

# Context: Social Contract

## We've heard from you:

- WPD delivers an **essential public service** for a population of +20 million people
- As one of the largest DNOs it is **vital WPD connects with the local communities** it serves - build and maintain trust in the services it provides and the way it operates
- We **must clearly demonstrate and justify our purpose** and values to stakeholders
  - Doesn't just mean great customer service – that's a basic expectation
  - We are **accountable for contributing to wider societal wellbeing** (including environmental and economic benefits)

## What is a social contract?

- A framework for the delivery of our **stakeholders' priorities**, through social and environmental initiatives that go above and beyond our business plan strategy

*Business plan: **what** we'll deliver; the **cost**; **why** - stakeholder/cost/regulatory justification*  
*Social contract: **why** our role is essential to our social purpose; **how** we will act/deliver*
- The social contract will outline how we operate on a **local level** in order to have the most benefit in our communities (today and in the future)

### Key priority:

- **The social contract is standalone and enduring**, not just for a business plan period
- It will sit alongside the Business Plan informing **our social responsibilities & behaviours which will underpin the whole plan**

# Building our Social Contract

## Stakeholders identified the following priorities for WPD's social contract:

Transparent reporting	Clarity on tax affairs and dividends	Positive outcomes for customers in vulnerable situations	Transparent mechanisms so stakeholders can influence decisions	Innovation to meet societal challenges (not just regulatory / technological ones)
Industry leading performance	Demonstrating WPD is a diverse, responsible employer	Methods for measuring the social impact of activities	Community and environmental investment/benefits	Excellent environmental performance
Fair and clear prices and returns/profits	Responsible and transparent Board governance	A framework for engaging local communities	Playing an active role regionally (e.g. local energy plans/aspirations)	Evidence the legitimacy of our operations for the future

Stakeholders also told us:

- **Include KPIs so WPD can be held accountable**
- **Report annually, with scrutiny from the CEG**
- **Include the social contract as a separate section of the business plan**

# Playback and draft outputs

## Social Contract

- We will consult on draft contract in Jan/Feb 2021 as part of our ED2 engagement
- With ongoing stakeholder input throughout its development

## Working in combination with our Business Plan

- Our social contract will form an essential component of our Business Plan submission, sitting alongside and providing clear links between what we are delivering in our plan and how this is driven from our social purpose

## And so the outputs we are proposing:

Publish annual reports in a simple, easy to understand format, setting out WPD's total expenditure, the impact on customer bills and actual regulatory returns

Support 300,000 people in our communities via a £250k 'Community Matters' Fund

We will as a minimum maintain our prime Environmental, Social and Governance (ESG) rating from a recognised agency

Provide staff with paid leave to volunteer to support local community initiatives associated with vulnerability and environmental initiatives