

national**grid**

# A Responsible Business Briefing pack

2018/19

15 April 2019



# Environmental Management

## OUR CONTRIBUTION

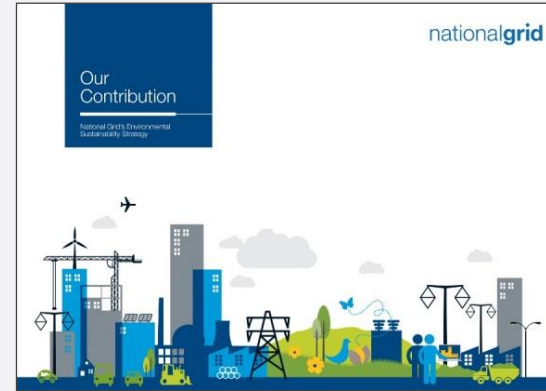


Our climate commitment

Responsible resource use

Natural environment

◀ Excellent environmental management ▶



Our environmental sustainability strategy, **Our Contribution**, focuses on 3 areas, which we believe are most significant for our customers and our business



# Our Environmental performance and priorities

## Our climate commitment



# 65%

Reduction in Scope 1 and 2 greenhouse gases (GHG), including the GHG emissions associated with electricity line losses

## Carbon Pricing

We are putting a price on carbon to help inform our major investment decisions



We are committed to reducing greenhouse gas (GHG) emissions from our processes and operations.

By 2050, we have a target to reduce GHG emissions by 80% (from a 1990 baseline) with an interim target of 70% reduction by 2030.



# Our Environmental performance and priorities

Responsible  
resource use



## 100%

We are working to divert all of our construction waste from landfill...

## Zero

...and send zero office waste to landfill by 2020



We support the principles of the circular economy, which aims to maximise the value of materials by designing assets that can be recycled, refurbished and reused at the end of their operational life.

We're integrating these principles into our processes to find more cost-effective and environmentally friendly ways of reducing our reliance on raw materials

This includes our IT equipment as well as our transmission assets.

# Our Environmental performance and priorities

## Natural environment



We own a huge amount of land (over 7,000 hectares), including over 300 substations and the non-operational land around them.

We are committed to making our contribution to achieving the UK's 25 year environment plan by managing our land in ways that deliver the greatest value to us, our communities and the wider environment.



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sites where we have enhanced the value of our natural assets; target of 50 sites by 2020

### Net gain

We are pioneering a new approach (aligned to UK government strategic direction) that measures biodiversity and Natural Capital impacts, and opportunities associated with our major projects.

This wider consideration of environmental factors helps us make better and more informed decisions that deliver Net Gain in environmental value and leave the environment in a better condition that it was before.

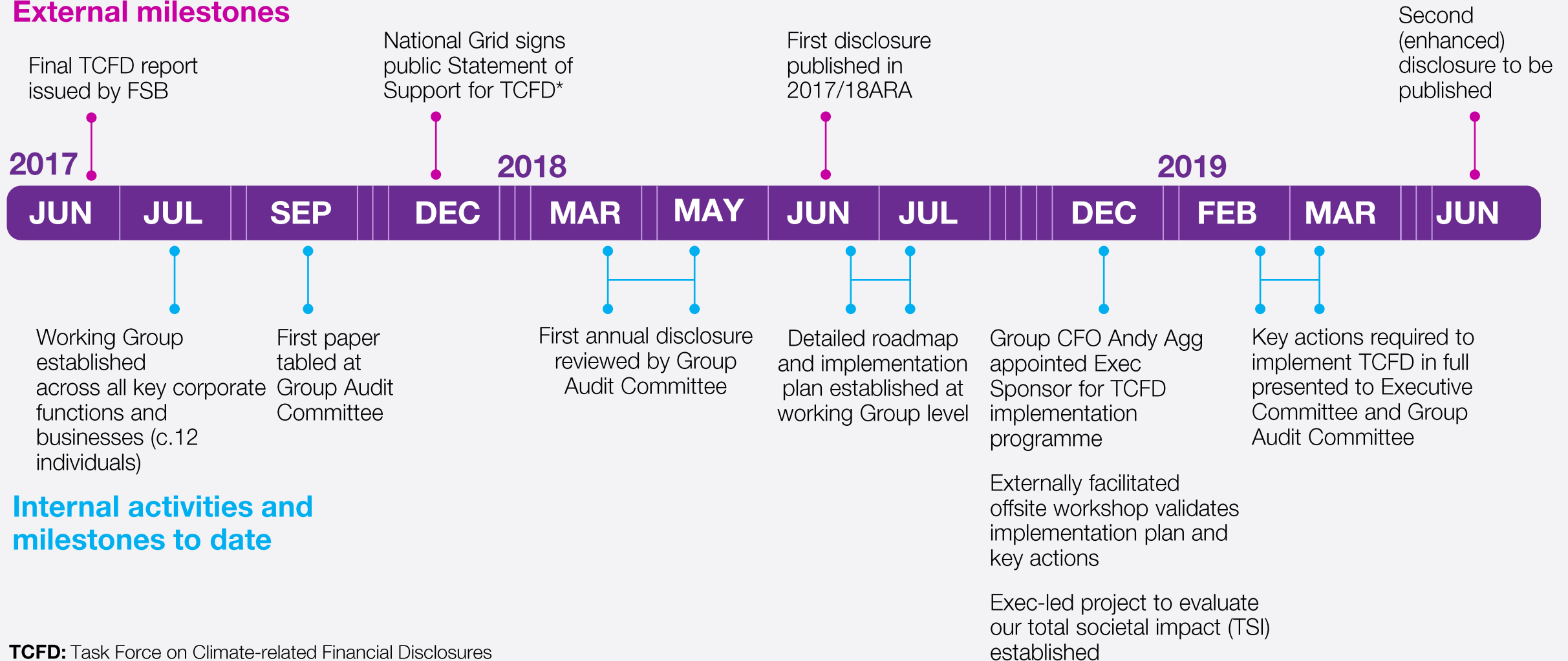
This approach is currently being embedded into major projects. We are also working with our US colleagues to develop a similar approach.

# National Grid is prioritising five Sustainable Development Goals



# Implementing TCFD – towards full compliance

## External milestones



## Internal activities and milestones to date

**TCFD:** Task Force on Climate-related Financial Disclosures

\*organized by The Prince's Accounting for Sustainability Project (A4S)

# Key focus areas

## Governance

SEH and Audit Committees have oversight for climate change strategy and TCFD\*



Ensuring our senior leadership has an appropriate understanding of the risks and opportunities associated with climate change

## Strategy

Our sustainability strategy focuses on the areas where we can have a positive material impact, including climate change targets



We will increase the use of climate-related scenarios to inform our business strategy

## Risk

We have a mature risk-management process that includes an assessment of climate-related risks



We'll continue to update our risk assessments using the latest climate science and projections

## Metrics

We have GHG reduction targets covering the emissions from our operations and activities



We are developing a broader suite of metrics and targets to assess performance and influence decision making.

\*The remit of the **Safety, Environment and Health Committee** explicitly includes assessing how the Company adapts its business in light of climate change. This including annual reviews of:

- a) environmental performance and progress against carbon emissions reduction targets;
- b) A review of environmental strategy; and
- c) Any other key issues related to the environment

The **Audit Committee** is responsible for reviewing and approving the content of our TCFD disclosures, and will take an increasingly active role in overseeing disclosures around metrics and targets this coming year

**TCFD:** Task Force on Climate-related Financial Disclosures



# Climate-related risks and opportunities

Weather-related events in NE US

Storm planning and preparation is core to our business and is incorporated into our rate plans

Flood defences

We have invested in our UK & US infrastructure to build resilience to physical climate risk

GB Grid reliability

Our goal is to be able to operate the GB system safely and securely at zero carbon whenever there is sufficient renewable generation on-line and available to meet national demand

Electric vehicles

We are developing and building charging infrastructure in the US and have proposals to develop infrastructure in the UK

Future of heat

Gas has a central role in the energy mix and remains core to our strategy in both the UK and US. We are working to understand how the pathway to cleaner energy will evolve

# Recognition of our focus on ESG



We retained our position on the CDP Climate Change A list for a 3<sup>rd</sup> consecutive year in 2018. We are one of 126 global companies and 8 in the UK that are included on the A list, out of over 7,000 submissions.



FTSE4Good

We are a longstanding constituent of the FTSE4Good Index Series, which is designed to measure the performance of companies demonstrating strong (ESG) practices.



We were awarded the BITC Environmental Leadership Award in 2017 for our approach to reducing the carbon impact of our construction projects. We challenge our suppliers to support us in this approach by making carbon reduction a part of the competitive tender process for our major projects.



# Appendices

# National Grid is prioritising five Sustainable Development Goals

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QUALITY  
EDUCATION

In addition to our four UK environmental education centres, we also have various partnerships to help develop to support employment, including UK Bridge Builder mentoring programme and US National Energy Education Network (NEEN)

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AFFORDABLE AND  
CLEAN ENERGY

We're supporting various programmes to assist communities with affordable energy included the United Way of Rhode Island affordable housing project, funding four projects to address some of the root causes of the housing problems in Rhode Island and a £150 million Warm Homes Fund to address the challenges people face living in energy inefficient homes.

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DECENT WORK AND  
ECONOMIC GROWTH

Within the UK we have an employee led internship programme 'Employability' for young people aged 17-25 with special educational needs. We also work with veterans in the US through the Troop to Energy Jobs programme, plus are undertaking a piece of work to support social mobility both in the UK and US.

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CLIMATE  
ACTION

We have surpassed our 2020 target to reduce group wide greenhouse gas emissions by 45% by 2020 (currently 65%) and are on track for our 2050 target of an 80% reduction. We retained the CDP 'A-list' for our global approach to climate change in 2018 and in 2015 begun including carbon as a weighted part of our construction project award criteria.

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LIFE  
ON LAND

We are on track for our target to enhance the value of the natural environment on at least 50 sites by 2020 (currently 30), and in 2016 launched a landscape enhancement initiative to reduce the visual impact of our infrastructure and improve the related visual quality of the landscape.

# Recognition of our focus on ESG



FTSE4Good

