Developing a 'Sustainable Licence to Operate': Making best use of Capital: Competition and Collaboration

'Talk into Action': Embedding change on this topic in energy and water companies

Background and Summary

1. Sustainability First's major **Fair for the Future Project** is helping the energy and water sectors to better address the politics of fairness and the environment. The Project has two workstreams: developing a **'Sustainable Licence to Operate'** (we produced a Strawman in October 2018 to stimulate and provide a framework for discussions) and mapping **political and regulatory risk and uncertainty** in terms of fairness and the environment.

2. This note is part of our Sustainable Licence to Operate workstream, which we define as ***'A company's ongoing endorsement to operate within society and the energy/water system to deliver long-term public interest outcomes'***. Our strawman document is available in full on the Sustainability First **website**.

3. We have proposed four 'Pillars' that make up a Sustainable Licence to Operate and are testing these through a series of workshops.[i] Following each workshop, we hold bilateral discussions with companies to find out what they are doing to turn '**Talk into Action**' on that Sustainable Licence to Operate topic. Our aim is to identify and share evolving good practice, building an evidence base for change in the public interest. Being able to demonstrate how behaviours are changing 'on the ground' is essential if current public discourse around company purpose is to be meaningful.[ii]

4. This note is a summary of emerging themes and some specific examples resulting from this process for Pillar 2: '**Making best use of capital: competition and collaboration**'. It follows a workshop on 26th March attended by 38 people and **eight bilateral Chatham House interviews** with energy and water companies on this topic in mid-2019 (see Annex for list of questions discussed). We refer to companies by name when they have given specific permission for us to do so. The note also draws on our **major case study** on collaboration to address vulnerability, designed to stimulate company and regulatory thinking on good practice and what is possible: the **Thriving Communities Partnership**, established by Yarra Valley Water in Australia (see Case Study Note and video).

5. In brief, the **emerging themes** identified in our research on this topic include: **data** not yet being fully grasped as a type of capital in the sectors by companies and regulators alike; and the absence of 'accepted' **metrics** for some types of capital (particularly social and relationship capital and to some extent, still, natural capital).

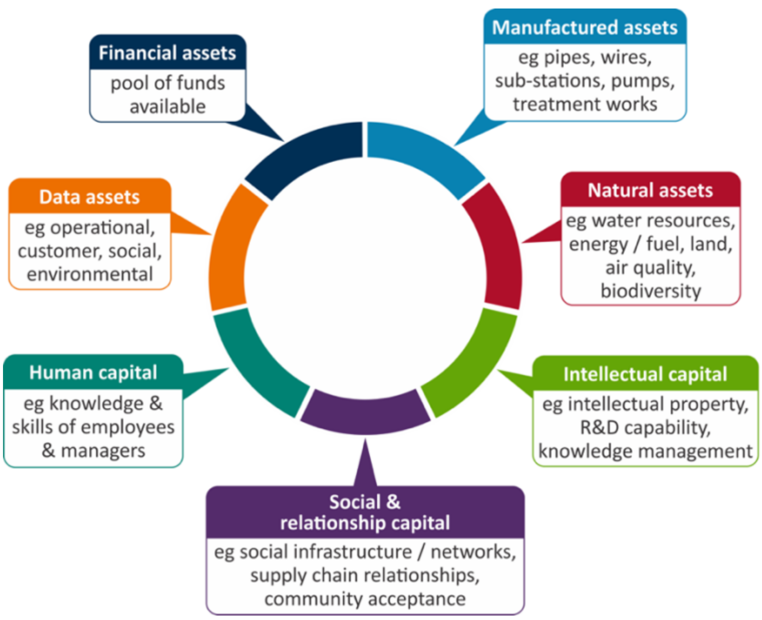
6. Our research also found that the **regulatory focus on comparative competition** is leading to companies **prioritising competitive over collaborative approaches**. A more **mature and open dialogue** between companies and regulators and **strong leadership** are needed to address this; particularly for natural assets and social and relationship capital when collaboration is often essential in and of itself – as well as for companies and regulators to maintain a sustainable licence to operate.

7. Finally, the companies we interviewed reported a mixture of **systematic and intuitive approaches** to how they deal with trade-offs between different types of assets and competition and collaboration. The approach taken clearly has to be for each to decide. The key thing is that there is a '**check and a balance'** in companies when they think about their approach and that they 'own' this decision rather than follow what may be seen as 'compliance' or what is 'fashionable'. However, in the absence of a systematic approach, and without strong leaders, it can be more challenging to **overcome institutional inertia** in terms of 'how we do things around here', **embed a holistic approach** to capital across a business **and evidence to stakeholders** that the full range of assets and models for service delivery have been considered when making decisions.

Pillar 2: 'Making best use of capital: competition and collaboration' – Overview

8. Energy and water companies have valuable assets, but the **different types of 'capital'** they have, and how they might make best use of these, varies. Sustainability First has adapted the International Integrated Reporting Council's (IIRC) different types of capital model – **financial assets, manufactured assets, natural assets, intellectual capital, social and relationship capital,** and **human capital** – to also include **data assets (see diagram below)**. Our 'Talk into Action' discussions have sought to assess whether energy and water companies are making the most effective use of the different types of capital they have in order to deliver on their **public purpose** and **wider systems value**.

9. **Competitive and collaborative approaches** – and types of **business model** – also vary widely. There are no definitive answers to what is appropriate; this needs to be viewed on a '**case by case' basis**. The issues can depend on the sector and, among other factors, whether a company is a natural monopoly, market position, where a company sits in the value chain, ownership structure, and investor risk appetite. Who the partners are (inside or outside sector) and whether collaborative activity is an end in itself or an 'enabling' activity, are also clearly important. Sustainability First has looked to assess when companies might compete and when they might collaborate to make best use of their full range of assets, and what business models may be appropriate for the future.



Source: Adapted from IIRC by Sustainability First

High level emerging themes

Different types of capital – including data as a type of capital

In each of Sustainability First's bilateral calls with companies, we asked if they felt that the diagram on page 2 adequately represented the types of capital they encountered in their businesses. The six types of capital included in the IIRC's types of capital – **financial assets, manufactured assets, natural assets, intellectual capital, social and relationship capital,** and **human capital** – were recognised by all participants as more or less distinct types of capital, which, although clearly linked with other types, possess some unique features. Most of the companies that we spoke to considered that it was important to link different types of capital to outcomes – not just in-puts. There was a recognition from several that outcomes needed to be seen as extending beyond regulatory price control periods.

There was some debate, however, as to whether **data** ought to be defined as a separate type of capital or rather as something that underpins all other types. Some businesses defined data as a form of intellectual capital, albeit recognising that it is not 'owned' in the same way as other types of capital. Most respondents however welcomed data appearing as a separate segment in the capitals diagram, one noting that it should be treated by companies as a 'stock' or 'resource'. If data is the 'new oil' of the economy, and indeed a 'public good' in itself, there was a sense that this has not yet been fully grasped by companies, and regulators, in the sectors. Although much work in this area is ongoing, this has not yet come together to the extent that many companies do not yet have the data strategies in place to fully operationalise and deliver on opportunities associated with data.

Trade-offs: prioritising different types of capital

Sustainability Fist found that companies from both sectors were mostly explicit in articulating the '**trade-offs**' between these types of capital in their decision-making. In addition, specific types of capital were given particular attention by organisations depending on the sector in which they operate. Among **water companies**, there was consensus that the use of the different capital types required a better understanding of **natural assets** and **biodiversity**, and that a 'capitals' approach facilitated proper regard to these in decision making. For **energy companies**, the focus tended to be less on natural assets and more on balancing types of capital in a more holistic way.

'Intuitive' and 'systematic' approaches

We have observed that on the topics of both capital and collaboration/competition, some companies are taking what might be called an '**intuitive**' approach while others are being more '**systematic**' in their actions and reporting. One company described to us how it now considers itself to be a 'capitals' business whose plans and reporting conform to the types of capitals identified by the IIRC/Sustainability First – an approach that it is looking to more fully formalise in its business plan.

Other businesses feel that while it is useful to bear in mind the different types of capital and how these are affected by their company's actions, in reality these are dealt with implicitly through the 'BAU' of the business rather than through a systematic capital framework. While we recognise that these companies have good reasons for taking the approach they do and we do not wish to prescribe a 'right' and 'wrong' solution, there may be a danger that more intuitive approaches rely on people rather than process and fail to take account of the broad range of assets a company 'owns' or 'stewards', and therefore do not deliver on a company's stated **purpose and values**.

On collaboration and competition, 'intuitive' approaches are much more common; the energy and water companies we spoke to did not have **frameworks** in place for when to collaborate and when to compete, but rather took such decisions on a **'case-by-case' basis**, often citing the influence of the **regulatory 'preference' for comparative competition** in their sectors. Some companies also said that whilst a more systematic approach was possible for forward looking issues, for decisions regarding legacy problems this could be more difficult.

Whilst the approach taken is clearly for each company to decide, we consider that **a more systematic approach** may help: overcome institutional inertia and create a culture that proactively and continuously looks for new ways of doing things that goes beyond tried and tested 'hard capital' / capital expenditure (capex) solutions; embed new approaches across the organisation so that these do not just sit in pockets of the business or come and go with individual leaders; and more transparently evidence and explain to stakeholders (including, but not limited to, regulators) **why** they have collected this information and **why** the resulting decisions taken are the 'right' ones – short, medium and long-term.

Measurement and metrics

One reason why a more systematic approach to these issues might be difficult is a **lack of quantitative measurements and metrics** for other types of capital when compared against those available for financial assets and manufactured capital (pipes, wires etc). How, for example, can a company appropriately measure its social and relationship or intellectual capital? Where these metrics can be developed, the companies we spoke to were much more likely to take a more systematic capitals approach. One water company, for example, told us that it did not tend to view its business through a capitals lens as most of these capitals could not be quantified and 'monetised'; however, the picture was changing with regard to natural assets due to Natural England's 2018 Natural Capital Indicators and the UK Government's England Biodiversity Indicators.

Without a good grasp of how to measure social and environmental capital in particular, it can be difficult to see decisions in the round, ensure all assets are treated on a 'level footing' and make informed choices around trade-offs/priorities, as discussed on page 3. There was a recognition from several companies that a proliferation of metrics could also create problems; pulling these together into a meaningful dashboard that resonates with stake-holders was seen as important.[iii]

A need for open dialogue

We have found that there is a need for a more **open dialogue** among stakeholders, including companies, investors, and regulators, on how best to unlock the benefits of different types of capital and ensure that these are appropriately prioritised to deliver short, medium and long-term public interest outcomes.[iv] Financial capital is important but a wider perspective is needed that recognises the particular role the full range of energy and water company assets can have in terms of helping to deliver social, environmental and economic well-being for current and future generations. For water companies and energy networks, this can also be as place makers.

For collaboration/competition more specifically, we consider there is a clear need to engage in a more open, mature discussion about how to build better sharing of ideas for the public good. There appears to be agreement that the **tendency not to collaborate** where collaboration might be possible is an issue, but as yet there is no agreement on who can resolve the problem and how. **Leadership** is clearly crucial in this space; companies must engage with stakeholders, including – and perhaps most importantly – the regulator, and signal the need to find a way through this, not sitting back waiting for someone else to lead. This is a shared problem for which a shared solution can be found.

We were pleased to hear of examples of where companies within a sector were helping each other in terms of sharing good practice. However, despite good intentions, such initiatives were often ad hoc, frequently only occurring following a crisis, and there was often a time delay (until after 'first mover' rewards had been captured). In some areas, a more strategic approach may be needed to get away from 'fire-fighting' mode and to recognise that for some issues (e.g. where questions of scale are involved or net zero commitments require pace) collaboration might be the most appropriate way forward. More strategic frameworks for approaching collaboration should help to 'lock in' its benefits. Regulators need to do more to articulate their expectations in this area and to help all sides better understand and work through possible unintended consequences.

Examples of good practice from energy and water companies

<u>Prioritising the management of different types of capital – more comprehensive approaches</u>

Transparency around the trade-offs an organisation makes between different types of capital is an area of critical importance for providing internal and external reassurance with regard to a company's decisions. Anglian Water has really focused on this issue, in part through strong **leadership** from the top of the organisation. The company's Board had shown a strong interest in maximising opportunities around **natural and social capital**, including how these linked to the **UN Sustainable Development Goals** (SDGs). This led to internal discussion across the business about how many capitals the business ought to focus on, finally landing on six: financial, manufactured, natural, social, and intellectual capital, as well as people or 'human capital'. Anglian is looking to reform its optioneering process in order that the types of capital are systematically considered and prioritised in decision-making, rather than decisions being made simply in response to often short-term external triggers.

Another water company told us how its trade-offs between different types of capital were informed by information from its **asset prioritisation database**, which itself comes out of the business's identified risks. These risks are generally around operational failure, particularly water quality and continuity of supply, which have been shown to be two of the most important things for customers.

Cadent told us it took what it called a '**monetised risk approach**' to asset management, which it has been developing in conjunction with regulators and other networks, to provide a 'common currency' for assessing different options and trade-offs. The organisation is not looking only at safety and legislation, but also trying to bring out the optimal customer and environmental impacts, including consideration of loss of supply and emissions.

<u>'Owned' and 'stewarded' assets</u>

When we asked companies about their **'ownership' or 'stewardship' of different assets** and the approaches they took according to the type of capital at hand, organisations described a number of good practice projects in their sectors.

Anglian Water described its work in **Ingoldisthorpe, North Norfolk**. Initially a pilot wetland site rolled out in partnership with the Norfolk Rivers Trust, the success of this scheme led the company to commit to a further 34 natural capital treatment wetland schemes as part of its PR19 submission, subject to feasibility. Ingoldisthorpe involved the adoption of an innovative natural filtering process, removing unwanted chemicals and thus benefiting the area's wildlife environment. Anglian told us how such schemes can lead to **greater biodiversity, lower carbon, and lower whole life cost;** in short, multiple benefits and a much better overall outcome, despite being on paper 'riskier' and requiring the Environment Agency to be more flexible in its approach.

UK Power Networks (UKPN) meanwhile pointed to its emphasis on **air quality**, identified by Sustainability First as a subset of natural assets, through its recent advice to Transport for London (TfL) around London bus electrification. As part UKPN's advisory role, it has provided a strategic view to TfL's infrastructure requirements whereby, through UKPN's proposed approach, TfL would be able to electrify all 79 of their bus depots (9,300 zero-emission buses) with a 67% reduction in network capacity requirements when compared to its original plans. This work has formed a part of the company's comprehensive 'Green Action Plan.'

Cadent set out how in Stratford-upon-Avon it has worked with Balfour Beatty to replace 700m of 1960s gas mains on the busy streets and in the Shakespeare Centre. In order to carry out this work with minimum disruption and obtain stakeholder buy-in, the business sought to prioritise **social and relationship capital**. This was achieved partly through creative communications, making use of poetic press releases and signage bespoke to the area, but also innovative techniques such as Building Information Modelling (BIM) which allowed local people and businesses to assess the impact the gas mains replacement would have on the surrounding area.

Stakeholder 'pull'

A number of companies identified how there have been new information requests from their **Boards and Executive teams** with respect to different types of capital. Anglian, which has sought to embed a capitals approach in its business, stated that this had been driven in large part by the Board, who were particularly interested in **natural capital and social and relationship capital**. This company's business plan mapped regulatory Outcome Delivery Incentives (ODI) against these types of capital, and this had led to a broader discussion around how other types of capital might better inform investment decisions and planning.

Cadent noted that stakeholders from outside the company – be they members of the **public**, **regulators**, or **market actors** more broadly – were now requesting a great deal more information on **financial capital**, assets, and company returns. One way to answer the questions this raises is through a renewed emphasis on **public purpose** and how the business is stewarding natural assets and bringing value to communities – particularly in the arena of sustainability. The business is accordingly developing a sustainability report to go alongside its annual report and accounts, the 'pull' for which also came from **investors**.

UKPN noted how companies' stakeholder communities increasingly want organisations to explain the performance of their **financial assets** in simpler language, including how this translates into investment in the networks and how this helps the UK prepare for the **net zero transition**. Stakeholders also want to know the company's views on profits and dividends, and how much is going to shareholders, employees, and network investment. This information should be communicated in a way that is engaging, simple and impactful for a company's stakeholder community, which might include multiple channels and using innovative techniques. UKPN has transformed how it communicates this information in its award-winning annual review publication, which is available digitally and utilises animation and videos to make the content accessible to stakeholders.

'**Push**' from the companies themselves can also be considerable where a CEO is willing to show leadership in this space. Whereas UKPN had focused in the past on more easily quantifiable metrics, there has been a culture shift towards measuring the impact the organisation is having for the benefit of the wider community, such as improving air quality.

Measuring types of capital

Measurement of the different types of capital proved to be a **considerable problem** for energy and water companies – and, in the words of one respondent, 'one cannot manage what one cannot measure'. This has led some companies to tackle the problem by thinking less explicitly about 'capitals' per se – but making sure to report **using metrics that go beyond the current price control period.**

WPD for example noted how it designed its investment decisions around the **entire life of the asset**, also incorporating regulatory metrics such as number of customers interrupted per 100 customers (CI) and the number of customer minutes lost (CML).

Enablers for collaboration

In discussion, the following generic points were raised as enablers to collaboration in both sectors:

- A belief and mind-set that collaboration will be beneficial – need an open, learning culture and to move on from thinking that 'we know all the answers.' Our research indicated that the latter point can be an issue for some companies that have head-quarters outside of the UK where their understanding of the 'social contract' may be different;
- A clear vision / objective;
- A common purpose amongst key parties – as outlined in Sustainability First's Talk into Action Pillar 1 paper;
- Leadership and sign-off from the top of each party;
- Individual organisational commitment of money and time to the collaboration – with a recognition that things will not automatically go right first time and there is likely to be a degree of trial and error;
- Trusted relationships – for these to develop, there is a need for governance mechanisms so that the risks and rewards of collaboration are shared in a fair way and the process meets competition law requirements;
- Willingness to engage with the regulator to work through potential obstacles and emerging issues;
- Buy-in / support from wider partners, particularly the supply chain and those able to share cross-sector insights and expertise; and
- Good project management – essential to embed change and to move from ad hoc initiatives.

Collaboration and competition in energy

Following our discussion on embedding consideration of different types of capital in energy and water businesses, we turned to talking with companies about how they approach **collaboration and competition** in their sectors: whether **both** can thrive in their organisation, how the organisation determines **when to collaborate and when to compete**, and the main **barriers** preventing further collaboration.

Cadent began by outlining the need for collaboration to thrive across the innovation space, where the **sharing of best practice** can lead to better outcomes for customers. In this spirit, the company is undergoing several collaborative hydrogen projects in the form of HyNet, H21, and HyDeploy. **HyNet** is a collaborative hydrogen/CCUS project being undertaken in the North West of England that 'aims to be the UK's first net-zero carbon industrial cluster'. This is the result of partnership between several key business stakeholders in the North West, but also with local authorities and the region's Metro Mayor. **H21** is a joint project between Northern Gas Networks and all of the other Gas Distribution Networks with the aim of converting Leeds to 100% hydrogen. In addition, **HyDeploy** is another joint project between Cadent and Northern Gas Networks looking at the potential to blend hydrogen into the existing gas network. Cadent takes a pragmatic role on who ought to 'lead' on these projects, determined largely by logical conversations rather than set, specific criteria – although factors such as geographical area and reach are clearly taken into account.

UKPN shared how they had recently invited a business which ranked lower on performance into their control room in order to share mutual learnings around innovation, automation, and operational practices. Subsequently, the invited organisation has moved up in its performance ratings. This is an example of **collaboration acting alongside competition**; companies are more interested in relative performance than ever before, which can lead to improved customer satisfaction across the board.

When it comes to deciding when collaboration or competition respectively is the right course of action, WPD highlighted the **Energy Networks Association** (ENA) **Open Networks Project** which represents a strong example of collaboration in action. The process of choosing 'leads' in the Project was perceived to be 'democratic': if the ENA is looking for someone to take lead on EVs or technical constraints, for example, participants around the table will volunteer based on their expertise, and where there is more than one volunteer, a vote is taken. Although originally conceived as more of a technical challenge, there had been a growing realisation that collaboration in this way might also represent a commercial challenge.

The importance of **leadership** was again stressed; having CEO sign-off across companies helped all sides to work together to overcome barriers. Where leadership is shown, it was perceived companies do have the opportunity to collaborate with partner organisations for the public good, for example through WPD's 47 partnerships to co-create solutions in the fuel poverty space – a result of the company's stakeholder engagement exercise.

Collaboration and competition in water

Among water companies, there were also a number of examples of collaboration in action. Anglian Water cited the example of **community regeneration in Wisbech**, a market town near Cambridge. Here, they have worked with stakeholders to help encourage over £6 million of internal investment from the local combined authority, the development of a garden town plan proposal looking at climate resilience, and a plan for restoring the town's railway link. A flood plain surrounds Wisbech, and so building a new garden town represented a significant challenge. However, the company took the opportunity to engage and cooperate with the Environment Agency, adopting flood models from the Netherlands which allow a more collaborative approach to designing systems.

A **trusted relationship** with the Environment Agency at national level had allowed Anglian some flexibility in its approach to the Wisbech scheme; there had been an open discussion with the regulator setting out the boundaries within which it could work, the company trying to **challenge existing assumptions** in order to create a new, innovative, 'testing' environment. This had also been the case in Ingoldisthorpe, where the Environment Agency had been flexible with its permitting because both parties recognised that this would ultimately lead to a better solution.

Water companies also flagged areas in which they had shared best practice with one another in order to boost their respective performance and better meet customer expectations. This seems to be driven in large part by the recognition from actors in the sector that **the industry is only as strong as its 'weakest link'**, especially given that there can be relatively low levels of consumer understanding around the role and remit of the monopoly companies. One water company, for example, told us how it had reached out to other companies to take learnings and improve sectoral performance around leakage, and in turn has invited other water companies to a demonstration of its work around catchment management.

Common barriers faced by energy and water companies in terms of capitals and approaches

Finding the right metrics

One common theme emerging out of our bilateral calls with companies is the importance of **measurement** and **metrics** for reporting against the different types of capital. As may be expected, companies were often much more comfortable discussing the reporting of financial assets and returns, in part because these are **more easily quantifiable** than areas such as social and relationship capital, although strides appear to have been made around the development of metrics for areas such as natural capital and biodiversity.

Companies stressed that this should not prevent action being taken in line with the different types of capital; they clearly must have an awareness of the social make-up of the area in which they are working, including an insight into where their customers with additional needs are, for example. However, one organisation noted that because these types of activities are not 'monetisable', they do not necessarily think of them in relation to 'capital'. This difficulty in determining how to measure the different types of capital is perhaps one reason why some companies prefer what we have termed '**intuitive**' over more '**systematic**' approaches.

Regulatory barriers

Several companies expressed that they wished to collaborate more with other companies in their sector but were discouraged from doing so by perceived **regulatory barriers**. One water company felt that the regulatory framework ought to introduce competition where appropriate but ought also to recognise that value will in many cases be derived from collaboration. It was deemed that the regulator has not historically been of this mindset, preferring **'comparative' competition** which can be disruptive to pooling understanding and sharing best practice, at least in the short/medium term: '*Companies do not share their business plans when they are going to be judged in a league table against others*.'

Another water company similarly spoke of the **need for flexibility** in the regulator's approach, stating that any framework for collaboration and competition should take into account that collaboration is more beneficial to long-term goals, and competition to short-term ones. For example, the water industry is currently pressuring the supply chain to reduce leakage. Competition here has led to dozens of new innovative approaches from companies rather than one single solution that may not be the most efficient. Resilience on the other hand is an example where collaboration might be a better option, as short-term incentives do not create long-term value and economies of scale may be important.

This was also felt strongly by energy companies, one of whom told us that the relationship between regulators and regulated entities should be one of **facilitation**. There was a feeling from some that regulatory methodologies should focus on relative incentives rather than 'winner takes all' awards.

However, it was also noted that there was scope for companies to do more in this space. One company participant outlined how what might be deemed competition in one industry could be considered collaboration if viewed from a cross-industry perspective. For example, learning from other industries to improve stakeholder engagement is competitive in that it looks to create a competitive advantage in the energy sector, but it is also an example of cross-sector collaboration. There needs to be much more emphasis on these types of collaborations.

Stakeholder feedback and 'Talk into Action' Pillar 3

This document is the second of our notes on turning 'Talk into Action' regarding the four pillars of our proposed 'Sustainable Licence to Operate' for the energy and water sector. We are now reaching out to energy and water companies with another set of questions for senior company respondents around Pillar 3 on '**roles and responsibilities**' and changing expectations around **fairness**. We welcome further feedback on this document.

Organisations interested in meeting us for further bilateral interviews should email Kieran Dodds, our Research Officer, at kieran.dodds@sustainabilityfirst.org.uk. We look forward to hearing from you!

Annex – <u>'Talk into Action' questions on capital: competition and collaboration</u>

Different types of 'capital'

1. ***Prioritising management of different types of 'capital' in your business.*** *How does your company assure itself that there is appropriate prioritisation of different types of capital for the current and future stage of your company's journey? How do policy and regulatory frameworks influence this prioritisation?*

2. ***Comprehensive and integrated view on 'capitals'****: How does your organisation ensure you have this? How are gaps and dependencies identified – for your company and the wider 'systems' in which you work?*

3. ***Assets – 'owned' and 'stewarded':*** *Are there any differences in approach, e.g. between financial / manufactured assets and natural / data assets? If so, how does this impact on your approaches to managing, sharing and reporting on those assets?*

4. ***'New' information requests – from investors, regulators, customers and environmental stakeholders****: Is there any 'new' interest in the different capital types? Can you give us any examples? How do you ensure* ***'meaningful'*** *information is provided?*

5. ***Measurement of 'capitals'****: How do you measure and report different types of 'capital'? How do these measurements shape business strategies – including changes in operations, long-term planning and reporting?*

Competition and Collaboration

6. ***Competition and collaboration – can both thrive in your organisation?*** *How does your* ***company culture reflect*** *these approaches? From whom does any pressure come from for change (company, regulator, customers, other)? What next steps are needed and by whom?*

7. ***Understanding where collaboration is the right course of action****: When thinking about collaboration (1) how widely do you look for* ***potential partners****, (2) how do you decide on which partner* ***leads*** *on what, and (3) how do you build trust?*

8. ***Collaboration – main enablers and barriers?*** *What factors have* ***enabled*** *your recent collaborations (e.g. clear vision, shared values)? What, if any,* ***barriers,*** *either perceived or actual, do you think hinder collaboration (e.g. hierarchies, lack of knowledge / trust)?*

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[i] The four 'Pillars' in Sustainability First's proposed 'Sustainable Licence to Operate' are: Pillar 1, '**Public purpose, philosophy, and public service values**'; Pillar 2, '**Making best use of different types of capital: Competition and collaboration**'; Pillar 3, '**Fairness: Expectations, roles and responsibilities**'; and Pillar 4, '**Strategy and narratives**'. For each pillar we have identified case studies of good practice from other sectors and/or from energy and water companies overseas. We have already hosted successful workshops on Pillars 1, 2, and 3 and will be hosting events discussing our final pillar in November 2019. We will then iterate and 'war game' our emerging thinking.

[ii] See, for example, *Companies face fresh pressure to shift away from shareholder first mantra*, Financial Times, 23rd August 2019.

[iii] We will be discussing this issue further in our workshop on Pillar 4 on 'Strategy and narratives' in November.

[iv] See *Looking to the long-term: hearing the public interest voice in energy and water*, Sustainability First, 2018.