

National Grid's Responsible Business

Our commitment to a clean, fair and affordable energy future

Investor Event - September 2023



"Our role as a responsible business is at the heart of everything we do. We remain proud of the work the company does to serve communities, the environment and our people in a responsible way."

John Pettigrew, Chief Executive

Responsible Business Charter 2023

Report Overview

- Following the launch of our Responsible Business Charter in 2020, we've refreshed our Charter to:
 - Ensure we address the evolving demands of a clean, fair and affordable energy future
 - Reflect the evolution of our portfolio, the external market and our stakeholders expectations
- Find the full report here: [Responsible Business Charter](#)
- Our annual Responsible Business Report will report against these commitments from 2024

Key updates – a simplified approach

- Revised near-term Scope 1, 2 and 3 emissions targets align to a 1.5°C pathway and have been validated by SBTi¹
- We've consolidated our updated commitments into 3 core pillars
 - Our Environment, Our Customers and Communities, and Our People
- These are underpinned by our Responsible Business fundamentals
 - Which include our approach to governance and other activities that are essential to day-to-day business

Our 3 core pillars

Our Environment

Deliver a clean energy future

Key commitments

- Reduce **Scope 1 & 2** emissions
 - by **60% by 2030**^{1,2}
 - to **net zero by 2050**
- Reduce **Scope 3** emissions
 - by **37.5% by 2034**^{1,2}
 - to **net zero by 2050**
- Reduce SF6 emissions
 - by **50% by 2030**²
- To invest **c.£29bn**³ **directly** into the decarbonisation of our networks between FY22-26

Our Customers & Communities

Support a fair and affordable transition

Key commitments

- Provide meaningful **skills development**
 - for **45,000** people by 2030
- Deliver **500,000 employee volunteering hours** by 2030 across our communities
- Report on the benefits provided as a result of our **community support**
- Disclose and act on our **customer satisfaction scores** across our key business areas

Our People

Build the net zero workforce

Key commitments

- Aim for **35% female representation** and **20% ethnicity** in our management population **by 2025**
- Aim for **50% female representation** and **40% ethnicity** in our new talent population **by 2025**
- Aim for **50% diversity** in our **Group Executive** and on the **Board**

Responsible Business fundamentals: Underpinning our core pillars and everyday operations

Governance

Network Reliability

Health & Safety

Cyber Security

Supply Chain

Ethics

1. Near term emissions reductions targets validated by Science Based Targets initiative (SBTi) as aligned to a 1.5°C pathway

2. From a 2018/19 baseline year

3. Aligned to EU Taxonomy

Our commitments (continued)

Our Environment

Achieve net zero by 2050 for Scope 1, 2 and 3 emissions

- Our near-term emissions reductions targets have been validated by SBTi as aligned to a 1.5°C pathway
- A focus on energy consumption and travel emissions
 - Move to a 100% electric vehicle fleet³ by 2030
 - 20% reduction⁴ in energy consumption at our flagship offices by 2030
- Top 80% of our UK / 50% of US suppliers to commit to setting a Science Based emissions reduction Target / Roadmap by 2025/26

Protect our natural environment

- Restore by 10% in the UK, and preserve in the US our natural environment on managed land

Adapt to a changing climate

- Report on climate risks, opportunities and investment in adaptation activities

Our Customers & Communities

Support an affordable energy transition

- Whilst we work to achieve net zero, we are committed to ensure this is delivered affordably, justly and equitably

Increasing reporting and transparency

- Continue to raise awareness, through increased reporting, of our progress on our Grid for Good employability programmes
- We will act on customer feedback and report on customer satisfaction scores across our key business areas

Our People

Invest in our people and build the skills needed to deliver the clean energy future

- Ensure all colleagues have access to learning solutions to develop the capabilities required to deliver net zero

Reflect the communities we serve

- As demonstrated by our strong diversity targets, we aspire to increase ethnic and female representation in our workforce

Lead the industry on colleague health and wellbeing

- Aim for our colleague engagement and 'Safe to Say' metrics to remain at or above the high performing norm (Korn Ferry benchmark)

Ensure all colleagues receive fair and equitable pay

- Remain committed to making sure pay is equitable for all our colleagues

Responsible Business fundamentals: Underpinning our core pillars and everyday operations

Key commitments that underpin our refreshed Charter

- Delivering energy **safely, reliably and efficiently**
- **Working responsibly** with our **supply chain and our stakeholders on responsible business matters**
- **Embedding strong ethics and ensuring compliance** in everything we do
- **Investing in developing technologies and innovations** that benefit our customers and society
- **Ensuring both physical and cyber security** risks are monitored robustly

Delivering against our refreshed approach

CASE STUDY

NY Community Offshore Wind

Our JV with RWE has submitted a bid to operate 1.3GW of capacity in the NY Bight region

- To cleanly power 500,000 homes
- Resulting in 4,600 jobs and >\$3bn of economic benefit



CASE STUDY

£65m Energy Support Fund

£50m (UK) and \$17m (US) pledged in Nov 2022 to assist the hardest hit households. Since last winter

- >30,500 UK households supported
- >\$10m of grants awarded across New York and Massachusetts



CASE STUDY

A top employer for gender equality

Included in The Times Top 50 Employers for Gender Equality 2023

- Continue to champion DEI through employee resource groups
- Utilising AI to eliminate recruitment bias





3. Target applies to our light duty vehicles. Alongside this we will pursue the replacement of our medium- and heavy-duty vehicles with zero carbon alternatives

4. Compared to a 2019/20 baseline


2022/23 Performance Highlights⁴

Our Environment

 **70%**
reduction in
Scope 1 and 2 emissions
vs 1990/91 baseline

 **21%**
reduction in
SF6 emissions
vs 2018/19 baseline


98% of shareholders voted in favour of our [Climate Transition Plan](#) at our 2022 AGM, which outlines plans to achieve 'real net zero' without the need for carbon offsets

 **7.5%**
reduction in
Scope 1 and 2 emissions
vs FY22


CDP Climate Change 'A list'
Rating for
7th consecutive year



Our Customers & Communities

 **99.99%**
Network reliability
delivered for our customers

 **101,562** → **60,096**
Volunteering hours
delivered since 2020
In 2023
up **157%** vs FY22

 **£7.7bn**
Investment
into critical energy infrastructure
with **75%** aligned to EU Taxonomy

 **£300m**
Of **Interconnector income**
announced to be returned
early to customers


 **6,590**
People received skills development
up **66%** vs FY22

 **£65m**
Winter Support Fund
helping alleviate financial distress
caused by rising energy costs in the UK and US

Our People

 **36.1%**
Of workforce
female or ethnically diverse

 **81%**
Employee engagement
Grid:Voice survey

 **-1.9% UK**
5.1% US
Mean Gender Pay Gap⁵

 **50%**
Diversity on our Board

 **1,092,224**
Hours of training
delivered to employees

Updated remuneration policy last year, increases focus on achievement of emissions reductions and DEI⁶

4. Unless specified, data relates to the Group financial reporting period ending 31 March 2023

5. Gender Pay Gap reported data is a year in arrears in line with UK statutory Gender Pay Gap reporting

6. Directors' Annual Performance Plan includes weighting for Diversity, Equity and Inclusion (DEI). DEI metric relates to the gender and ethnic diversity of new joiners and colleagues at or above senior management level

Investor Relations – Contact details

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

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

James Flanagan
Investor Relations Manager (US)
M +44 (0) 7970 778 952
james.flanagan2@nationalgrid.com

Alexandra Bateman
Investor Relations Manager
M +44 (0) 7970 479 571
Alexandra.bateman@nationalgrid.com

Daniel Evans
Investor Relations Analyst
M +44 (0) 7593 598 877
Daniel.evans1@nationalgrid.com

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