

Grid Guide to National Grid's

Sustainable Supply Chain

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Grid Guide to Podcast Series



“By adopting a sustainability mindset, it helps us manage costs and continuity of supply. It also gives us access to innovation and allows us to work collaboratively with regulators and new sources of talent. Ultimately it enables us to deliver the clean energy transition.”

Vivienne Bracken - Chief Procurement Officer

Procurement Function at National Grid (2020/21)

£6bn
Annual spend

65%
on construction and
engineering related categories

c.9,500
Suppliers

80%
spend across top 300 suppliers

c.3,000
Contracts

Managed within Procurement
and across the business

Focused on driving value through; cost efficiency, risk management and innovation

3 strategic priorities:



Value



Resilience



Sustainability

Importance of driving a sustainable supply chain

Impacts **cost efficiency:**

- By sourcing green assets with increased asset lives, long term expenditure can be reduced
- By ensuring regulatory compliance and avoiding ethical supply chain breaches

Impacts **continuity of supply:**

- Through responsible supplier management, long term contracts can provide inflation protection and security of supply

Aligns to our **responsible business charter** (released Oct 2020)

- The supply chain is positioned under the Economy pillar of our charter and Procurement has several linked commitments across the Environment, Community, People and Economy sections

for our
Environment



Through committing our suppliers to carbon reduction target's, we can reduce scope 2 and 3 emissions

for our **Community, People and Economy**



Positive supply chain actions can upskill the workforce and support local economies, as well as drive diversity, equality and inclusion throughout our operations

Key procurement business commitments

Environmental

Reduce SF6 from our operations **by 50% by 2030** from a 2019 baseline

Move to a **100% electric light duty fleet** by 2030

An ambition for **75% of our suppliers** targeted through the Carbon Disclosure Project to have carbon reduction targets

Community, People and Economy:

- Develop the skills needed for the **net-zero workforce of the future**
- To support and reflect the **diversity of the communities we serve**
- **Build partnerships with SME's** and all suppliers who set clear ambitions relating to the environment, diversity and communities

Reducing SF₆ emissions

- Partnership with Hitachi energy for world's first replacement of SF₆ in existing high-voltage electrical equipment
- The innovation, EconiQ™ retrofill uses an eco-efficient *fluoronitrile gas mixture*
- Pilot has been successfully energized at Richborough site



Carbon Disclosure Project

- 250 suppliers targeted by spend and carbon relevancy
- As of 2021 54% of our suppliers globally had an active carbon reduction target
- We are one of only 11 energy utility networks globally to receive a place on CDP's prestigious Supplier Engagement Rating Leaderboard



Further information

Nick Ashworth
Director of Investor Relations
M +44 (0) 7814 355 590
nicholas.ashworth@nationalgrid.com

Jon Clay
Investor Relations Officer
M +44 (0) 7899 928 247
jonathan.clay@nationalgrid.com

Angela Broad
Senior Investor Relations Officer
M +44 (0) 7825 351 918
angela.broad@nationalgrid.com

Caroline Dawson
Investor Relations Manager
M +44 (0) 7789 273 241
caroline.dawson@nationalgrid.com

Ascend Long Island Project

- Partnered project that provides specialized programs in 15 US cities to help promote partnerships with diverse businesses
- 3 year program to 2023 where skills are developed to win contracts from large scale companies



20 suppliers trained in year 1 with plan to engage 15-30 suppliers annually

Developing skills for the future – Grid for Good

- Workforce Development Programme connecting young people in underserved communities with employment opportunities
- Partnering with key charity partners and working with 5 supply chain partners to upskill in STEM and carbon responsibility subjects



3,000 young people engaged in first year with 20 young people currently receiving work placements at National Grid

Other Procurement Initiatives

- Our supplier code of conduct is embedded into our strategic sourcing process and all contracts, outlining sustainability expectations and compliance standards
- In the UK we are a Living Wage Foundation Employer and require suppliers to pay the real living wage

Supply Chain Challenges and Solutions

Challenges to driving a responsible supply chain:

- Enhancing sustainability capabilities in suppliers
- Developing the correct regulatory incentives
- Gaining increased visibility of secondary and tertiary tiers of the supply chain

Future initiatives

- Increasing industry collaboration i.e., such as with the Supply Chain Sustainability School
- Embedding sustainability into our Procurement function Employee Promise
- Developing a Supply Chain Sustainability Charter

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