work closely with representative organisations, regulators, policy makers, economic and social interest groups, academia and the wider energy industry. This will ensure that we are able to both meet our customers' needs today and consider tomorrow's customers and their requirements as we plan our future network.

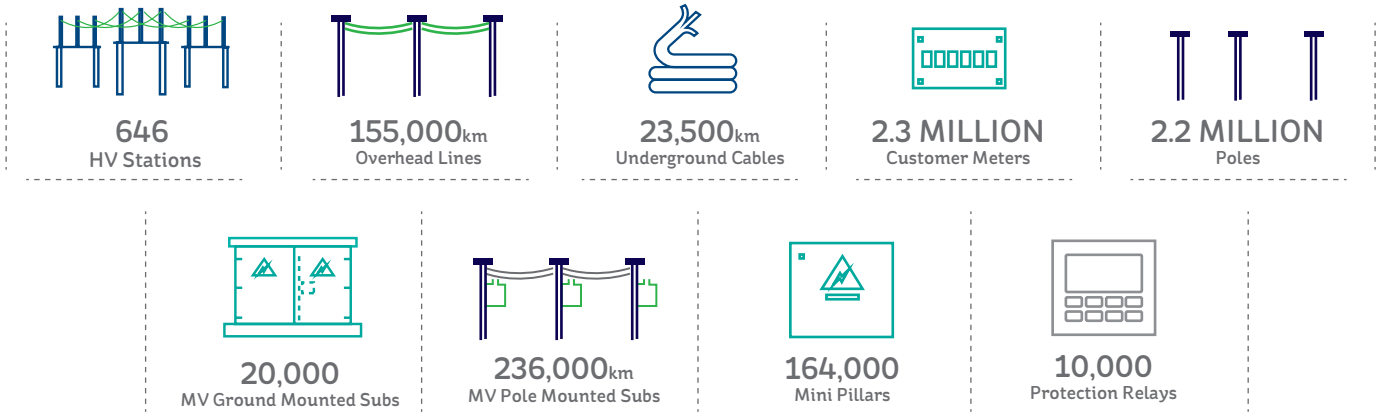


Paddy Hayes,
Managing Director,
ESB Networks

OUR ROLE AND STRATEGY

ESB Networks provides the electricity infrastructure that transports electricity to all customers in Ireland. Our assets cover the entire country and include 155,000 km of overhead lines, 23,500 km of underground cables and associated technical equipment to safely convey electricity to more than 2.3 million customers.

ESB NETWORK ASSETS



We have served Irish customers for over 90 years and have provided the electrical infrastructure on which our society has developed. We now have one of the most progressive electricity systems in the world.

We carry out all the functions relating to the electricity distribution system. This includes financing, planning, construction, maintenance and operation of the distribution network and metering of customer end use. We also finance, build and maintain the high voltage transmission system through which electricity flows from generation stations to bulk supply points near cities and towns across Ireland.

We are funded through 'Use Of System Charges' received via Electricity Suppliers billing customers for electricity usage. These charges are controlled by the Commission for Regulation of Utilities (CRU).

Our strategy for continuing to build and manage the network which meets our customers' needs today and in the future is based on six key pillars.



OUR STRATEGY

The urgent need to tackle climate change means achieving substantial reductions in carbon emissions. As electricity production becomes increasingly decarbonised by much greater use of renewable energy sources, this clean electricity can replace fossil fuels in heating and transport to achieve these reductions. This will lead to an even greater reliance on electricity in society. We will support this electrification by connecting renewables quickly and cost effectively to our network, enabling customers to participate directly in energy services markets.

As electrification of societal functions increases, we will continue to ensure that the network is resilient and able to provide a secure and reliable supply of electricity, with sufficient capacity for all customers. We will continue to improve asset performance and reliability. We will keep our network secure and take climate adaptation measures.

Empowering and supporting our customers and the economy is a central element of our strategy. We will improve the customer experience, provide new services and strive to both meet and exceed our customers' expectations.

We understand the importance of enduring safety and environmental commitments in our strategy. We commit to an open and inclusive workplace where people feel valued and trusted and where everyone chooses to take responsibility for their own safety and the safety of all who interact with the electricity system.

We commit to minimising our impact on the environment and engaging with the relevant authorities on our performance.

We appreciate that having a high-performance organisation and culture is key to supporting the levels of innovation and collaboration necessary for the successful execution of our strategy. We will continue to provide the right people in the right jobs with the right capabilities and opportunities for development. We also understand the importance of financial strength in enabling the levels of investment needed to support the ongoing development of the network. We will deliver our regulatory price review commitments through our high-performance organisation and by active engagement with all our customers and stakeholders.

Underpinning the delivery of our strategy will be a continued high level of innovation across our business and the further use of digital technologies and smart devices, such as smart meters and smart controls on our network.

We understand the importance of continuous engagement with our customers and stakeholders in the ongoing shaping and delivery of our strategy.

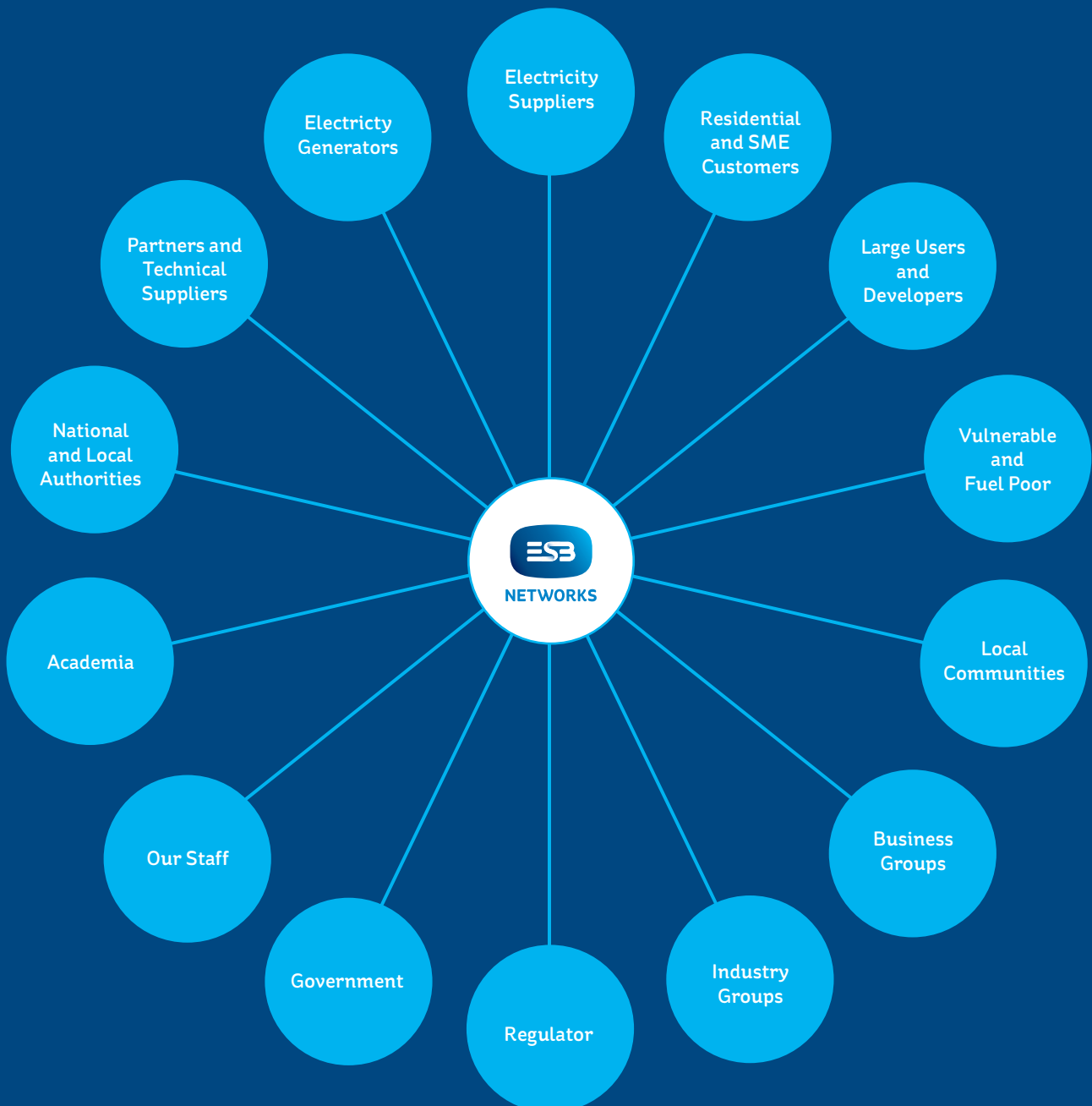


SCOPE AND BENEFITS OF ENGAGEMENT

Our stakeholders are the individuals, groups of individuals, communities or organisations that affect, or could be affected by, our activities, products or services and associated performance. Stakeholder engagement is the process whereby we actively engage with our customers and stakeholders with a clear purpose and to achieve agreed outcomes.

Given our central role in the electricity sector, providing an electricity connection to over 2.3 million customers and with interactions with a broad range of communities, organisations, representative bodies and industry groups, our engagement spans a wide range of customer types and stakeholders.

OUR STAKEHOLDERS



Strategic engagement has a range of benefits both for customers and stakeholders and also for ESB Networks. Good engagement benefits our customers, stakeholders, the wider community and our business. When we engage with each other in a genuine two-way conversation, we can learn from each other, enabling us to make better decisions and work towards mutually beneficial outcomes. Ultimately, better engagement builds stronger relationships and gives us greater opportunities to achieve our business objectives. The earlier we engage with each other, the more likely these benefits will be realised.

BENEFITS OF ENGAGEMENT

BENEFITS FOR CUSTOMERS and STAKEHOLDERS

- Opportunity to communicate the issues that are important for customers and stakeholders
- Open transparent reporting on our performance
- Understanding ESB Networks priorities
- Early awareness of ESB Networks initiatives
- Greater ability to engage on future energy issues and plan ahead
- Opportunity to voice the changing needs of customers and stakeholders
- Access to people in ESB Networks who can resolve issues
- Understanding how ESB Networks engages with communities
- Greater confidence in ESB Networks delivery

BENEFITS FOR ESB NETWORKS

- Ensuring the focus of our activities reflects the needs of customers and stakeholders
- Feedback contributing to our efficiency and effectiveness
- Stronger and enduring relationships
- Improved and sustainable outcomes
- Sharing of information which can influence our operations and projects
- Early identification of issues/risks
- Ability to lead and influence policy and reforms in the sector
- Strengthening our engagement culture
- Better informed regulatory proposals

For our customers and stakeholders, engagement provides opportunities to contribute to projects and programmes, have their issues heard and inform the decision-making process. It gives these groups better understanding of our priorities, increased ownership of outcomes and greater capacity to engage in how energy will be used in the future.

For ESB Networks, engagement provides insights by understanding changing priorities, tapping into specialist or local knowledge and gives us the opportunity to 'road-test' proposals or initiatives with stakeholders. It helps us identify emerging issues and risks and is central to us meeting our statutory obligations and better meeting customer needs.

Our stakeholder engagement covers a range of material issues, which are important for our customers and our business.

AREAS OF ENGAGEMENT

Price Review 5	Our business plan for the period 2021 - 2025
Smart Metering	National meter replacement programme
Safety and Environment	Ensuring the safety of all who interact with our network and caring for the environment
Innovation	Our innovation projects to enable a low-carbon future
Connecting Renewables	Connecting more renewable energy sources to the network
Enabling Electrification	Enabling the electrification of transport and heat
Customer Experience	Satisfying the expectations of all our customers, including fuel-poor and vulnerable customers
Resilience and Growth	Developing a robust network which supports economic development and growth
Capability Development	Ensuring the resources are in place to deliver and manage the future network
Industry Leadership	Informing and engaging on regulation and policy development and providing thought leadership in the sector

Our planned engagement activities in each of the above areas are outlined in a separate Strategic Stakeholder Engagement Plan which is updated on an annual basis.

PRINCIPLES AND METHODOLOGY OF ENGAGEMENT

Our approach to stakeholder engagement is informed by international best practice in this field. In particular, our principles and methodology of engagement are guided by the AA1000 stakeholder engagement standard¹, which is used by many leading organisations and network operators.

The following principles underpin all our activities when engaging with our customers and stakeholders.

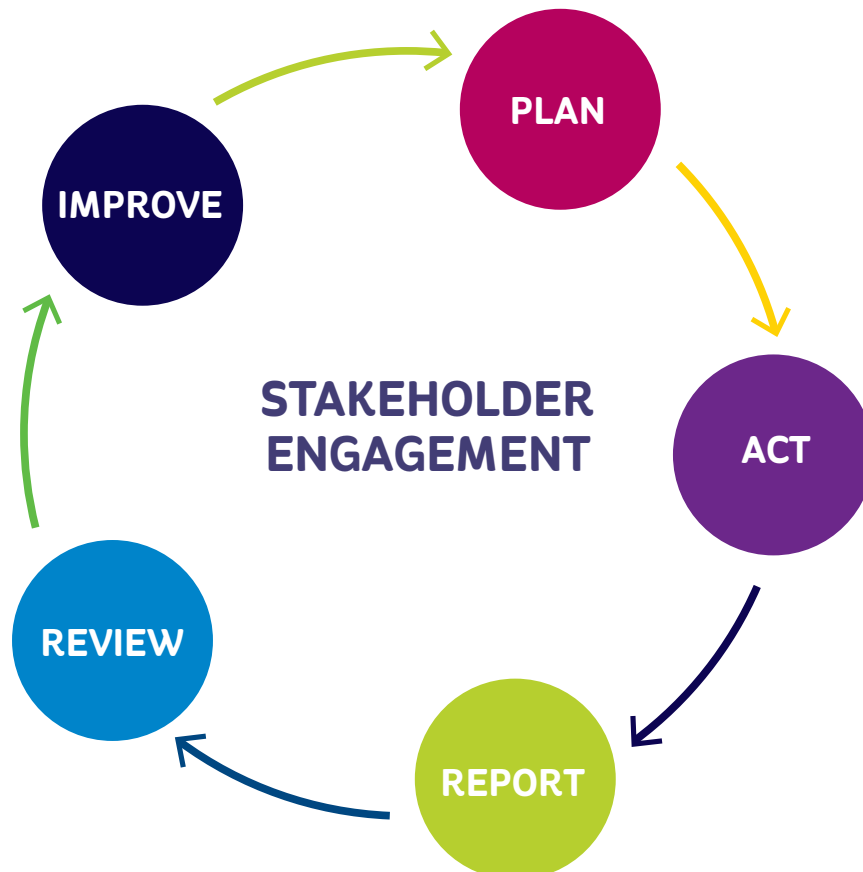
PRINCIPLES OF ENGAGEMENT

<p>INCLUSIVITY Give people a say in the issues that impact them</p>	We will engage widely with our customers and stakeholders
<p>MATERIALITY Identify and be clear about the issues that matter</p>	We will focus on the most relevant and significant issues that affect our customers, stakeholders and our business
<p>RESPONSIVENESS Act transparently on material issues</p>	We will communicate and be transparent on the outcomes of the engagement process
<p>IMPACT Engagement should positively impact customers, stakeholders and the business</p>	We will monitor, measure and be accountable for the impact of our engagement activity

We use a structured and systematic approach to engaging with our customers and stakeholders. This involves a cycle of planning, action, reporting, review and improvement.

¹AA1000 Stakeholder Engagement Standard (2015) and AA1000 Stakeholder Engagement Principles (2018) available at: <https://www.accountability.org/standards/>

ENGAGEMENT METHODOLOGY



To ensure that the principles outlined are implemented, our engagement activity follows five phases: planning, action, reporting, reviewing and improving.

1. Plan: Planning is essential for effective stakeholder engagement. During the planning phase, we identify the purpose of engagement; which stakeholders need to be engaged; the timeline for engagement; what level of engagement is most appropriate; and the resources that are required to achieve success.

2. Act: This involves implementing the planned engagement activities. Briefing stakeholders in advance sets the context and improves the quality of engagement. Engagement is conducted according to agreed ground rules and outputs are documented. Following engagement, an action plan is developed that sets out how we will respond to the outputs of the engagement. Finally, we communicate the engagement outputs and action plan with stakeholders.

3. Report: Reporting on stakeholder concerns and comments is important for effective engagement. Through this process, stakeholder concerns are better understood and acted upon. Reporting can be done both formally through reports and informally through regular updates and meetings. We address the actions outlined in the action plan and inform stakeholders of the outcome.

4. Review: We seek to continuously improve our stakeholder engagement processes and outcomes by evaluating what was successful and what could be improved. This can be determined through feedback from stakeholders and through other performance indicators.

5. Improve: By reviewing the feedback from our customers and stakeholders, we can ensure that the lessons learned are incorporated into subsequent engagement plans.

Different levels of stakeholder engagement are appropriate, depending on the purpose, materiality, desired outcome, timeframe, resources, and level of interest.

LEVELS OF ENGAGEMENT



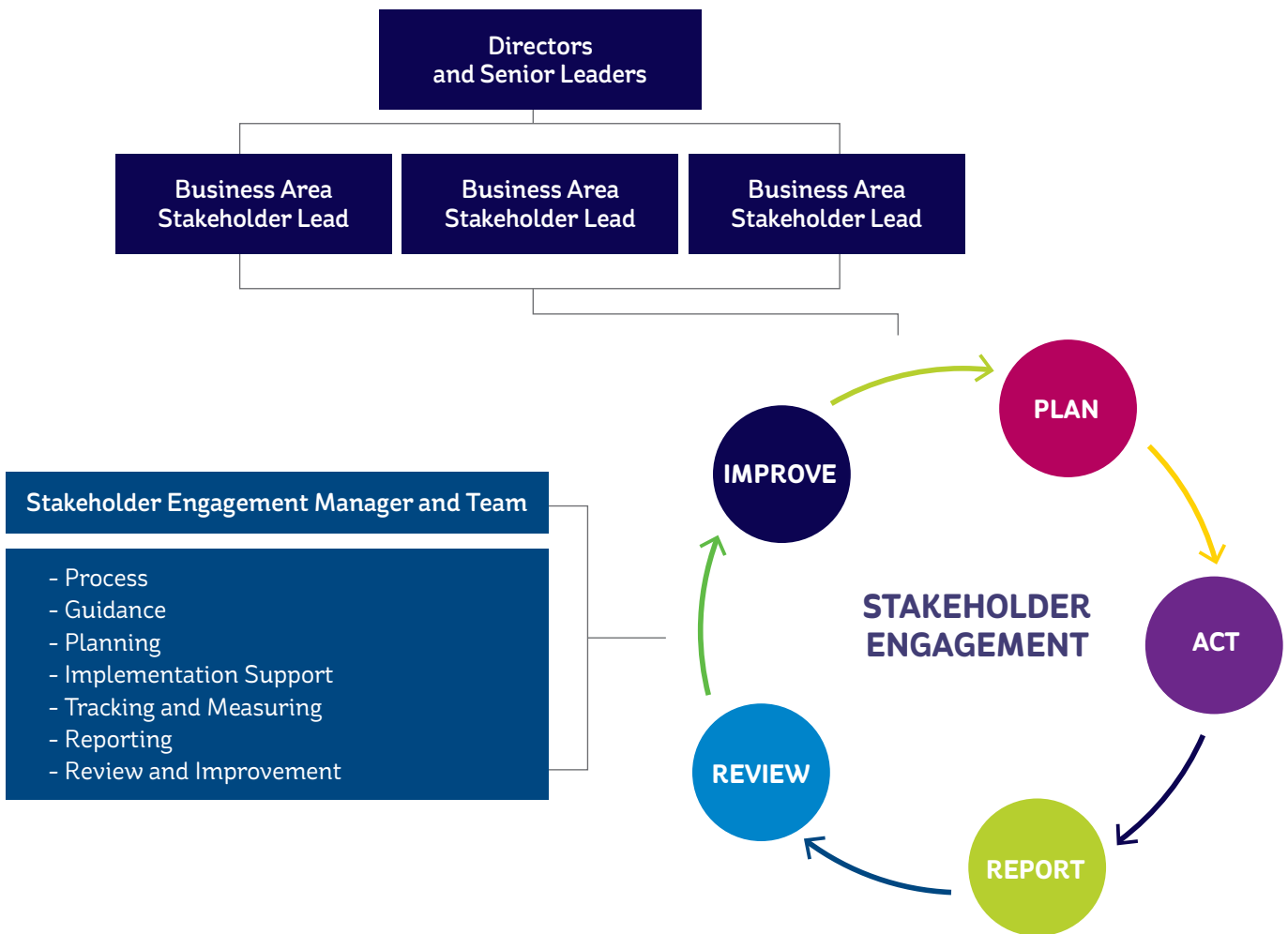
The level of engagement that is appropriate is considered during the planning phase. This involves an assessment of the materiality of the subject matter of engagement both for our stakeholders and our business and includes an evaluation of potential impact and risk. Issues of major significance, involving high levels of investment, impact and risk will warrant greater levels of engagement. Where the issue has lower significance and less impact, the provision of information may be more appropriate. In each case we will discuss our approach with our stakeholders.

GOVERNANCE AND CONTROL

We recognise that effective stakeholder engagement is essential for the successful management of our business. As a strategic priority, it is led by the Directors and the senior leadership team and is seen as a vital activity at every level of the organisation.

We have appointed a senior manager with responsibility for stakeholder engagement who leads a dedicated team devoted to stakeholder engagement within our Strategy and Engagement group. This team works closely with Stakeholder Leads in each area of our business, ensuring that engagement forms a core element of our business processes and remains embedded in our business culture.

MANAGING OUR STAKEHOLDER ENGAGEMENT



The Stakeholder Engagement Team meets regularly with the Stakeholder Leads across the business to develop engagement plans and ensure implementation using appropriate methods and levels of engagement. They also work together to monitor outcomes, measure performance, provide feedback to customers and stakeholders and seek opportunities to improve the overall engagement process.

An internal Stakeholder Engagement Steering Group, chaired by the Managing Director, provides overall direction to the engagement activity and monitors execution and performance. This group meets quarterly to assess performance and to review plans for the coming period.

The effectiveness of our stakeholder engagement will ultimately be determined by the relationships we hold with our customers, stakeholders and the communities we operate within.

The success of our overall stakeholder engagement process and activities across the business will be measured by monitoring our relationship with our customers and stakeholders on a regular basis. This will include an assessment of the level of awareness among customers of our role in the energy sector and how customers perceive ESB Networks in terms of overall sentiment towards our business and confidence in our activities.

The success of project-specific engagement will be based on an assessment of how well we delivered on the purpose and objectives agreed prior to commencing engagement. We will measure:

- The extent to which the objectives of the engagement were met
- Degree of satisfaction with the engagement process
- Level of resulting awareness of the project or programme
- Level of support for the outcome as a result of engagement

We understand that stakeholder engagement is a journey and we are committed to improving the effectiveness of our engagement with stakeholders over time. A key element of this improvement process will be evaluating our performance under this framework and, if necessary, amending and adding to this document.

Monitoring of the effectiveness of the framework will be ongoing. In particular, the evaluation phase at the end of each engagement process will provide us with opportunities to consider how the framework is working in practice and to suggest changes. Feedback from stakeholders gained through the project evaluation processes will inform this assessment.

In the longer term, it will be important to determine whether the framework is operating effectively and meeting our expectations and those of our stakeholders. In this context, we will review this framework after two years of operation, in part by seeking the views of stakeholders about the scope, principles and processes outlined in the framework and, importantly, about how effectively we have demonstrated these in our engagement activities. We will publicly report on our findings.

