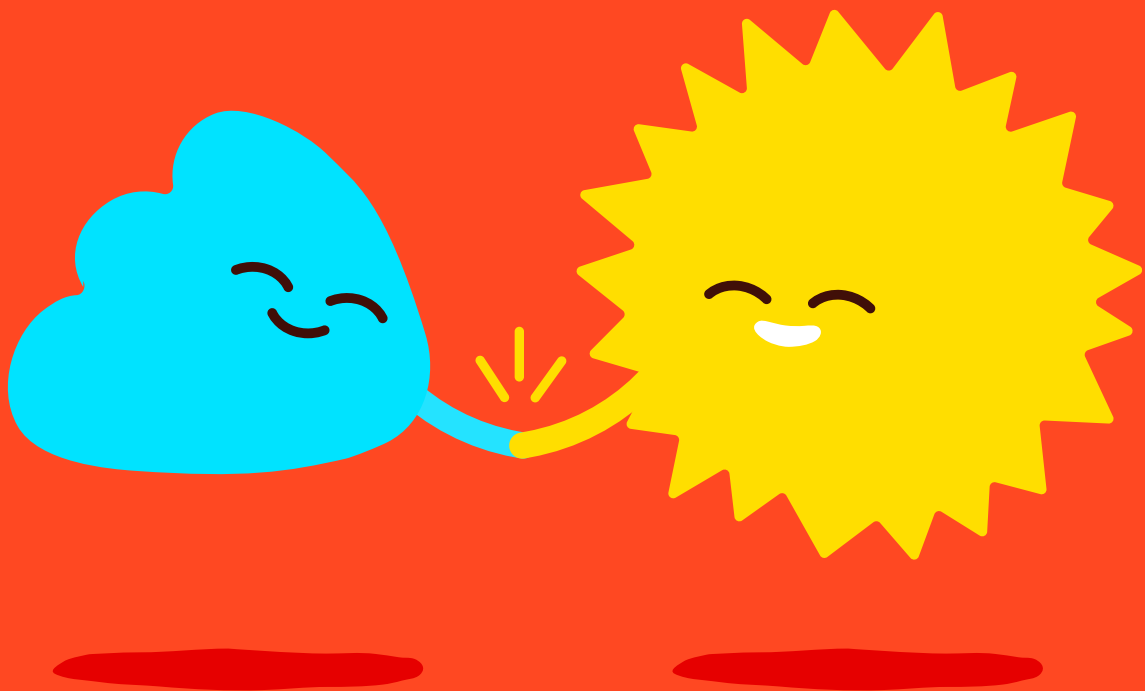


The code.

B2B Third Party Intermediary (TPI) Code of Practice

Fair energy sales

A code for the sale of non-domestic energy
products through TPIs within E.ON Next Limited



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Foreword

Alongside E.ON Next's own Direct Sales Channels, Third Party Intermediaries ("TPIs") play a vital role in procuring energy and energy solutions for many business customers in the UK energy market. With increased scrutiny from regulators and industry bodies, along with increasing customer expectations, TPIs carry an important responsibility to manage their organisations and deliver on their objectives in a way that enhances their customers' trust and support.

The importance of good governance is key to earning this trust, and enhancing the reputation of the TPI market. That's why we love this edition of the E.ON Next TPI Code of Practice, which focuses on the key principles that TPIs should follow and why, and provides clear information about what those principles imply in practice.

Like the previous editions, this Code has been drafted with input from TPIs and consultations with business representative organisations, which we believe means the Code carries genuine authority and authenticity. This is reflected by the large number of TPIs that welcomed and adopted the previous editions. Given the size, range and diversity of the sector, that's a great achievement and we're confident that all TPIs that work with E.ON Next will adopt this new Code of Practice, and ensure they deliver their customers a compliant, consistent customer experience which enhances the reputation of their business and the sector as a whole.

Development of E.ON Next's Code of Practice

In August 2012, E.ON developed a Code of Practice to be managed by an Independent Code Panel. The Code of Practice covered the sales activities of non-domestic Third Party Intermediaries (TPIs). It was designed to improve sales processes for small to medium businesses and introduce minimum standards and a disciplinary framework for TPIs who operate in this market. It covered many areas of a TPI's business, from recruitment and training to selling, contracts, systems and controls. At the same time, E.ON appointed an external Code Manager and established an independent Code Panel to oversee compliance with the Code of Practice by receiving information on TPI monitoring activity and providing input on any escalations or expulsions from the Code where breaches of the Code were identified.

E.ON subsequently introduced an internal Code of Practice to cover all internal sales activity to ensure consistency across all

small to medium business sales. With the introduction of Ofgem's Principles-Based Regulation, we have decided to evolve the Code to make it more focussed on the delivery of fair customer outcomes and to extend it to all non-domestic energy sales within E.ON Next.

This new Code of Practice ('the Code') replaces E.ON's previous Codes and applies to all energy sales to non-domestic customers completed by E.ON Next employees and its representatives. This includes TPIs with whom E.ON Next holds a contractual agreement that negotiate and/or agree energy supply contracts on behalf of their non-domestic customers. Additionally, from 1 November 2016 the Independent Code Panel and its Chair ceased to manage the previous Code, and this Code now reflects that this governance is now managed internally.

Objective

The objective of this Code is to protect the interests of non-domestic customers when purchasing energy products. To help with this, we have developed four principles to ensure that sales of non-domestic energy products to customers are conducted in a fair, honest and transparent way;

These principles are:

Principle 1: Accurate and complete contracts

Principle 2: Understood by our customers

Principle 3: Presented in a full and professional manner

Principle 4: Meets customer's needs

Under each principle we have identified the standards that customers expect from E.ON Next. We require all TPIs that hold a contractual agreement with E.ON Next and who negotiate and/or agree energy supply contracts on behalf of their nondomestic customers, to take all reasonable steps to interpret and apply the contents of the Code in a manner consistent with the objective and above four principles. The UK Compliance team within E.ON Next, which sits separately to our sales function, will carry out monitoring and assurance activity (see schedule 2) for the sales teams internally and for TPIs in order to give assurance that the principles are being consistently complied with.

Further information on the principles and how we expect them to be applied is set out within the Code and its Schedules.

Principle 1

Accurate and complete During the sales process, all non-domestic customers can expect to receive accurate and complete information to help them make an informed decision.

E.ON Next expects its TPIs to provide information about the non-domestic energy product being offered in a way that is not misleading before the contract is entered into.

Why?

The impacts of not doing so could mean that the customer makes a decision based on incorrect information in transferring their gas or electricity to E.ON Next. In order for contracts to be accurate and complete; the following actions must be taken;

All contracts (written and verbal)

Are dated prior to submission and submitted within agreed tolerance. Include all relevant principal terms. Include the correct/matching payment method details i.e. Direct Debit mandate where Direct Debit is chosen.

All written contracts

Are completed in full using the latest version of the contract pad. Are signed and dated for all relevant pages.

All verbal contracts

Are completed in full using the latest version of the verification script.

Principle 2

Presented in a full and professional manner

During the sales process, all non-domestic customers can expect to be treated in a way that is fair, honest, transparent, appropriate and professional.

E.ON Next expects its TPIs to behave and act in a way that is fair and professional and present information about the non-domestic energy products in a clear and fair way.

Why?

The impacts of not doing so may mislead the customer or cause them to feel pressured into agreeing the sale.

What does this mean?

Fair, transparent and appropriate

Ensuring that sales practices are fair, transparent and appropriate for the customer. This includes making the customer aware of how much of the market was searched to obtain the offers proposed to them.

Honest

Identifying yourself clearly and obtaining the customer's consent before the sales conversation begins. This means identifying your name and trading name of the organisation you represent (directly or indirectly) and obtaining the customer's consent before providing any sale or marketing information.

Respect

Respecting the customer's wishes, including ceasing the current contact and avoid future contact if the customer requests.

Responding to customer's questions

Answering the customer's questions with accurate and complete responses.

Providing information that is not misleading

Providing accurate and complete information, including not making unsubstantiated claims and including correcting any customer misunderstanding.

Personal opinions

Ensuring that personal opinions and/or advice are not expressed or used as a way to influence the customer's decision.

Professional

Ensuring staff are appropriately trained for dealing with customers, adhere to, and act in a professional manner in line with these principles.

TPI services and commission (TPI only)

Making the customer aware of the services you provide and how the customer will pay (directly or indirectly) for those services.

Principle 3

Understood by our customers

During the sales process, all non-domestic customers can expect to fully understand the contract they are entering into.

E.ON Next expects its TPIs to provide appropriate information so the customer fully understands the contract that they are entering into, including that it is legally binding.

Why?

The impacts of not doing so are that the customer may enter into a contract on the basis of incomplete or misleading information, or without realising they have done so.

What does this mean?

Principal terms

Ensuring the customer understands all the information they have been given before proceeding with the sale.

Legally binding

Ensuring the customer understands that he or she is entering into a legally binding contract (and has the authority to do so).

Authority to enter into a contract

Ensuring the customer representative has the necessary authority to enter into a contract.

Principle 4

Meets customer's needs

During the sales process, all non-domestic customers can expect to be offered products or services that are appropriate for their individual and business requirements.

E.ON Next expects TPIs to offer products or services that are appropriate for the customer's individual and business requirements. Only those products or services that are appropriate for the customer will be discussed or sold.

Why?

The impacts of not doing so are that the customer may enter into a contract that is not appropriate for their individual and business requirements. All non-domestic customers can expect that they will be offered only products or services that are appropriate for their individual circumstances and business. This includes:

What does this mean?

Appropriate

Confirmation that the product or service is appropriate for that customer.

Customer data

Confirmation that calls are recorded and what the data will be used for (where applicable).

Consent

Obtaining and evidencing consent from the customer before discussing a customer's account with a third party.

Complaints

Identifying, recording, investigating and reporting complaints fully in line with the appropriate complaints handling policy. Review the reasons for all identified mistakes and act quickly to put things right and redress the customer where appropriate when a mistake has been made.

Erroneous transfers

Preventing an erroneous transfer by ensuring that we have a valid contract with a customer.

Direct Debits

Offering to read out the Direct Debit guarantee and accurately read it to the customer if requested and ensuring, where requested, this is sent to the customer in writing.

Schedule 1

Interventions, monitoring and assurance for TPIs

Schedule 1 sets out the TPI monitoring arrangements against this Code, as well as the potential sanctions that E.ON Next may impose should we identify risks or breaches of the Code.

We will carry out monitoring of the interactions with customers of employees, representatives and TPIs involved in selling E.ON Next’s energy products to non-domestic customers. This includes internal sales channels and third parties with whom we have a contractual agreement to give us confidence that we are delivering against the principles set out in this Code.

Monitoring and assurance will consist of the following approaches:

Compliance monitoring	Monitoring of a proportionate sample of sales against the principles set out within the Code. This ensures that we are delivering the right outcomes for our customers and fulfilling our regulatory obligations.
Compliance Assurance Reviews (CARs)	Compliance Assurance Reviews against the principles set out in this Code. This ensures we are delivering the right outcomes for our customers and fulfilling our regulatory obligations.

All monitoring and assurance activity is overseen by our internal governance and oversight bodies which report independently to the Board. For third parties, a sales compliance forum is in place to review performance against the Code. This forum meets monthly to review performance, review breaches of the Code and determine any necessary consequences for those breaches.

Monitoring and assurance, risk-based monitoring and assurance of the Code (based on a key set of measures in line with the Code) will be undertaken using the following approaches:

Intervention

Site visit

Description

Site visit to the TPI's premises to review their sales processes and ways of working against the principles we have defined.

Remote audit

Remote audit to collate the evidence submitted by the TPI and review this with them over the phone.

Targeted monitoring

Additional monitoring of contracts, whether this be verbal or written, to monitor and assess compliance.

Evidence request

Request for evidence sent directly to the TPI outlining the issue highlighted, complaint or potential Code breach, asking for a full investigation to be completed and submitted to E.ON Next within a specified timescale.

Interventions:

One (or more) of the following sanctions may be imposed as agreed by the relevant oversight committee:

Sanction

Targeted actions

Description

Specific actions set and completed within an agreed timeframe give E.ON Next assurance of compliance.

Suspension

Suspension whilst investigations are completed during which time E.ON Next will not accept any new contracts.

Termination

Termination (specific terms outlined in the TPI agreement) by E.ON Next.

Referral to Ofgem

Details of third party and specific issues shared with Ofgem.

Details published

Details published on the E.ON Next website.

Schedule 2

Interventions for Third Party Intermediaries (TPIs)

Maturity Model pillar

Governance and ownership

The process by which senior management oversees an entity's businesses, people, policies, and reporting to satisfy its regulatory responsibilities.

Policies and procedures

The establishment of policies and procedures to address organisational, legal, and regulatory requirements.

Training, development and communication

Programme of internal communications and employee training regarding laws, regulations, standards, and policies.

Ongoing assurance, monitoring and continuous improvement

The existence of internal controls, testing, and independent compliance monitoring mechanisms to determine the effectiveness and efficiency of controls.

Proactive (target state)

Senior management and its committee members:

- Demonstrate regular oversight.
 - Demonstrate a good understanding of the compliance programme.
 - Receive regular compliance reports.
 - Periodically engage in key issues facing the company.
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Company policies and procedures address all regulatory requirements under a common compliance programme. Company policies and procedures are generally accessible and periodically updated. Company policies and procedures are generally clear, concise, and written. Opportunities to streamline policies and procedures may exist.

Integrated communication and compliance training programme in place. Proficiency testing programme in place. Compliance training program notification and monitoring procedures in place. Internal and applicable external compliance continuing education programs offered to all employees.

Good control design is present and supports demonstration of consistent and reliable operation. Compliance monitoring and testing is done on a real-time basis. Testing auditing program in place. Controls and testing are coordinated but could be more efficient.

Systems and support processes

The existence of integrated IT systems and processes which are designed to support and satisfy regulatory and compliance responsibilities. Including Sales/CRM, pricing and MI/reporting process and solutions.

Controls exist that ensure accuracy of data between disparate systems. Relevant data is understood and used as a driver for achieving regulatory compliance and strategic targets. Lead key performance indicators are regularly reviewed and acted upon. Reporting is current and clear lines of accountability exist and are understood. Process maps in place, fully coverage but no single repository and integration tool set deployed.

Risk assessment

Identification and evaluation of significant compliance risks and controls.

Risk assessment process in place based on a recognised risk framework that is periodically updated. Business and functional leaders generally participate in the risk assessment process and address risks.

B2B/TPI/COP/03/20

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