

# HSBC SRI conference

Frankfurt | February 2016

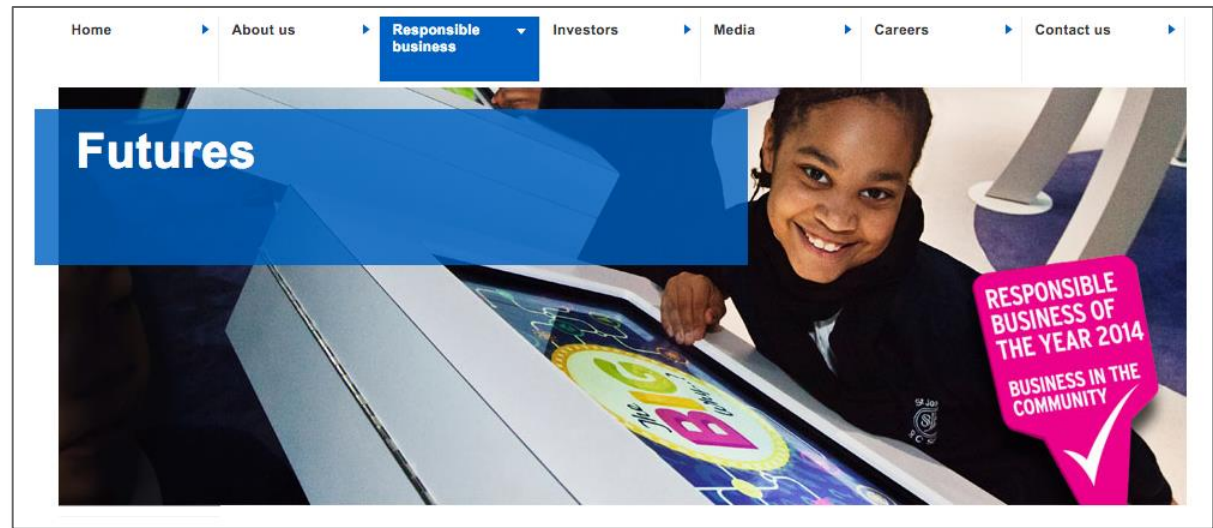


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# Setting out our responsible business goals

Connecting you to your energy today, trusted to help you meet your energy needs tomorrow



Sets direction for sustainable decision making, and responsible business reporting



Preserving

Environmental



Inspiring

Economic



Designing

Social

# Responsible business makes good financial sense



Preserving



Inspiring



Designing

# 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



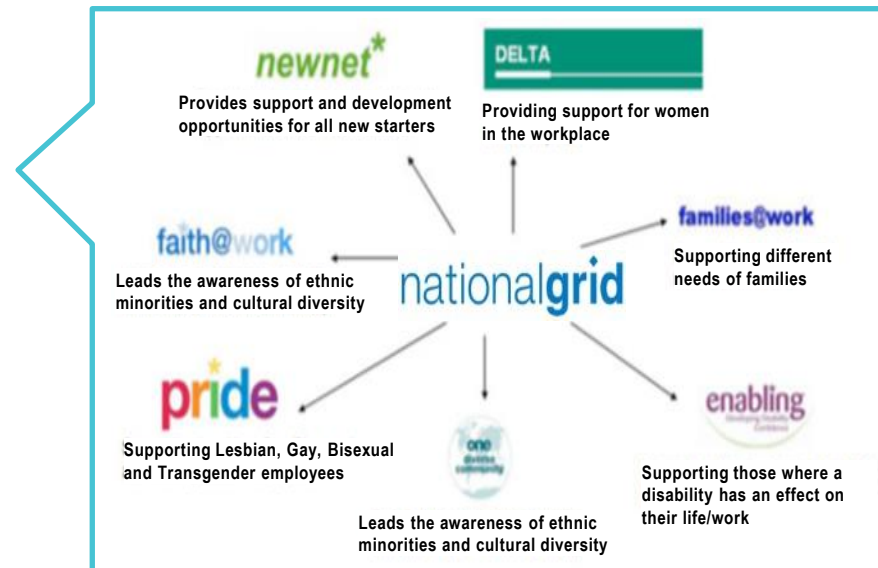
Sustainable dividends & asset growth

# Being a responsible business



# Responsible business: our people

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



# Inspiring for the future



girls  
inc.®

## 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: our environment

- Key role enabling de-carbonisation
  - connecting low carbon generation
  - system operation and balancing
- Company greenhouse gas emission reduction targets
- Material re-use and recycling
- Enhancing ecosystems
  - Land remediation and re-use
  - Rural biodiversity
- Embedding sustainability in decision making



# Our contribution

A framework for environmental sustainability in National Grid


Climate positive

Positive about resources

Enhancing ecosystems



# We have made additional external commitments



**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



**Positive about resources target**

**100%**

Reuse or recycle 100% of recovered assets by 2020



**Enhancing ecosystems target**

Deliver sustainability action plans at **50** sites by 2020

**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**



**United Nations**  
Framework Convention on  
Climate Change



# Taking action on the road to Paris



**The  
Telegraph**

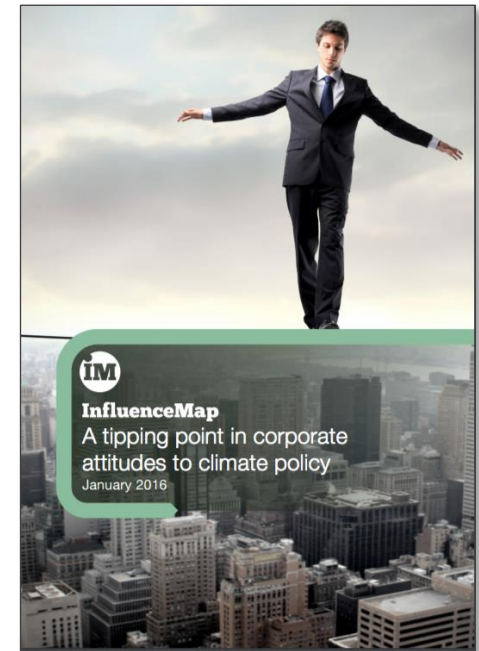
*Steve Holliday*  
editorial

**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**

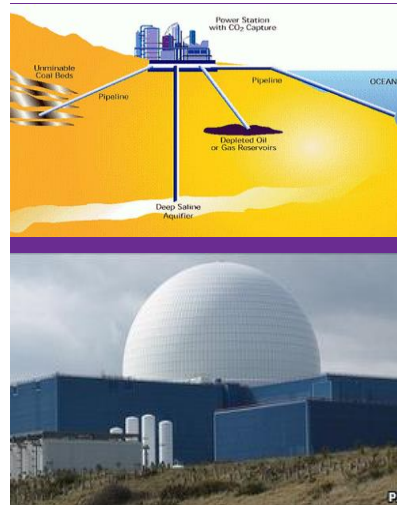
Greenhouse gas emissions:

**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

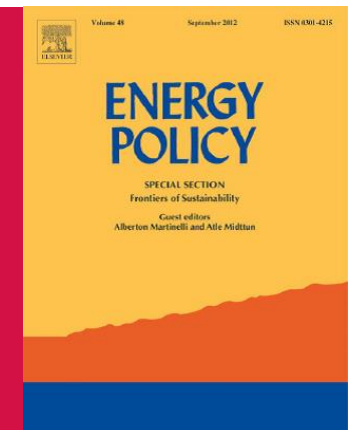




Energy storage is a key enabler

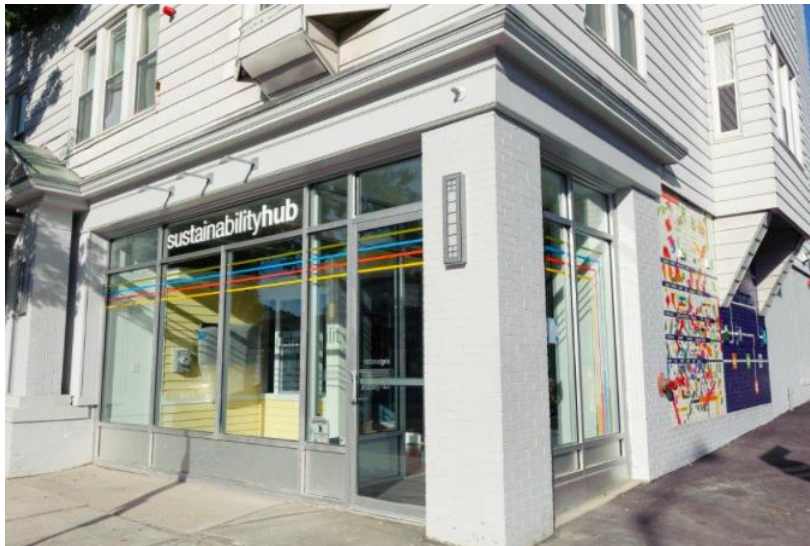
People  
Change  
Society  
Innovation  
Creative Ideas

Creating value

New energy policies and rapid innovation expected



# Sustainability at National Grid



The Worcester Hub



Smart Energy Solutions Program

# What we do at the Hub



Put  
customers  
in control



◀ Trial smart  
technologies ▶

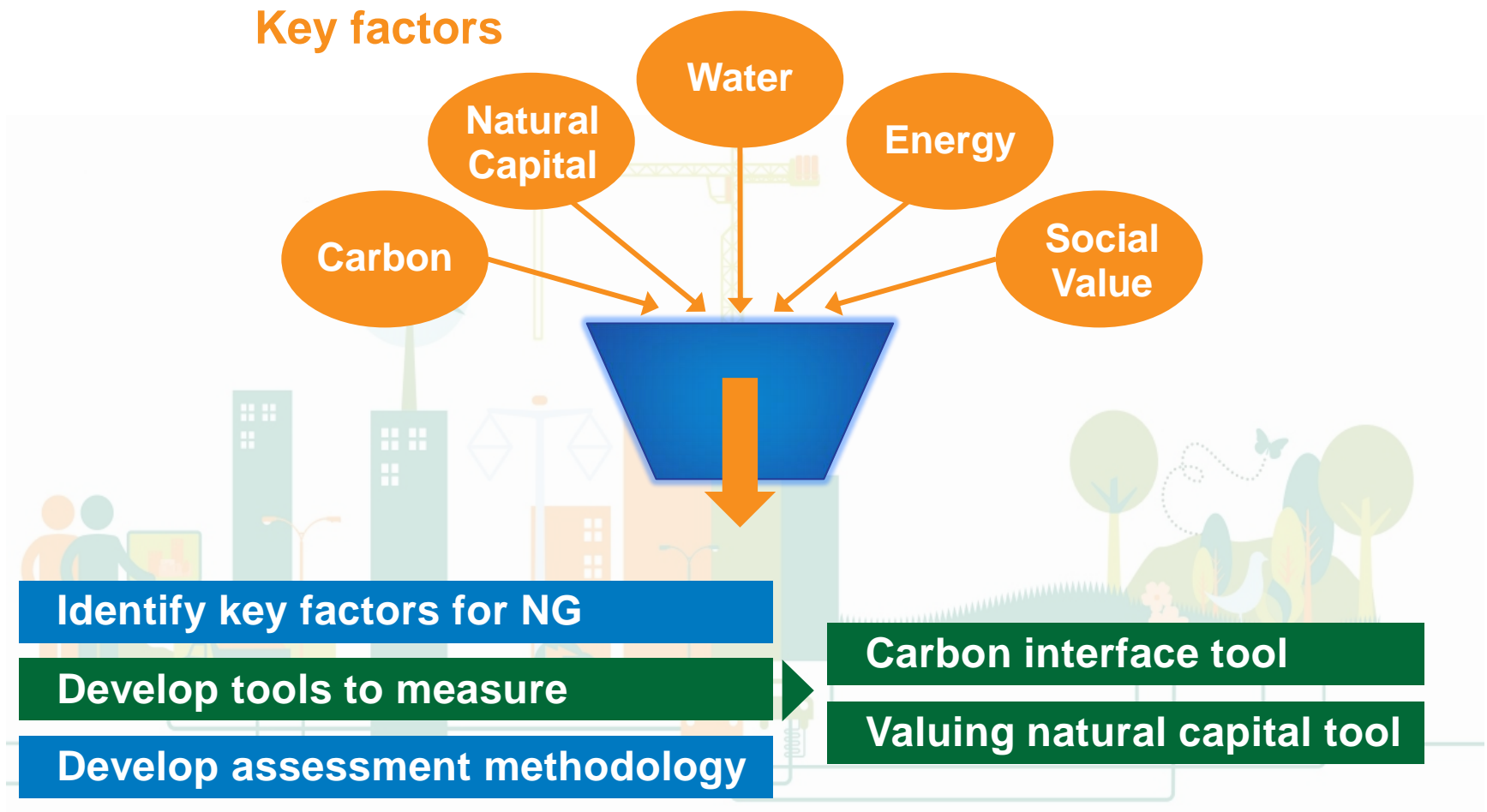




# Sustainability in decision making



# Developing a methodology



# Carbon interface tool

## What is it ? . . .



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

## What it tells us . . .

Voltage	Equipment
400kV	Disconnecter 3ph
400kV	Earth Switch 3ph
400kV	CVT No Foundation 1ph
400kV	SF8 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

## Focus . . .

Key areas to help drive reductions and implementing change into schemes

- Steel
- Concrete
- Aluminium



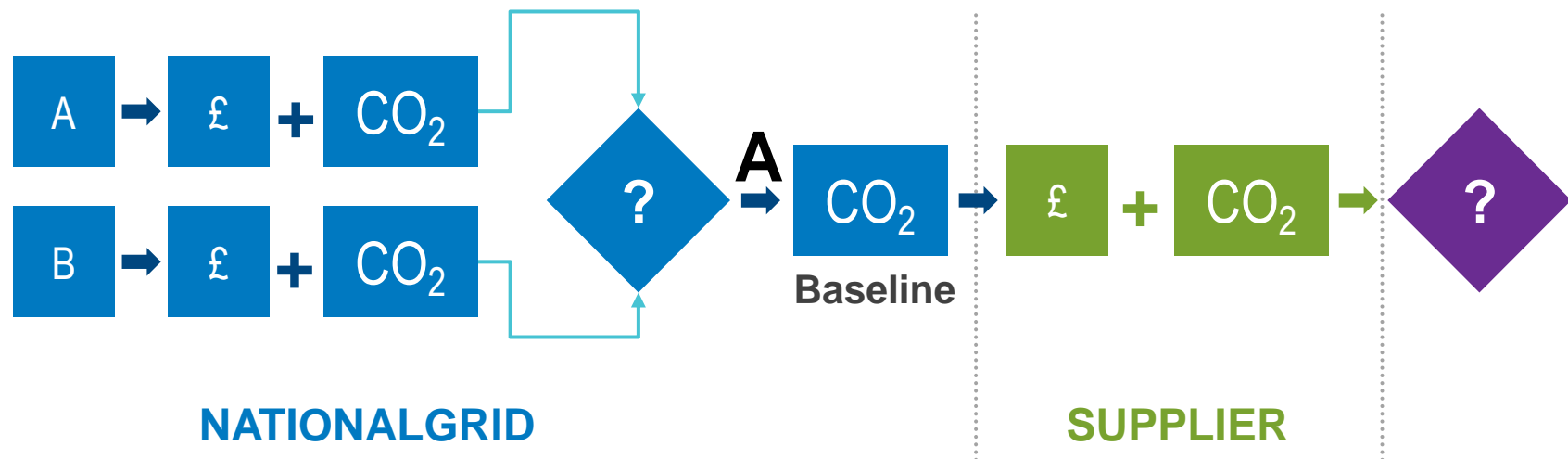
## Targets . . .

# ?tCO<sub>2</sub>/£m

We now understand our baseline and will target reducing this by 10% in the next 12 months

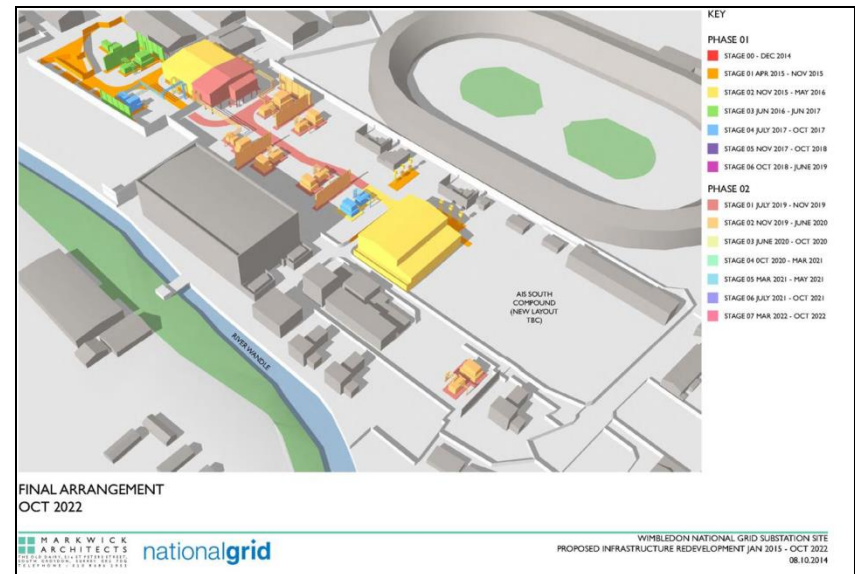
# Embedding carbon in decision making

- Measuring and understanding carbon to drive behavioural change
- Unlocking lower carbon solutions to reduce cost
- Putting a price on carbon is an effective way of weighting carbon in decision making
- Can be incorporated into financial appraisal methodology

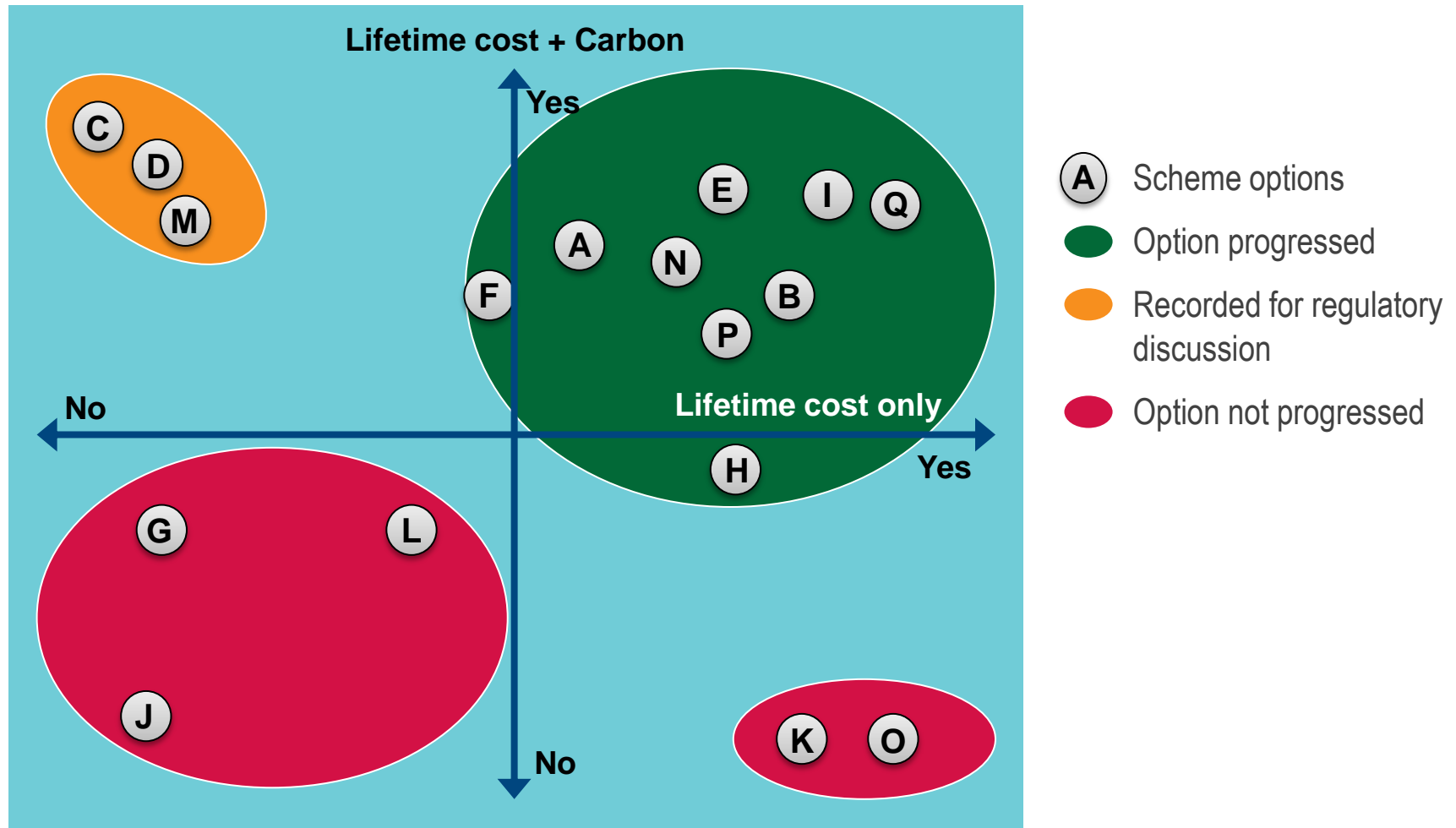


# Carbon in tender process

- 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



# A price on carbon in practice



# 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 . . .

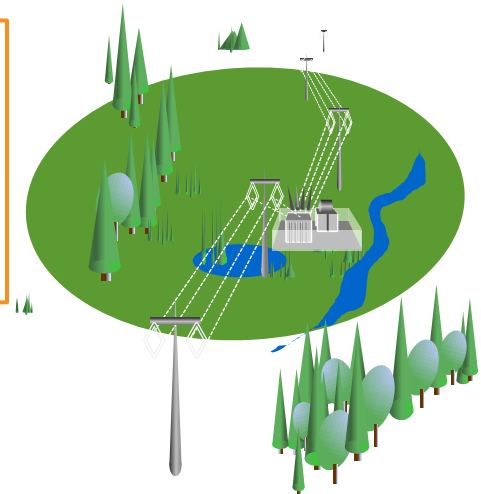


Identify Natural Capital values and make better investment decisions to secure social, environmental and economic returns

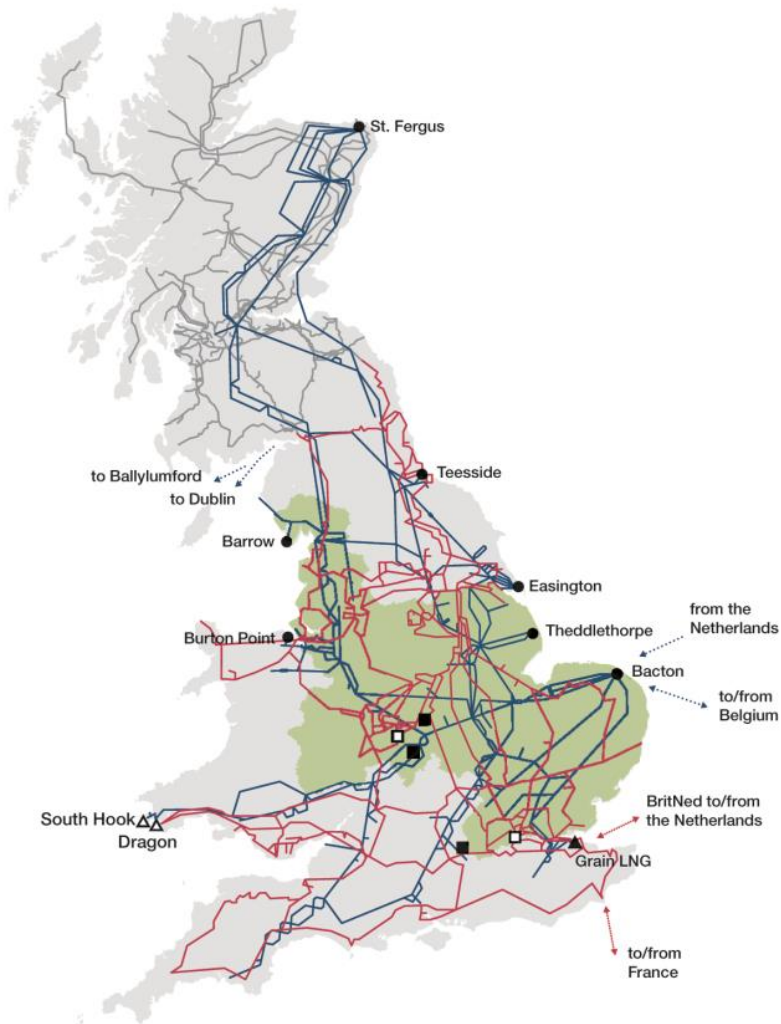
## Targets . . .

Enhancing ecosystems target

Deliver sustainability action plans at **50** sites by 2020



# The value of nature in decision making



## Electricity Transmission:

- 7,200 km overhead line
- 1,400 km underground cable
- 329 substations

## Gas Transmission:

- 7,660 km high pressure pipeline
- 23 Compressor stations

## Legacy landholdings:

- 645 former industrial sites



## Valuing Nature – our approach

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

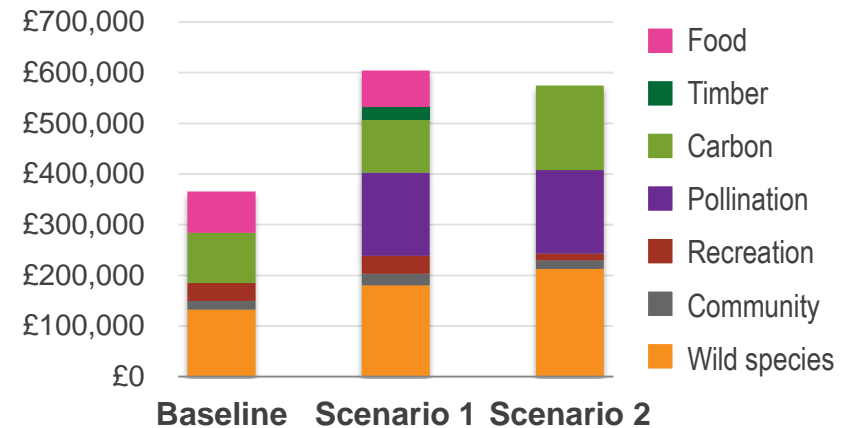
<b>Quantify</b>	■ Natural Capital on National Grid sites
<b>Assess</b>	■ Ecosystem Services provided
<b>Value</b>	■ Each of these ecosystem services
<b>Identify</b>	■ Potential risks, opportunities and revenues
<b>Develop</b>	■ More informed management decisions

# Investing in Natural Capital

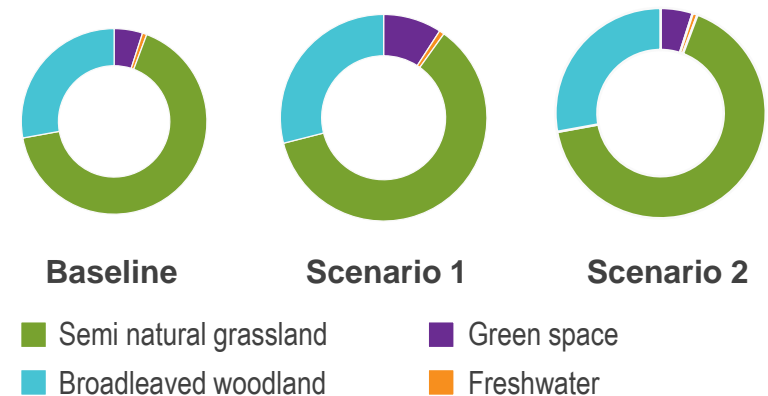
## Stakeholders input



## Ecosystem Service Flows

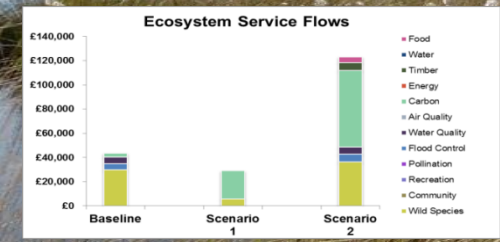
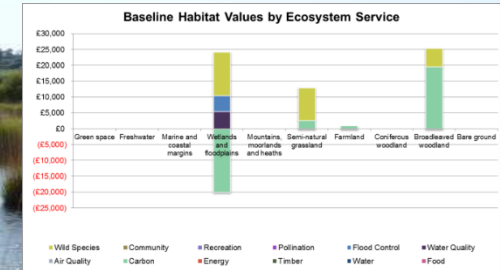
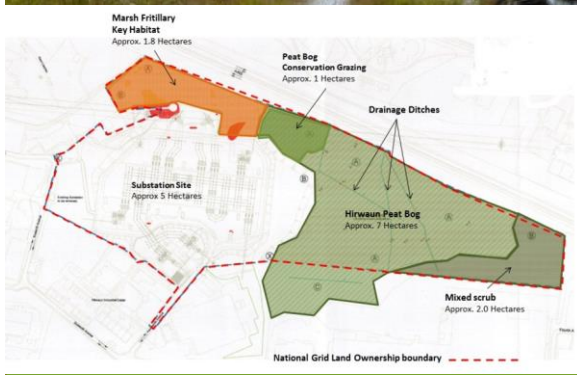
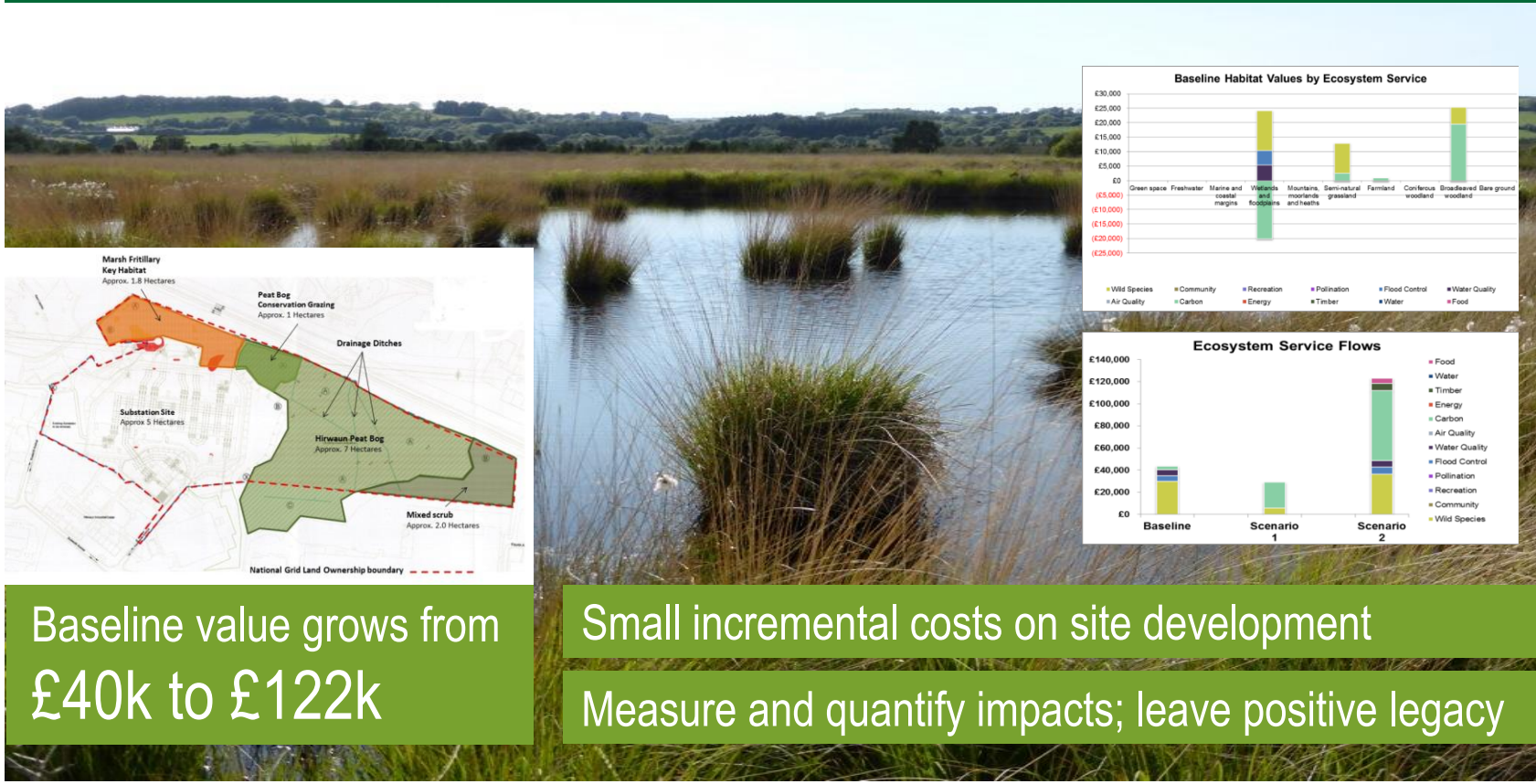


## Natural Capital Stocks



# 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)



## Legacy / surplus sites – Burnley

### Creation of community woodland on surplus estate

Baseline value grows from  
£40k to £324k

Costs to realise  
£48k (grant funding)



# 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



# Recognition



**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.





# Designing for the future

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



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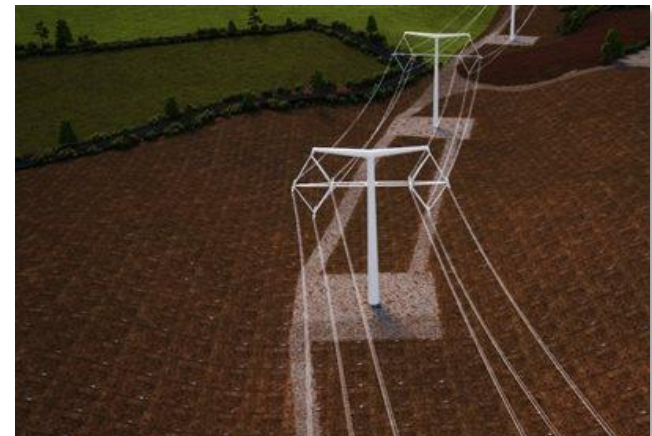
[Environment](#) > [Conservation](#)

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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



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