

# Oddo Securities

## 10th Environment Forum



SECURITIES

PARIS | June 2016



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# Responsible business: our investors

- Corporate governance
  - Board diversity
  - reporting & transparency
  - new remuneration & long-term incentives
- Complementing operational excellence with responsible business approach
  - improving safety
  - risk management
  - ethical approach



Sustainable dividends & asset growth

# How being responsible and sustainable supports our business strategy

Six main areas of focus in addition to . . .

- Safety – public, employee and contractors
- Doing the right thing – ethical code of conduct
- Our values



# Setting out our responsible business goals





# Responsible business: Caring for our customers

## Storm preparation



Vulnerable customers



Energy efficiency



## Emergencies

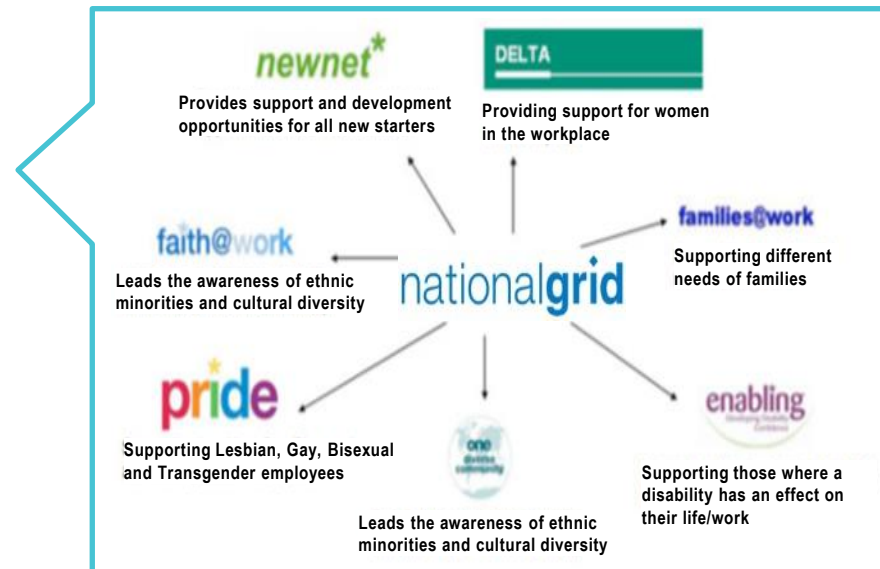


# Responsible business: Building strong communities



# Responsible business: Investing in our people

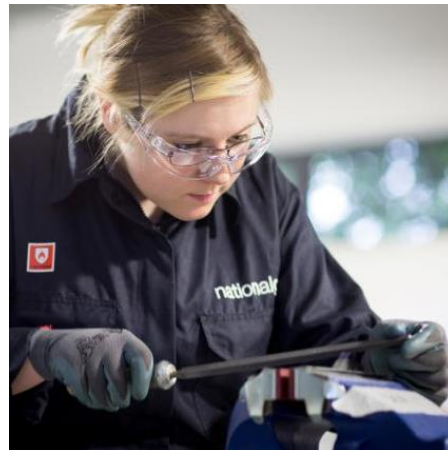
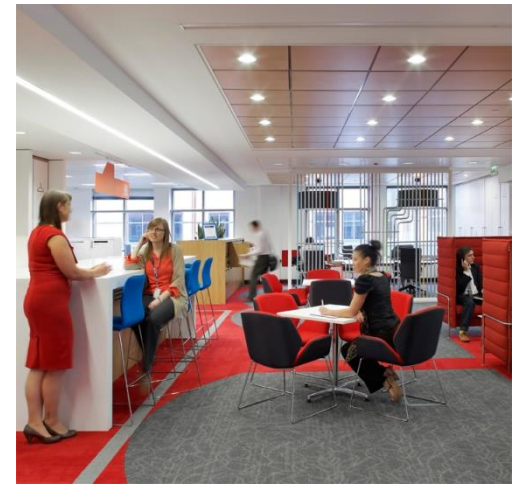
- Improving safety
- Training academy
- Inclusion and diversity
- Employee health and support
- Employee survey and engagement targets
- Reward and pensions





# Responsible business: Investing in our people

## OurAcademy



## Responsible business: Education and employability



girls  
inc.®

Welcome to National Grid

Young Offender  
Programme

### Addressing a skills shortage (STEM)

- Getting people into work
  - Young offenders programme
- Educating to develop skills



### Over the last year:

- 9,900 STEM conversations in class
- 160,000 contacts through fairs
- 150 Education Ambassadors in UK
- The Power to Serve in the US



# Responsible business: Education and employability

Engaging with schools



Queen Elizabeth Prize



Promoting STEM



Employability scheme



## Responsible business: Enhancing the environment

- Company greenhouse gas emission reduction targets
- Material re-use and recycling
- Natural Grid – using land for the benefit of communities and ecosystems
- Embedding sustainability in decision making
- Accredited environmental management system



# Our contribution

A framework for environmental sustainability in National Grid

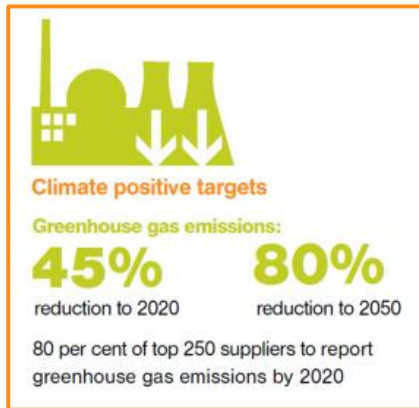
Climate positive

Positive about resources

Enhancing ecosystems



# We have made additional external commitments



## In the UK: Infrastructure Carbon Review (ICR)

Initiative from HM Treasury aiming to drive infrastructure companies to embed carbon reduction across activities and supply chains



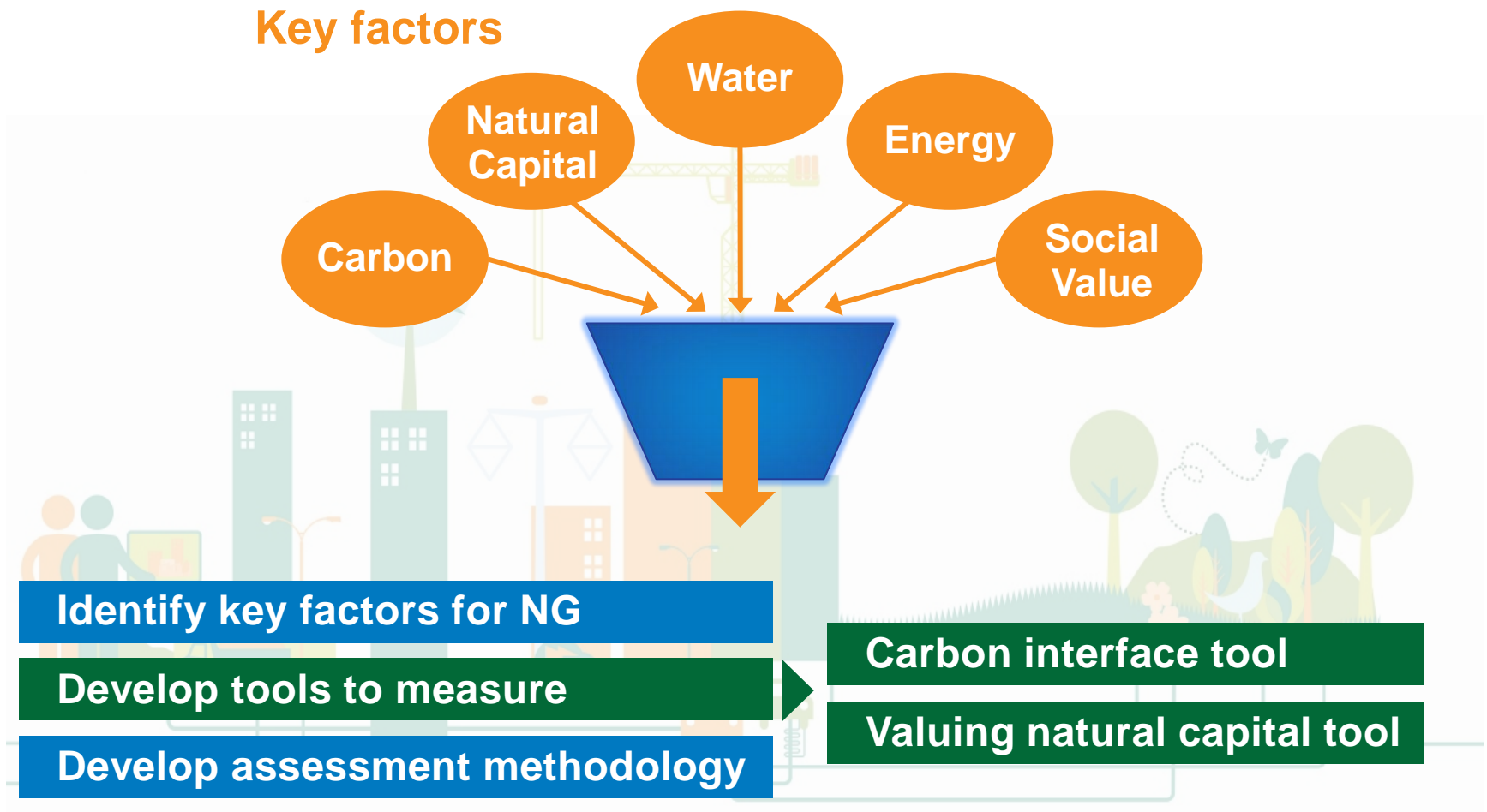
THE PRINCE'S ACCOUNTING  
FOR SUSTAINABILITY PROJECT

A network of CFOs focusing on integrating environmental and social issues into financial decision making

Embedding sustainability in decision making



# Sustainability in decision making



# Carbon interface tool

## What is it ? . . .



A tool developed in house to measure a project's carbon footprint

## Focus . . .

Key areas to help drive reductions and implementing change into schemes

- Steel
- Concrete
- Aluminium



## What it tells us . . .

Voltage	Equipment
400kV	Disconnecter 3ph
400kV	Earth Switch 3ph
400kV	CVT No Foundation 1ph
400kV	SF6 Circuit Breaker 3ph

Different material impacts occur in different schemes. Substation projects have a low intensity and gas projects a higher intensity. Highest impacts come from civils

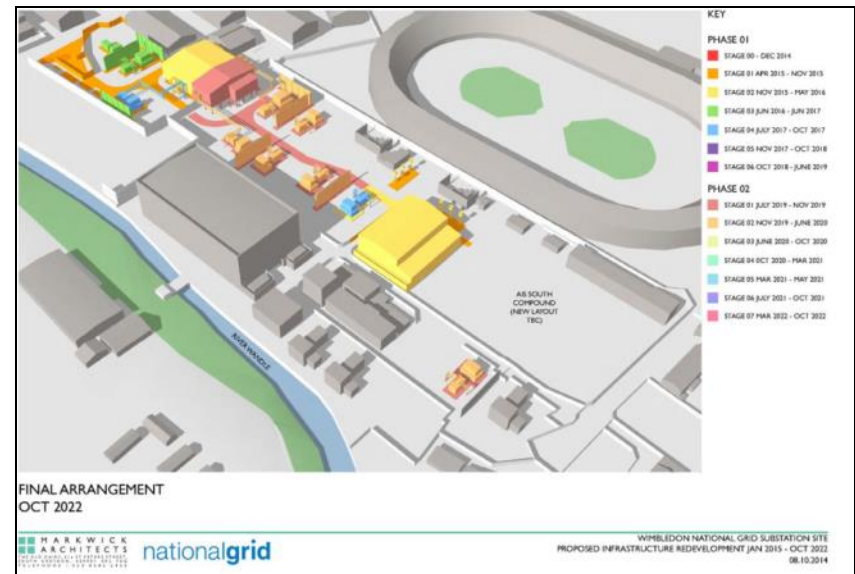
## Targets . . .

# ?tCO<sub>2</sub>/£m

We now understand our baseline 190tCO<sub>2</sub>/£m and will target reducing by 10% in the next 12 months

# Carbon in tender process

- 5% carbon weighting in tenders for major infrastructure projects
- Wimbledon substation tender unlocked 20% carbon saving for lowest cost solution
- Lower carbon = lower cost
- 5% weighting in all projects over £50m and projects with 'material' carbon impact





# Valuing Natural Capital tool

## What is it ? . . .



A tool developed with external support that provides us with a common language to engage with stakeholders and evaluate options

## How might we use it ? . . .

### Quantify

- Natural Capital on National Grid sites

### Assess

- Ecosystem Services provided

### Value

- Each of these ecosystem services

### Identify

- Potential risks, opportunities and revenues

### Develop

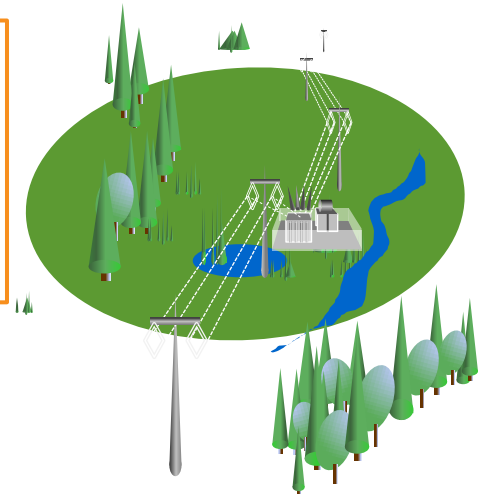
- More informed management decisions

## It helps us to . . .



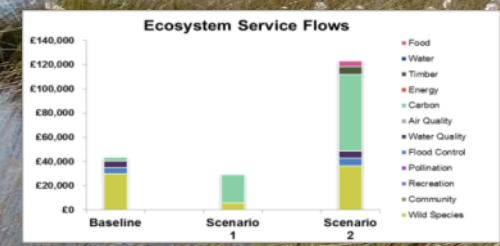
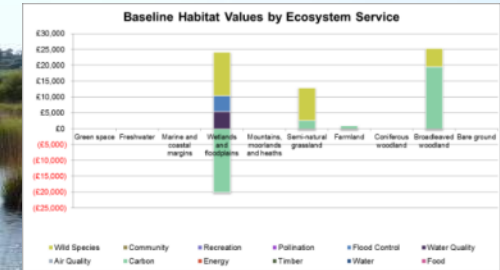
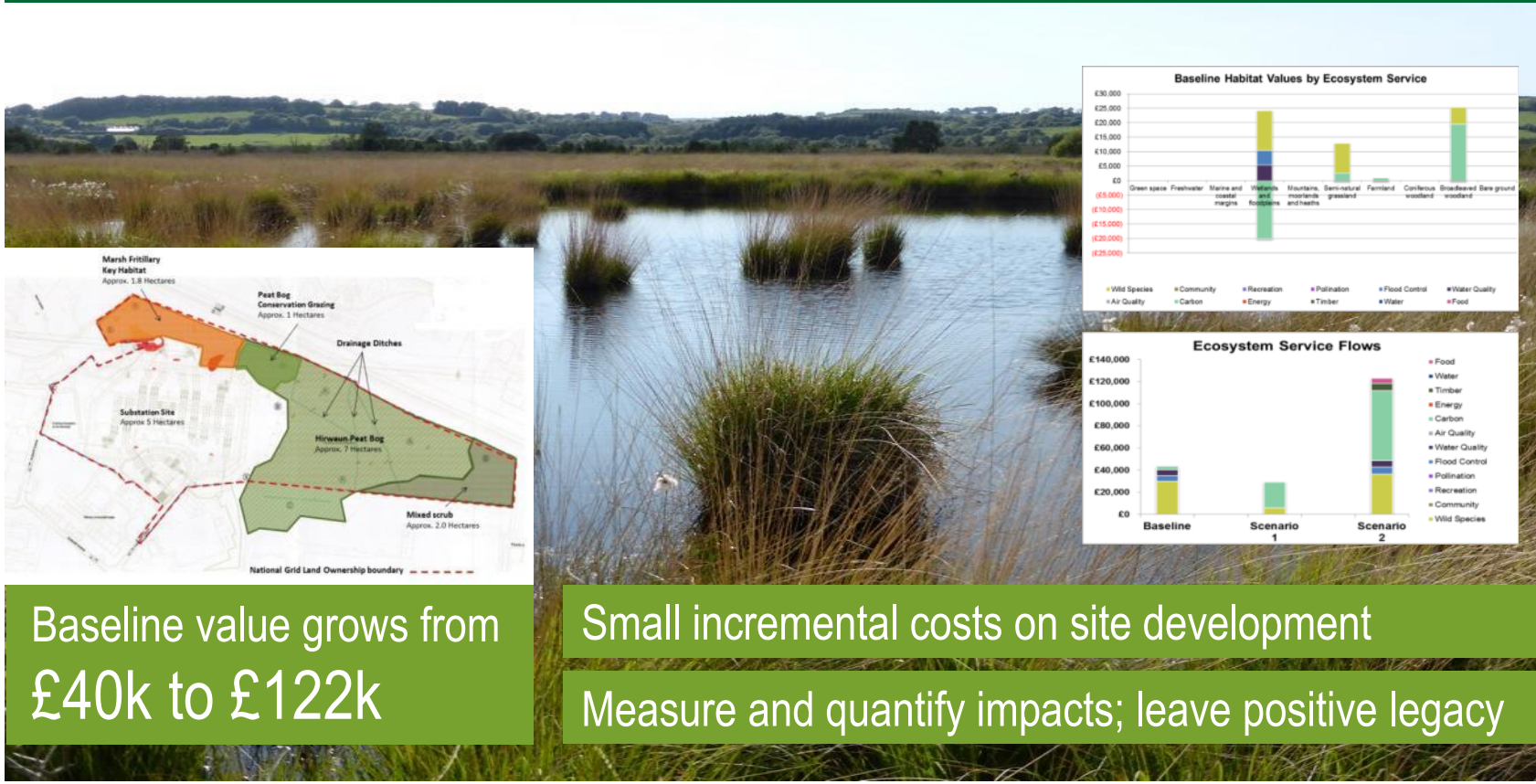
Identify Natural Capital values and make better investment decisions to secure social, environmental and economic returns

## Targets . . .



# New sites – Rhigos

Making our contribution to local and national ecological priorities, whilst connecting and delivering new energy infrastructure



Baseline value grows from £40k to £122k

Small incremental costs on site development  
Measure and quantify impacts; leave positive legacy

# Operational Sites – Thorpe Marsh



**Yorkshire**  
Wildlife Trust

## National Grid Thorpe Marsh Site Management

Baseline value

£170k grows to £410k

Costs to realise

£29k (over 3 years)





# The Natural Grid: realising opportunities



## Major infrastructure delivery

- Coordinated approach
- Potential landscape scale benefits Leverage other stakeholder activity

## High value landscape areas

- Embed ecosystem services in 'soft' engineering approaches to visual amenity and community benefit

## Site development

- Understand and value impacts
- Creativity with site restoration
- Drive new value/revenue

## Existing landholdings

- Scenarios/options for management
- Stakeholder involvement
- New income streams



# Environmental Discretionary Reward

- Facilitating transition to low carbon future in Electricity Transmission
- £2m reward for 2014/15



# Responsible business: Developing Future Energy Systems

- Facilitating the transition to a low carbon economy
- Future Energy Scenarios (UK)
- Smart Energy
- Reforming the Energy Vision (US)
- Demand Side Response





**United Nations**  
Framework Convention on  
Climate Change



# Taking action on the road to Paris



**The  
Telegraph**

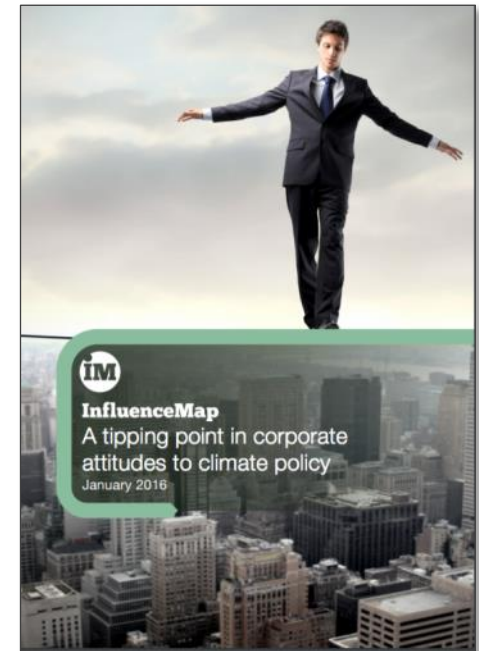
*Steve Holliday*  
editorial

**THE  
HUFFINGTON  
POST**

*Dean Seavers*  
joins the call for  
decisive action

**WE MEAN  
BUSINESS**


economic  
opportunity through  
bold climate action



*“true leader”*



# What it might mean for National Grid . . .



**Climate positive targets**

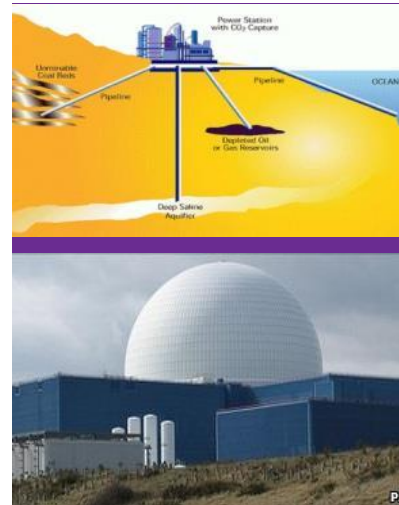
Greenhouse gas emissions:

**45%** reduction to 2020

**80%** reduction to 2050

80 per cent of top 250 suppliers to report greenhouse gas emissions by 2020

**Our targets align with 2°C trajectory**



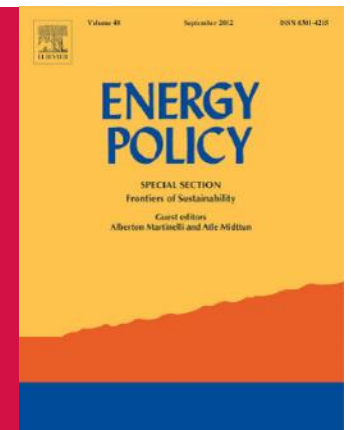
Renewables, nuclear and CCS key to decarbonising electricity



Energy storage is a key enabler



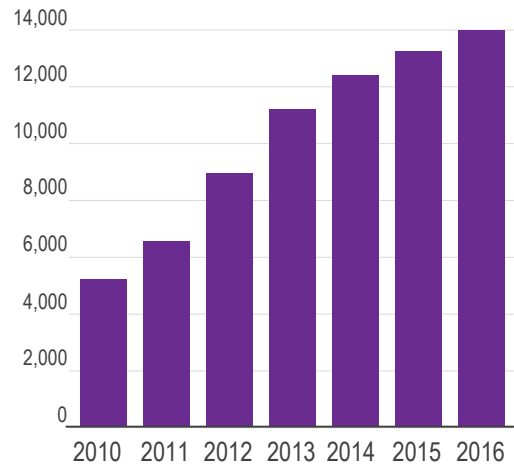
New energy policies and rapid innovation expected



# Changing GB Energy Landscape

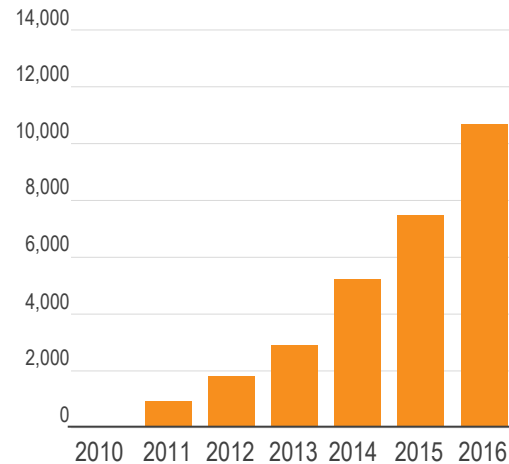
## Wind

Installed Onshore & Offshore Capacity (MW)



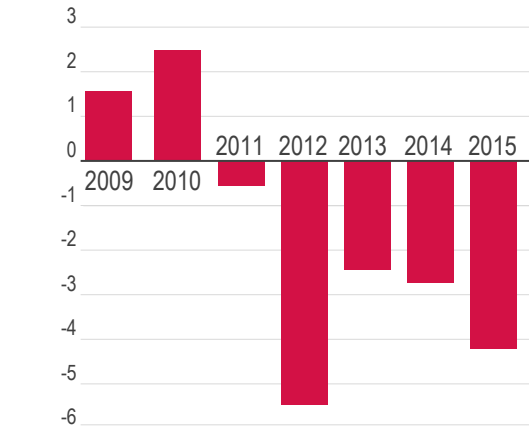
## Solar

Installed Capacity (MW)

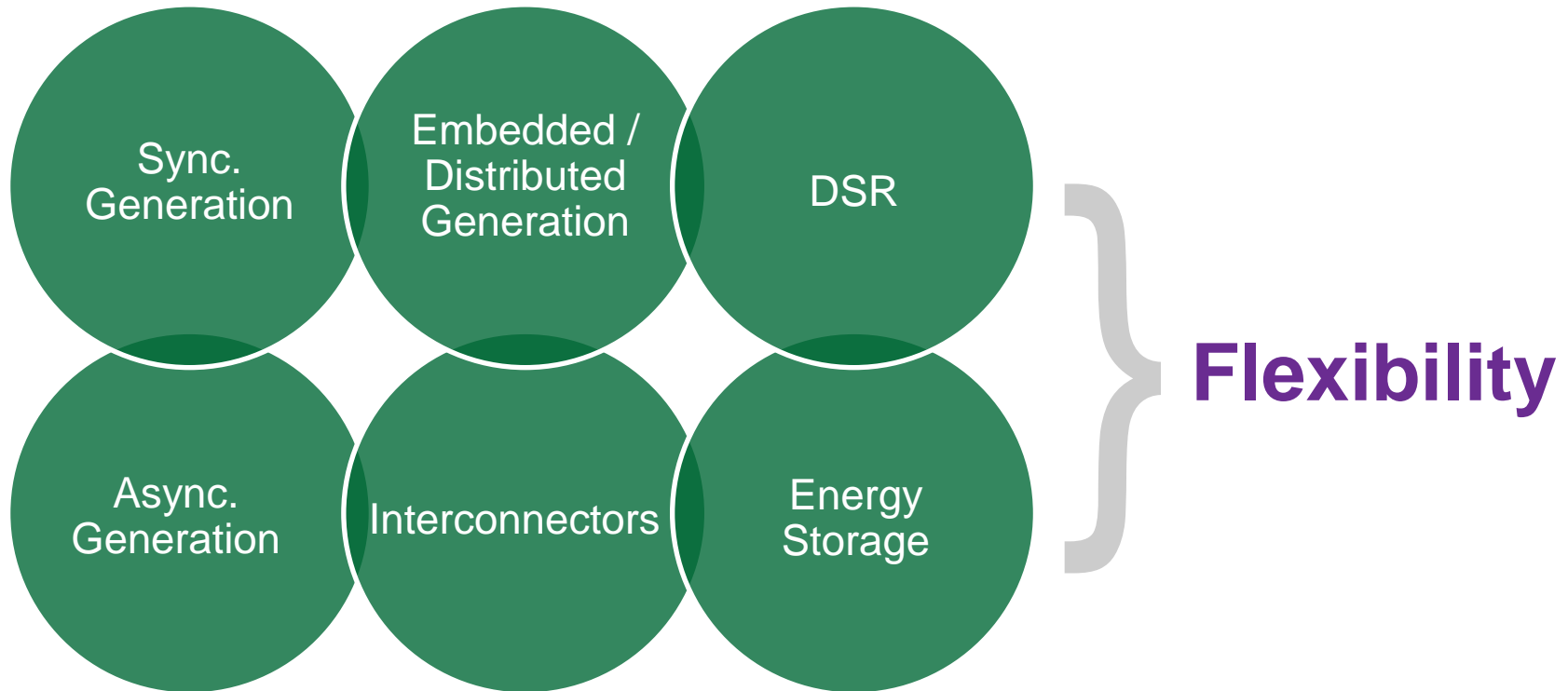


## Thermal

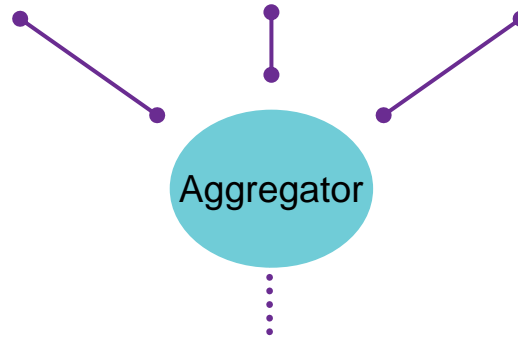
Change in Generation Capacity (GW)



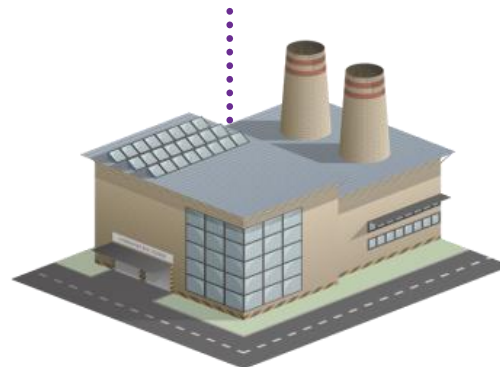
## A range of technologies including DSR contribute to the solution



# Realising the opportunities



nationalgrid





# Engaging customers at the Sustainability Hub



The Worcester Hub



Smart Energy Solutions Program

# What we do at the Hub



Put  
customers  
in control



◀ Trial smart  
technologies ▶



# Designing for the future

**£500M**  
**ALLOWANCE**  
**TO BENEFIT**  
NATIONAL PARKS  
AONBs AND  
NATIONAL  
SCENIC AREAS



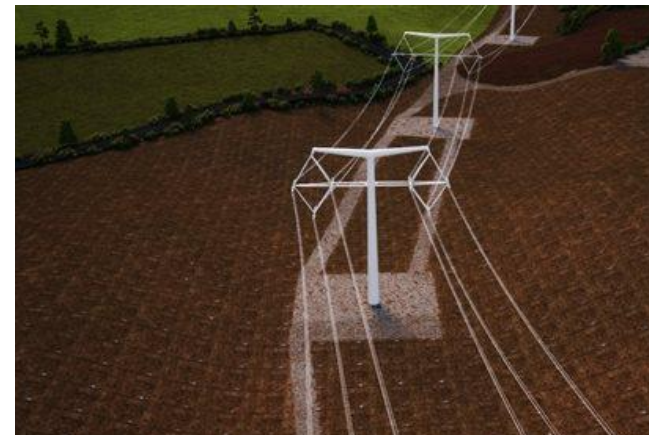
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**National Grid's £500m plan to move biggest and ugliest pylons underground**  
Eight national parks and areas of outstanding natural beauty on





# Recognised as being a Responsible Business



**Unilever and National Grid labelled 'true leaders' in post-Paris policy push**

20 January 2016, source [edie newsroom](#)

Unilever and National Grid are among the select few companies to be heralded as 'true leaders' for their support of the policies set in place in Paris last month, according to corporate analysts InfluenceMap.





# Recognised as being a Responsible Business



## CONTACTS

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