

nationalgrid

Delivering the energy transition now

Responsible Business Report
2023/24



Our vision is to be at the heart of a

Clean Fair Affordable energy future

Every day we do the right thing, find a better way and make it happen.



What we are doing

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2023/24 performance highlights

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| <h3>Our environment</h3> <p>11.8% reduction in Scope 1 and 2 emissions (against our 2018/19 baseline)</p> <p>£6.0 billion total green CAPEX per EU taxonomy in 2023/24</p> <p>3,030 MW renewable energy connected in the UK and US in 2023/24</p> | <h3>Our customers and communities</h3> <p>18,907 people provided with meaningful skills development in 2023/24</p> <p>77,918 colleague volunteering hours</p> <p>49/75 Social Mobility Index (UK)</p> | <h3>Our people</h3> <p>81% employee engagement index score</p> <p>53.8% Diversity of Group Executive</p> <p>17.6% ethnic diversity of our management population</p> | <h3>Responsible business fundamentals</h3> <p>0.08 lost time injury frequency rate (LTIFR)</p> <p>99.9% total network reliability</p> <p>£39.7 million National Grid Partners investment in emerging technologies/research and development</p> |
|--|--|--|---|

Ratings and awards

| | | | | | | |
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|  <p>CDP Achieved an 'A' grading (the highest) for our response to climate change for the eighth year running and achieved a 'B-' grading from our CDP Water disclosure</p> |  <p>MSCI AAA (highest score) for the seventh year running</p>  <p>Sustainalytics 18.3/100 (Low Risk) in relation to experiencing material impacts from ESG and a strong score for management of impacts</p> |  <p>ISS Prime rating (C+), industry- leading score</p>  <p>FTSE4Good Remained a constituent of the FTSE4Good Index</p> |  <p>Workforce Disclosure Initiative Awarded a score of 82%, representing the sixth year of participation</p>  <p>Social Mobility Index (UK) Ranked 49 out of 75 (up from 71 last year)</p> |  <p>Equileap 2nd in the UK and 4th globally for gender equality</p> |  <p>FTSE Women Leaders, top 10 best performers, 1st in Utilities, ranked 4th overall 48.7% female representation at combined Executive Committee and direct reports (FTSE 350: 40% women in leadership target met two years ahead of target date. FTSE 100: 40% women on boards target met two years ahead of 2025 target date)</p> |  <p>Human Rights Campaign Corporate Equality Index for 2023/24 100% score for the fifth year running</p> |
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Joint Chair and CEO statement

Paula Rosput Reynolds
Chair



John Pettigrew
Chief Executive



Over the past 12 months, the energy sector has faced a complex landscape of macroeconomic and geopolitical challenges. High inflation and the ongoing cost-of-living crisis continue to be felt in both countries in which we operate, while geopolitical tensions across the world continue to highlight the importance of energy security and affordability.

Against that backdrop, we have maintained our focus on being a responsible business, creating value for our stakeholders by enabling the energy transition, delivering for our customers, communities, employees and investors. It is part of our business strategy, underlining our commitment to the decarbonisation of energy networks. The changes in the external environment and those within our business reinforce our vision: to be at the heart of a clean, fair and affordable energy future.

We continue to work on reducing our own impact on the environment; our environmental data shows a 11.8% reduction in our Scope 1 and 2 emissions against the 2018/19 baseline for our science based target. Our value chain (Scope 3) emissions (excluding sold electricity) have increased by 0.8% against the 2018/19 target baseline. The increase in our Scope 3 emissions is principally driven by the associated emissions linked to our increased investment in new energy infrastructure. This infrastructure is critical to supporting the energy transition and continued investment could impact our ability to meet our targets – this is an area where government policies and regulations are essential.

Aside from our own emissions, the greatest impact National Grid can have on the clean energy transition is in building the necessary infrastructure to support the decarbonisation of the energy system. We have been planning for such an eventuality for many years. But at this point, planning for the future isn't sufficient – we are bringing the future into the present now.

In April 2023, we launched [The Great Grid Upgrade](#) in the UK, where we are deploying £16 billion from 2021 to 2026 to enable the grid to accommodate greater amounts of renewable energy, supporting the country's net zero goals. In December, we commissioned our [Viking Link interconnector](#), the longest subsea high-voltage direct current transmission line in the world. This interconnection increases the UK's capacity to trade energy with our European neighbours and supports the development of renewables around the North Sea.

In New York, we have announced approximately \$4 billion of investment to build and rebuild more than 1,000 miles of electricity transmission infrastructure. In Massachusetts, we have a number of transmission upgrade projects in flight and have recently submitted the [Future Grid Plan](#).

As we build infrastructure across the UK and in the Northeast US, we will continue to work closely with policymakers and regulators on the policies and regulation to support our investments. We also recognise that we need to manage our impact on our customers and communities and support them with the transition to clean energy. From October 2022 to November 2022, we pledged around £65 million (£50 million in the UK and \$17 million in the US) to provide assistance to some of the hardest hit households. We are on track to meet this commitment and have disbursed £41.1 million in the UK and \$8.9 million in the US to date, supporting over 225,000 households in the UK alone. On customer satisfaction our scores are generally positive, but we recognise the need for further support in the US, particularly for customers facing higher energy bills.

In addition, we are helping to develop the future workforce. We are providing access to skills development opportunities for people from disadvantaged communities, as well as investing in attracting and retaining an inclusive and diverse workforce to help us tackle the challenges ahead and deliver the clean energy future.

One of the areas where we haven't made as much progress is new talent. Our goal of achieving 50% gender equality in our new talent population by 2025 is intentionally challenging due to the timing of recruitment activities. While the year-on-year change from 30.8% in 2023 to 31.6% in 2024 is modest, the actual number of gender diverse talent has increased.

We pay our deepest respects to two of our colleagues and a police officer who were tragically lost in the past year fulfilling their job responsibilities. We all mourn the loss of these dedicated colleagues and will redouble our efforts to ensure that safety remains paramount.

The following report highlights the progress made in the last year against our refreshed 2023 [Responsible Business Charter](#) (RBC) and where there is more to do. We remain committed to being a responsible business and believe that, by working with our stakeholders, we can continue to make progress towards delivering the energy transition now.

Paula Rosput Reynolds

Paula Rosput Reynolds
Chair

J Pettigrew

John Pettigrew
Chief Executive

Our approach to responsible business

We are committed to being a responsible business in everything we do

Operating our business with a strong focus on social and environmental responsibility is fundamental to the way we work. This approach is vital for creating sustainable and long-term value for our investors, meeting the needs of our stakeholders and making a positive impact on society. It also ensures that we maintain our social licence to operate. It means that sustainability is part of our business strategy and is embedded in our strategic priorities, as well as demonstrated through our actions.

At National Grid we embed responsible business principles in our daily operations through our values of doing the right thing, finding a better way and making it happen. As a regulated utility, securing adequate regulatory funding is crucial for implementing specific actions such as pipe replacement, fleet electrification, Sulphur Hexafluoride (SF₆) repairs and customer energy efficiency programmes. Additionally, we understand the significance of collaborating with our supply chain and other stakeholders to form partnerships that accelerate innovation and the adoption of technologies.

Our strategy

Our four strategic priorities have guided our efforts as we work towards delivering the energy transition now. Our strategic priorities also show the alignment between our ambition, vision and strategy and our responsible business priorities. They show how we add value for our shareholders and demonstrate our commitment to being a responsible business – adding value to broader society, tackling climate change by enabling the energy transition for all and targeting net zero for our emissions by 2050.



Our approach to responsible business continued

Our Responsible Business Charter

Our [RBC](#), which was refreshed in 2023, provides clarity on what matters to us and our stakeholders, helping us to meet the evolving demands of delivering the clean energy transition.

Our charter outlines our commitments to responsible business across three pillars: our environment, our customers and communities and our people. The pillars are built on our responsible business fundamentals, which include governance and activities that are essential to our business.

This year marks the first year of reporting against our revised RBC and throughout this report we publish our performance data and progress against our RBC commitments. By embedding our commitments into our business operations, we aim to continuously drive progress towards our responsible business goals. This report covers our performance over the last financial year from 1 April 2023 to 31 March 2024.

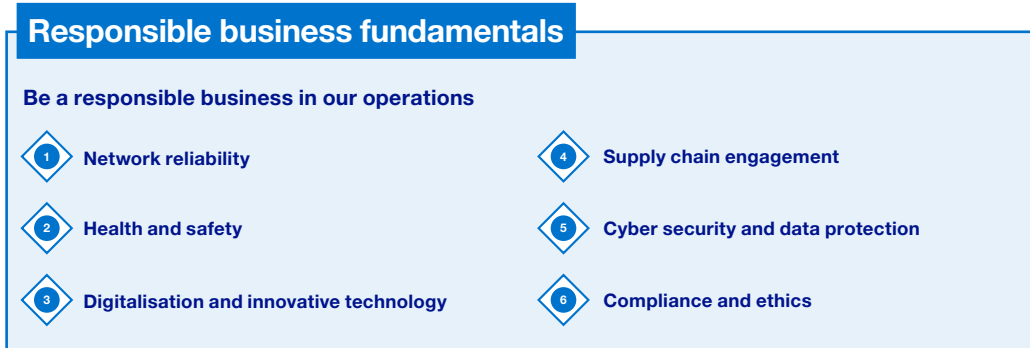


[View our Responsible Business Charter here](#)



Materiality

Last year, as part of our RBC refresh and in collaboration with our stakeholders, we conducted a double materiality assessment, considering both the financial materiality of ESG factors to our financial performance and the broader societal materiality of our impact on external stakeholders. The assessment defined, assessed and validated the most important responsible business topics to our key stakeholders and contrasted these with the view of the Company and financial value. The outcome of the assessment shows the priority of each material topic, as shown in the matrix below and the diagram shows how each topic relates to the RBC. For more detail see our [ESG Materiality Assessment disclosure note](#).



Stakeholder engagement

1.5°C near-term targets and dependencies

In our refreshed RBC, we established new near-term GHG emissions reduction targets aligned with the Science Based Targets initiative (SBTi). Our [Climate Transition Plan \(CTP\)](#) outlines a credible pathway to achieve these targets.

We have identified policy priorities for each service area, crucial for realising our net zero ambition, advancing decarbonisation and delivering positive outcomes for our customers and communities.

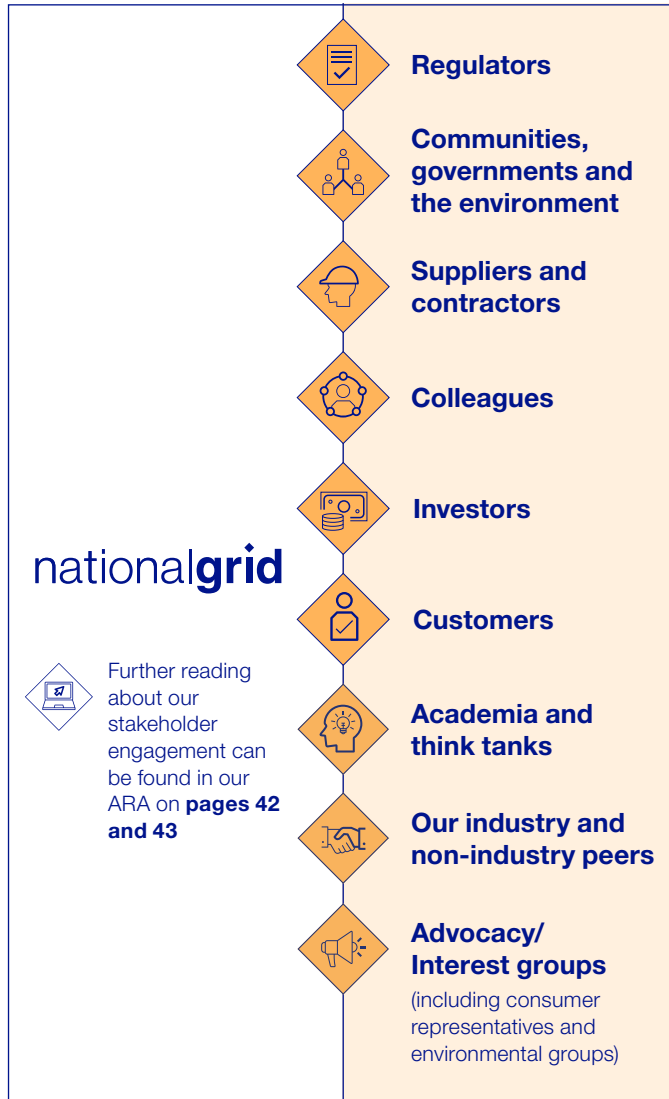
In the CTP, we also set out the technical dependencies for achieving our emissions reduction targets, such as the availability of alternative gases or EVs. We also focus on developing supply chain capacity and skills to support successful community transitions to clean energy and secure employment opportunities.

Stakeholder engagement

Public companies have a responsibility to generate long-term value for their shareholders. This requires considering the needs of customers, employees, partners and communities. Neglecting these stakeholders can ultimately harm shareholder value. In the long run, the interest of shareholders and stakeholders align, emphasising the importance of balancing their needs.

For these reasons stakeholder engagement forms an essential part of our materiality assessment process and how we understand our role as a responsible business. Each of our stakeholders provide valuable insights into their concerns, expectations and priorities. By understanding these issues, we aim to identify the most material topics to focus on and prioritise our actions accordingly. To ensure we understand our stakeholders, we engage in a variety of ways that are tailored and appropriate to their needs. This includes collaborating to establish the right goals and objectives, partnering with the right organisations to achieve these goals, engaging in the development of responsible business practices and communicating with customers, communities and other stakeholders to share what we are doing.

Our engagement approach is based on the AA1000 Stakeholder Engagement Standard, which is an outcomes-focused framework based on the principles of inclusivity, materiality and responsiveness. We strive to enhance and broaden our engagement efforts each year to seek to ensure stakeholders are genuinely shaping our goals and actions.



Fair transition

In the past two years, we have engaged with multiple stakeholders in the UK and US to understand their definition of a fair transition. We sought the perspectives of under-represented groups including community representatives, advocates and non-governmental organisations (NGOs) to encourage them to participate and share their views.

We used these views to help develop our principles for a fair transition which were published in May 2024. These principles are aligned with our RBC and explain the role we can play helping to facilitate a fair and equitable transition to a clean energy future.

In this publication we aim to demonstrate that our principles for a fair transition are already integrated into our approach to the clean energy transition by showcasing how our existing commitments support this and highlighting ongoing work in this area.



Further information on our fair transition statement can be found [here](#) which details our principles, how they are aligned with our RBC and our existing commitments to deliver against them.

Stakeholder engagement continued

Responsible political lobbying

Since the last Responsible Business Report we have updated our responsible political lobbying policy. This refreshed policy confirms that we engage in [responsible lobbying](#) and engagement with elected leaders in the UK, the US and the EU. When we engage with governments, elected representatives and officials we do so in a manner appropriate to the jurisdiction in which we operate, despite variations in lobbying definitions across these geographies. As a company that supports the 1.5°C global warming ambition of the [Paris Agreement](#), as set out in our [CTP](#) and [RBC](#), our lobbying and engagement with elected leaders is aligned with this and conducted to aid its delivery.

Trade Association Review

We are a member of various trade associations in the UK, the US and the EU, where we share our knowledge, expertise and insight to inform the work of respective bodies and advocate for policy and regulation. To ensure transparency, we conducted a review of the trade association memberships and assessed their alignment with National Grid's policy positions and climate commitments. The review considered 35 organisations, of which 31 were found to be fully aligned with our assessment criteria, while four were partially aligned. In all four instances, the partial alignment relates to a single area of the future role envisioned for natural gas within the clean energy transition. We have written to all four organisations in advance of publication to notify them that we are misaligned on this issue.



The [full review](#) sets out in more detail our assessment methodology as well as our process for managing partially aligned organisations moving forward. We will be updating and publishing the review periodically in the future.

International engagement

Our international engagement enables us to contribute to decarbonisation efforts and collaborate with a diverse range of individuals and organisations, providing us with a broader understanding of different perspectives. This understanding helps us make better decisions as a responsible business.

At [COP28](#) in December 2023, we partnered with the UK government, [We Mean Business Coalition](#) and [Climate Action](#), amongst other organisations, to participate in over 110 events and discussions regarding the energy transition. Our focus was on achieving system-wide resilience, developing reliable and clean power systems and facilitating a just and equitable transition. The final [COP28](#) agreement published by the world's governments included two new global goals to triple renewable energy capacity and double energy efficiency by 2030. It also recognised the need to transition away from fossil fuels in a just and equitable manner, in line with 1.5°C, and to achieve net zero by 2050. We are prioritising our efforts to upgrade our networks in the UK and US as they play a vital role in enabling these goals.

As part of our international engagement, we share our expertise in managing energy networks with intermittent renewable energy and collaborate with other countries through initiatives such as the [Green Grids Initiative](#), the [Energy Transition Council](#) and [Mission Innovation](#). We share our experiences and potential solutions with multiple countries, including the Philippines, Vietnam and Brazil, to engage in and facilitate the energy transition.

Case study:

Green Grids Initiative (GGI)

We are a founding member of the GGI, which was launched at COP26 by the UK and Indian Governments. Since then, we have been an active member, contributing expert advice and experience on the transition to low-carbon grids. GGI highlights the role of network infrastructure in the energy transition and supports countries in their decarbonisation efforts.

Using our knowledge and experience developing international interconnectors, we have contributed to the development of the GGI '[Principles for Interconnectors](#)', which is intended as a guide for interconnector development across the world. We have also contributed to the development of the [Energy Transition Playbook](#), which uses global case studies to help policymakers and other stakeholders understand how to decarbonise their electricity systems. This has recently been published on the [Open University](#) portal for anyone to access and explore further.



Our contribution to the UN Sustainable Development Goals

We continue to be signatories to the [UN Global Compact](#) because it provides a valuable framework as we work towards our ambition to achieve net zero by 2050. The [Sustainable Development Goals](#) (SDGs) are a universal call to action to end poverty, protect the planet and ensure all people enjoy peace and prosperity.

Our [RBC](#) aligns with four of the 17 SDGs, outlining our commitments and contributions towards them through our activities and programmes. The table below details these SDGs and their sub-goals aligned with our responsible business pillars.



| Our environment | Our customers and communities | Our people | Responsible business fundamentals |
|--|--|---|--|
| <p>Linked SDGs</p>  <p>We impact on the following targets:</p> <p>Affordable and clean energy SDG 7.2 – By 2030, increase substantially the share of renewable energy in the global energy mix.</p> <p>SDG 7.a – By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil fuel technology, and promote investment in energy infrastructure and clean energy technology.</p> <p>Climate action SDG Ambition Benchmark – Set science-based emissions reduction in line with a 1.5°C pathway.</p> <p>SDG 13.3 – Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.</p> <p>‘A’ grading the highest, for our response to CDP climate change for eight consecutive years</p> | <p>Linked SDGs</p>  <p>We impact on the following targets:</p> <p>Affordable and clean energy SDG 7.1 – By 2030, ensure universal access to affordable, reliable and modern energy services.</p> <p>SDG 7.a – By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology.</p> <p>Decent work and economic growth SDG 8.5 – By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p> <p>SDG 8.6 – By 2020, substantially reduce the proportion of youth not in employment, education or training.</p> <p>c.£65 million committed from our Energy Support Fund in 2023/24</p> | <p>Linked SDGs</p>  <p>We impact on the following targets:</p> <p>Gender equality SDG 5.5 – Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life.</p> <p>Decent work and economic growth SDG 8.5 – By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p> <p>Climate action SDG 13.3 – Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.</p> <p>81% Employee Wellbeing Index</p> | <p>Linked SDGs</p>  <p>We impact on the following targets:</p> <p>Gender equality SDG 5.5 – Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life.</p> <p>Affordable and clean energy SDG 7.1 – By 2030, ensure universal access to affordable, reliable and modern energy services.</p> <p>SDG 7.a – By 2030, enhance international cooperation to facilitate access to clean energy research technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology.</p> <p>Decent work and economic growth SDG 8.5 – By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p> <p>100% score for fifth consecutive year on Human Rights Campaign Corporate Equality Index</p> |

Our environment







We are committed to delivering a clean energy future



Linked SDGs

Material topics

-  GHG emissions
-  Decarbonisation and clean energy transition
-  Natural capital and biodiversity
-  Adaptation
-  Waste
-  Water consumption and water environment quality

Our RBC commitments

- Achieve net zero by 2050 for Scope 1, 2 and 3 emissions
- Protect our natural environment
- Invest in the decarbonisation of the future of energy
- Adapt to climate change
- Use resources responsibly

Performance against targets

Scope 1 and 2¹

11.8% reduction

6,852 ktCO₂e 2023/24 against our baseline 7,766 ktCO₂e

Why do we measure this?

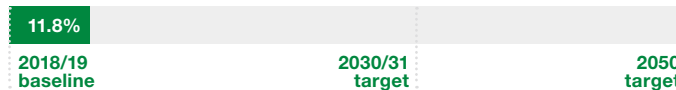
Our commitment is to achieve net zero by 2050.

We will reduce absolute Scope 1 and 2 GHG emissions by 60% by 2030/31², and to net zero by 2050 from a 2018/19 baseline.

Performance

We have achieved a 11.8% reduction in Scope 1 and 2 emissions against the baseline.

Our progress against baseline



Scope 3 (excluding Sold Electricity)

0.8% increase

24,360 ktCO₂e 2023/24 against our baseline 24,159 ktCO₂e

Why do we measure this?

Our commitment is to reduce absolute GHG emissions for all Scope 3, excluding sold electricity, by 37.5% by 2033/34³ and to net zero by 2050 from a 2018/19 baseline.

Performance

We have a 0.8% increase in Scope 3 emissions, excluding sold electricity against the baseline.

Our progress against baseline



1 Includes Scope 2 location-based emissions only.

2 Near-term targets approved by Science Based Targets initiative (SBTi) and aligned to the Paris Agreement and a 1.5°C Pathway.

3 Near-term targets approved by SBTi and aligned to a well below 2°C pathway.

Nature

7.8% improvement

3.2% 2023/24

Why do we measure this?

Our commitment is to restore the natural environment by 10% on the land we manage in the UK and preserve the natural environment in the land we manage in the US.

Performance

3.2% improvement in environmental value in 2023/24, 7.8% improvement from our 2020/21 baseline.

Our progress against baseline



SF₆

24.7% reduction

266 ktCO₂e 2023/24 against our baseline 353 ktCO₂e

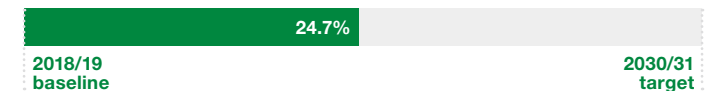
Why do we measure this?

Our commitment is to reduce SF₆ emissions from our operations 50% by 2030/31 from a 2018/19 baseline.

Performance

We have achieved a 24.7% reduction in SF₆ emissions against our baseline.

Our progress against baseline



Awards

A grading



Achieved an 'A' grading (the highest) for our response to climate change for the eighth year running and achieved a 'B-' grading from our water disclosure.

Our environment continued

To decarbonise the energy system, we must aim to upgrade the electricity and gas networks at a pace and scale not seen for generations. We are investing in essential infrastructure and growing our networks to connect new renewable energy sources and clean technologies that will help decarbonise the economies in which we operate and support the clean energy transition. We know we can't do this on our own and are working closely with governments and regulators to put in place policies and regulations to accelerate progress.

In this pillar, we outline the actions taken in the past year. In summary, we have made progress in reducing our Scope 1 and 2 emissions. Our Scope 3 emissions, however, have increased. We also recognise the need for additional efforts to maintain our network and minimise SF₆ emissions caused by emerging leaks.



Material topic Greenhouse gas emissions

We are committed to:

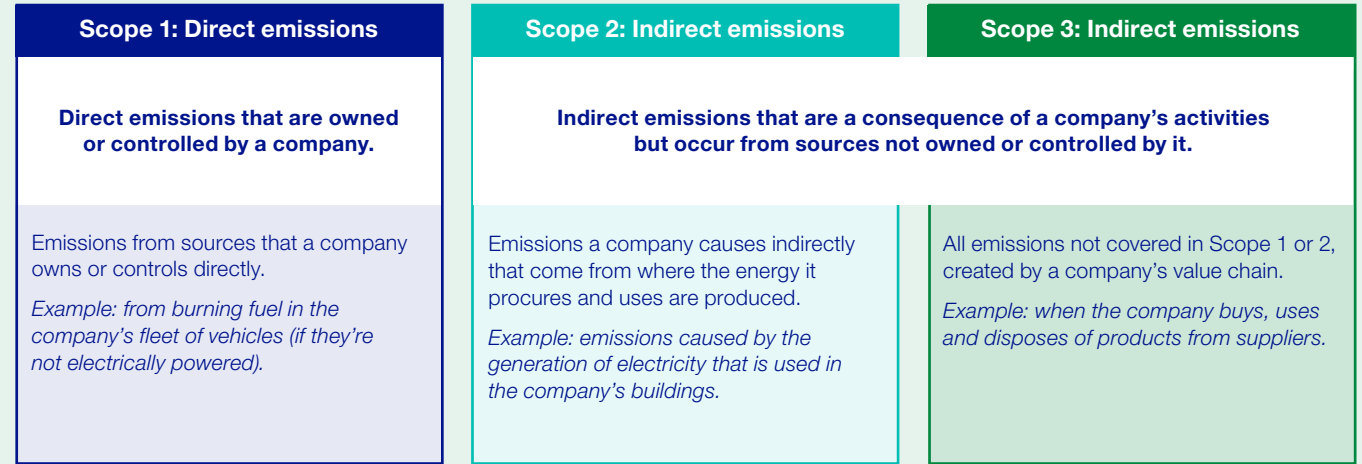
- reduce absolute Scope 1 and 2 GHG emissions by 60% by 2030/31
- reduce absolute Scope 3 GHG emissions by 37.5% by 2033/34
- For the remaining 8% we use disposal methods which include thermal processing and incineration.

Our Scope 3 target excludes sold electricity, which has a separate sub-target aligned to SBTi's power sector pathway.

Reductions are from a 2018/19 baseline.

What are Scope 1, 2 and 3 carbon emissions?

The three scopes are a way of categorising the different types of GHG emissions created by a company, its suppliers and its customers.



GHG emissions

Scope 2: Indirect



Upstream

- Line losses on our electricity transmission and distribution lines
- Energy purchased for use at our facilities
- Liquefied natural gas (LNG) use of electricity

Scope 3: Indirect



- Generation of the electricity used by our customers
- Purchased goods and services
- Business travel
- Employee commuting
- Waste management
- Upstream emissions from purchased fuel

Scope 1: Direct



Our operations

- Leaks and venting from our gas transmission and distribution systems
- SF₆ leaks from our electric equipment
- Fleet fuel use
- LNG venting and fuel
- Power generation

Scope 3: Indirect



Downstream

- Use of the gas we provide to our customers

Our environment continued

We are committed to achieve net zero by 2050 for Scope 1, 2 and 3 emissions

2

Material topic

Decarbonisation and clean energy transition

- We have connected 3,030 MW of renewable energy capacity to our UK and US electricity networks in 2023/24.
- Our Viking Link electricity interconnector, the world's longest land and subsea interconnector stretching 475 miles between the UK and Denmark, began operations in December 2023. Viking Link can transport enough electricity to power up to 2.5 million UK homes and increase UK access to lower-carbon power generation, as well as increase energy security as the UK can call on additional power from Denmark when needed.

Scope 1 and 2 emissions target performance

Emissions from power generation and electricity network losses have fallen as the electricity sector continues to decarbonise

This has resulted in our fossil fuel generation plant running less in the past year. As the carbon intensity of electricity falls, we also continue to see a small reduction in emissions from electricity network losses. Despite the progress we do not expect reductions to be linear as we progress towards our targets and so we could see some year-on-year fluctuation in our Scope 1 and 2 emissions.

An example of this is in our US business, where electricity decarbonisation rates are not happening at consistent rates across our service territories. The phase out of the Indian Point nuclear power plant in New York has resulted in an annual increase in the carbon intensity of electricity, with nuclear power generation being replaced by gas-fired generation in the short-term. Although this increase in carbon intensity was counter-balanced by lower energy losses on the network in FY24, it serves to illustrate how short-term market impacts can result in non-linear progression towards our targets.

Since 2018, Scope 1 emissions from our gas distribution network have reduced 22%, supported by our longstanding leak-prone pipe replacement programme.

Our Scope 3 emissions (excluding sold electricity) for 2023/24 were 24,360 ktCO₂e, representing a 0.8% increase against our 2018/19 baseline

The majority of these emissions are from the gas we sell to our customers, with 71% related to gas sold. Read more about our emissions and projections in our [CTP](#) on page 11.

Longer term, we expect a decline in the carbon intensity of materials and sectors and anticipate a reduction in our supply chain emissions. We aim to accelerate this by actively encouraging our suppliers to establish action plans and adopt science-based decarbonisation targets of their own ([see Supplier emissions targets performance](#)).

We have improved our methodology for calculating the emissions from purchased goods and services.

Working with a third-party consultant, we have identified some improvements to the way we calculate emissions from the goods and services we procure – our supply chain emissions. These emissions are calculated by applying category-specific emissions factors (e.g. construction, IT equipment) to the amount of expenditure we have incurred in each of these categories. We have better aligned our expenditure with these emissions categories, resulting in reported emissions that are more reflective of our actual emissions.

This recalculation has resulted in reported emissions in 2022/23 of 6.29 million tonnes of CO₂e being restated as 4.14 million tonnes of CO₂e. These emissions increased to 4.27 million tonnes in 2023/24 due to increased spending on energy infrastructure activities.

We have further developed our Scope 3 reporting with the inclusion of upstream emissions related to fuel usage ('Well-to-Tank emissions') in our Scope 3 reporting boundary. These are the upstream emissions occurring from activities related to the production, processing and transportation of the fuel we use in our vehicles, power generation activities or electricity consumption.

Our new near-term GHG emissions reduction targets are made up of a suite of targets. The headline targets are discussed above and are articulated in the [RBC](#). These are supported by four sub-targets that cover specific GHG emissions, as required by SBTi.

These sub-targets, and our progress against them since 2018/19, are as follows:

- We commit to reduce the carbon intensity of our power generation (Scope 1 GHG emissions) by 90% per MWh by 2030/31, and by 92% per MWh by 2033/34.
- We continue to reduce the intensity of our emissions from power generation as we increase our non-fossil fuel generation capacity, and the output from our fossil fuel generation plant falls. We have reduced the intensity of our Scope 1 GHG emissions from power generation by 35% from 2018/19, with intensity in 2023/24 0.37 tCO₂e/MWh.
- We commit to reduce absolute Scope 1 and 2 GHG emissions (excluding generation) by 50% by 2030/31.
- We have reduced our non-power generation Scope 1 and 2 emissions by 14.8% from 2018/19, with reductions in emissions from methane leakage in our gas distribution networks, a reduction in SF₆ leakage, an increasing number of EVs in our fleet and reductions in emissions from electricity network losses all contributing to this performance.
- We commit to reduce the carbon intensity of power generation and sold electricity (Scope 1 and Scope 3 GHG emissions) by 86% per MWh by 2033/34.
- The reduction in the intensity of our Scope 1 GHG emissions from power generation contributes to this target. Combined with a reduction in emissions from sold electricity, we have reduced the intensity of Scope 1 and Scope 3 Category 3 emissions from all generated and sold electricity by approximately 15% due to the inclusion of Well-to-Tank emissions from a 2018/19 base year.
- Reduce absolute GHG emissions from gas sold by third parties by 37.5% by 2033/34.
- This target covers those customers that are connected to our gas distribution network but are not customers that we bill for the gas they use. Emissions are currently around 18% lower than in 2018/19.

Our environment continued

Case study:

London power substation to be SF₆ free

In 2022/23, we teamed up with Hitachi to successfully replace SF₆ in an existing asset at Richborough, Kent. To support the [London Power Tunnels 2 \(LPT2\)](#) project, we are building a new substation which will be free of SF₆. The substation will be built to connect our LPT2 project to the distribution network in London. The seven-bay facility will use Hitachi's EconiQ 420 kV gas-insulated switchgear and EconiQ 420 kV gas-insulated lines instead of SF₆, cutting SF₆-related CO₂ equivalent emissions by 99%. This is the first time an alternative gas to SF₆ will be used in new infrastructure on our network.



Geothermal projects have a potential role to play in helping the US Northeast meet our climate goals, reducing reliance on natural gas and supporting reductions in our Scope 3 emissions

Find out more about our work on networked geothermal pilots here.

We continue to make progress against our EV target to move to a 100% electric fleet by 2030 for our light-duty vehicles

This year, we have added over 200 EVs to our commercial fleets. We now have 540 EVs on our fleet, which is 12% of our total number of light-duty vehicles.

Although we continue to make progress against this target, achievement of this is vulnerable to supply chain disruption, in areas such as the availability of EV charging stations and EVs themselves.

SF₆ target performance

Our target is to reduce SF₆ emissions from our operations by 50% by 2030, from a 2018/19 baseline

We have reduced SF₆ leaks from our equipment and continued to focus on the development of alternative gases to SF₆. The majority (~80%) of the SF₆ we use on our networks is in our UK Electricity Transmission (UK ET) business. Our efforts at reducing leaks at our operational sites helped us reduce SF₆ by 24.7% from our baseline. We have also continued to work with partners on innovation projects to develop alternative gases to SF₆.

Office energy target

We have reduced energy consumption in our flagship offices by 32.7% against our 2020/21 baseline

We have continued to review the occupation levels in our offices following the global pandemic. As a result, we have taken steps to maximise occupancy in our corporate offices and adapt to the changing uses of our workspaces, optimising heating, ventilation, air conditioning and lighting systems to better meet the evolving needs of our colleagues. In the UK, investment in energy efficiency measures, such as an LED external lighting upgrade and ongoing focus on controls and behavioural improvement ('off-peak' floor plate closures), has contributed to this reduction in office energy use.

Likewise, in our US business we have introduced measures at our new or renovated offices and service centres. These include heat pump technology, low energy LED lighting and updated metering that allows the real-time monitoring of electric, gas and water consumption. Alongside this roof and window replacements have been installed that have better thermal properties and increased insulation, reducing overall energy consumption.

Air travel emissions target

Emissions from business air travel have increased

Although our emissions from business air travel are 15% lower than prior to the global pandemic from a 2019/20 baseline, we have seen an increase in air travel this year. As a transatlantic business, we continue to endeavour to balance the need for our teams to meet and collaborate with the use of technology to enable virtual meetings and conferences where possible. To support progress against our target, we have identified the areas of our business where most air travel is occurring and asked leadership teams to identify plans and actions to continue to reduce air travel, while recognising there are business necessities that require us to travel. In this specific area, we responsibly offset our GHG emissions by supporting projects that reduce or remove an equivalent amount of harmful emissions. Through our travel partner, Agiito, we participate in the Trees4Travel programme investing in tree planting initiatives to offset our air travel emissions.

Responsible resource use

6

Material topic

Water consumption and water environment quality

We have a group environmental operations policy through which we aim to deliver continual improvement in our environmental performance and Environmental Management Systems, supporting sustainable environmental operations in areas such as water quality.

Water

Our water use relates almost entirely to water used for generation cooling purposes and abstracted water is not altered other than being slightly warmed by the process. This year, 1,139 million cubic metres were withdrawn. Of this total, over 99% relates to the use of seawater for cooling the generation assets in the US. All this abstracted water is returned to the sea.

We have an internally developed water quality standard and received a B- score from our CDP water disclosure. We believe this is the highest score we can achieve without the development of a dedicated water reduction strategy and the implementation of specific water reduction commitments. We don't take this approach given the nature of our water use, and the relatively immaterial nature of water to us as a business.

Our environment continued

5

Material topic Waste

We do not have a specific target for waste we generate.

- Approximately 22% of hazardous waste is recycled and 45% is sent to landfill.
- Approximately 10% of non-hazardous waste is sent to landfill, with 43% re-used + 39% recycled.
- For the remaining 8% we use disposal methods which include thermal processing and incineration.

Waste

We do not have a specific target for waste we generate. We have various projects that create waste, such as cleaning up former gas plant sites, retiring old fossil assets and leak-prone equipment, building out grid infrastructure and supporting various renewable energy projects, all of which will continue to generate waste. We continue to endeavour to ensure that our waste is correctly disposed of with appropriate environmental permits and compliant with regulatory standards in the applicable regions.

The different categories of waste are summarised in the data table on [page 34](#). Some waste produced is classed as 'hazardous waste'. This arises from the removal of contaminated land during commercial property activity and the disposal of oil and polychlorinated biphenyl (PCB) or lead-contaminated materials.

Alongside managing our waste responsibly, we also recycle, refurbish and reuse materials at asset recovery facilities in the UK and US.

Supplier emissions targets performance

During 2023/24, we enhanced how we calculate the emissions of our purchased goods and services as part of our Climate Transition Plan (CTP). The change in methodology has affected the emissions profile associated with our suppliers, and leading us to revise our list of carbon strategic suppliers. We will continue engaging and working with suppliers in partnership to identify common challenges and to help decarbonise our business. Our CDP supplier engagement programme in 2023 included 50 carbon strategic suppliers in the UK and 74 in the US, that in aggregate account for over 30% of our total Scope 3, Category 1 (Purchased goods and services) and Category 2 (Capital goods) GHG emissions. Next year we will revise our list of carbon strategic suppliers as a result of the change in our methodology for calculating the emissions of our purchased goods and services and in FY25 we will report on our progress to meet our stated SBT supply chain engagement targets for the US and the UK.

Whilst we are working closely with all our suppliers to support them on their decarbonisation journeys, we recognise that, similar to ourselves they have many dependencies that are outside of their control such as lack of SBT pathways for certain sectors. We will continue to work closely with such suppliers and will report transparently on any challenges impacting our RBC targets.

Case study:

SBT engagement



Our engagement programme has successfully influenced a UK small supplier to commit to SBT. Initially, committing to SBT was not a top priority for the supplier, but they started working on establishing a carbon reduction roadmap with the assistance of a third party. After sharing its roadmap with us, our procurement sustainability team advised the supplier to incorporate SBT commitments into its roadmap's milestones by consulting its stakeholders. The stakeholders embraced the idea and followed the SBTi process to commit to SBTs. The supplier's targets aligned with the 1.5°C pathway, were submitted and reviewed, and SBTi approved them using a streamlined validation route for small and medium-sized enterprises. Today, this supplier has validated near-term, long-term and net zero targets that extend up to 2045.



Our environment continued

Invest in the decarbonisation of the future of energy

We understand the role we need to play in enabling and accelerating the move to a cleaner energy future. Network investment is vital for connecting the new low-carbon power generation needed in the coming decade and beyond, to accommodate the anticipated 50% rise in electricity demand. As we delivered another record year of capital investment, we also reached a higher proportion of green capital expenditure capex. **In 2023/24 around 78% (£6.0 billion) of our Group’s capex aligned with EU Taxonomy principles for sustainable investment, compared with 75% (£5.6 billion) in the previous year.** These infrastructure investments support our network jurisdictions in achieving net zero goals. Our target is to deliver £51 billion of green capital investment across the five-year period from April 2024 to March 2029.

In 2023/24, we connected 3,030 MW of renewable capacity to our networks. Out of this, 2,444 MW was connected to National Grid Electricity Transmission (NGET) and National Grid Electricity Distribution (NGED) networks in the UK, while 586 MW was connected to our New York and New England electricity transmission and distribution networks in the US.

For further information, refer to our 2023/24 CTP, which details our strategy to decarbonise our networks to enable us to achieve our net zero targets.

4

Material topic Adaptation

Climate-related hazards are having an increasing impact on our business. We are adapting our plans to ensure resilient infrastructure, manage climate risks and deliver reliable energy to customers. Our goal is to develop a consistent and holistic approach to climate adaptation across our organisation.

Adapt to climate change

Most climate hazards are projected to increase in frequency in the future, with high temperatures and coastal flooding of particular concern across consistent areas of our operations. In most cases, the level of risk is greater in a 4°C warming scenario than a 2°C warming scenario. Our approach to climate resilience, and addressing risks arising from global warming impacts, is outlined in our Task Force on Climate-related Financial Disclosures (TCFD) on [pages 44 – 58 of our ARA](#).

Additionally, we respond to reporting requirements, such as the Defra Climate Adaptation Reporting Power in the UK, within the jurisdictions where our Business Units operate.

In the US, examples of regulatory initiatives include the establishment of the New York Public Service Commission’s Office (NYPSC) of Resilience and Emergency Preparedness, which focuses on ensuring utilities in the US are prepared to respond effectively to severe weather and emergencies. The Massachusetts Department of Public Utilities (DPU) has also requested businesses to provide a climate mitigation and adaptation plan, outlining their response to climate change.

Each Business Unit is actively taking steps to mitigate the risks of climate change. Here are a few examples:

- New York submitted a comprehensive Climate Change Resilience Plan to the NYPSC. Our proposed investments aim to enhance design standards for long-term projects. This includes increasing transformer temperature ratings, strengthening distribution pole standards, implementing flood protection walls around substations, and undergrounding vulnerable distribution lines. If approved by the NYPSC, the plan would cost \$264 million in the first 5 years (2025 – 2030), \$624 million in the first 10 years (2025 – 2035) and \$1.537 billion by year 2045 (2025 – 2045). Customers would experience a proposed 0.03% increase in the first five years.
- New England has submitted its Electric Sector Modernisation Plan to the DPU to address critical investments. The plan aims to achieve Massachusetts’ climate change, clean energy and equity goals over the next 5 and 10 years. It includes increasing distribution grid capacity by 1 GW by 2030 to support building and vehicle electrification. By 2035, the plan aims to expand system capacity by 3 GW, facilitating the connection of more solar and storage to the grid. These investments are projected to reduce GHG emissions by 31.3 million metric tonnes, support approximately \$500 million in increased economic activity, create approximately 3,900 full and part time jobs by 2030 and contribute approximately \$1.1 billion in increased incremental activity and approximately more than 8,700 jobs by 2035.

- In preparation for our next regulatory price control in the UK, National Grid has provided input into sector-specific methodology consultation and business plan guidance, which now include a specific emphasis on climate resilience.
- Our Electricity Transmission business has completed a wildfire threat assessment and concluded work on an automated high-risk weather alert tool.
- For further details on how we are building resilience into our operations, see our responsible business fundamentals pillar on [pages 24 – 28](#).



Our environment continued

3

Material topic Natural capital and biodiversity

We are committed to protecting our natural environment.

- In the UK we achieved a 3.2% improvement in environmental value in 2023/24, resulting in a 7.8% overall improvement on our baseline.
- In the US We are focused on preservation of the natural lands we own and manage. We have undertaken a number of initiatives related to species protection, habitat conservation and integrated vegetation management that demonstrate our progress.

Nature

We have a 10% improvement target in relation to the land we manage in the UK that utilises a natural capital approach to measure the impact of improvements we make on the non-operational land at our own sites. The natural capital approach allows us to capture changes to land use type or biodiversity to then demonstrate gains for the environment, in the form of ecosystem service benefits, on a site-by-site basis.

This is currently driven only by activities in our UK ET business. The actions taken in 2023/24 will deliver a 3.2% improvement in environmental value, resulting in a 7.8% overall improvement on our baseline.

These improvements will be delivered through introducing new partnership agreements at five sites and expanding existing partnership agreements at three sites that will deliver enhancements such as restoring ancient woodlands and wetlands, planting trees and hedgerows, and creating wildflower meadows. These partnerships will enable approximately 6,500 people per year from local communities to access nature via our sites. This will allow us to provide opportunities for people to engage and connect with nature through volunteering events, family days, environmental educational events and forest school activities.

Partnerships with specialist environmental organisations help us shape new ways of managing our natural assets on a local scale, the benefits of which go beyond ecosystems, positively affecting local communities. We have continued our ongoing support to our UK environmental education centres at [Bishops Wood](#), [Skelton Grange](#), [West Boldon](#), [Amersham](#) and [Iver](#), which provide educational activities to visitors while enhancing the habitats on our land. They have been developed in collaboration with environmental charity organisations to show how nature and communities can thrive alongside critical national infrastructure and have been in place since around 1999.

There are significant differences between the US and UK in the types of habitats and levels of biodiversity present on the landscape. Because of this, **our efforts in the US focus more on preservation of the natural lands that we own and manage than on restoration.** We have undertaken several initiatives in the US to preserve habitats and landscapes. These initiatives include rare, threatened and endangered species protection, habitat preservation and our [integrated vegetation management](#) (IVM) efforts.

IVM is the practice of promoting desirable, stable, low-growing plant communities that will resist invasion by tall-growing tree species on our rights of way. This is done by our contractors on our behalf using appropriate, environmentally sound and cost-effective control methods. IVM is proven to improve the environment around rights of way by reducing the need for excessive tree cutting, reducing the risk of forest fires, decreasing populations of invasives and increasing natural species diversity.

As a part of our nature strategy, we also aim to ensure that our infrastructure projects protect critical habitats by using techniques such as laying ground protection mats during the construction phase. The use of mats is a Best Management Practice (BMP) that distributes the weight of equipment, preserving the soil profiles and root masses for regrowth. Additionally, the use of mats maintains the habitat features that species are utilising to the greatest extent feasible, while still allowing access to maintain the utility infrastructure. One example of a benefit from matting can be seen with the Blanding's Turtle, which hibernates in wetlands. The mats we install ensure they have a safe space to burrow.

In 2022, we enacted a nature pilot programme to dedicate resources to new and unique enhancement projects that positively contribute to biodiversity on our managed land and in our local communities. This pilot has thus far enabled the installation of beehives at our Northborough office and partnered with community groups to install duck boxes at our remediated Harbor Point site, with more initiatives planned for the future.

Case study:

US nature pilot programme

To support our commitment to preserve the lands we manage in the US, we pursued several pilot projects to protect and restore the natural environment. Harbor Point, a former contaminated site that was restored to a wetland, was identified as a prime location. We built and installed mallard duck and kestrel habitat boxes at the Harbor Point site in collaboration with [Girl Scouts NYPENN Pathways](#), [Ducks Unlimited](#) and [SUNY College of Environmental Science and Forestry](#).

These boxes benefit the natural environment by enhancing the wetland and help preserve the fragile biodiversity at the site by providing habitat for mallards and American kestrels, both of which have seen significant population declines.

Girl Scouts learned about the importance of protecting wildlife and our work around nature at National Grid, and were encouraged to visualise themselves in similar roles, all while earning their woodworking badges.

Connecting nature and community is an important part of our nature work. These projects seek to ensure our work to preserve the natural environment not only has environmental benefits, but also has the added benefit of supporting our local communities.



Our customers and communities

Support a fair and affordable energy transition



Linked SDGs



Material topics

- 1 Affordability
- 2 Social impact
- 3 Skills and employability
- 4 Customer satisfaction

Our RBC commitments

- Support an affordable energy transition
- Accelerate social mobility in the communities we serve
- Engage directly in our communities through volunteering
- Act on feedback we receive from our customers on the services we provide

Performance against targets

Customer satisfaction scores

55.8%

Why do we measure this?

Our commitment is to act on feedback we receive from our customers on the service we provide.

Performance

Our Trust Advice score for 2023/24 is 55.8%, below our target of 56.7%.

Colleague volunteering hours

77,918

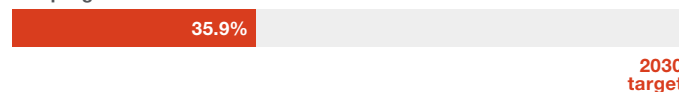
Why do we measure this?

Our commitment is to achieve 500,000 volunteering hours in our communities by 2030 (from 2020).

Performance

We have delivered 179,480 volunteering hours¹ against our target to date.

Our progress



Meaningful skills development

18,907 people

Why do we measure this?

Our commitment is to develop skills for the future, with a focus on disadvantaged communities, providing access to skills development for 45,000 people by 2030 (from 2020).

Performance

We have provided skills development¹ access to 30,730 young people against our target to date.

Our progress



Awards

Social Mobility Index (UK)

Ranked 49 out of 75
(up from 71 last year)

Winner

of 'Best response to the cost-of-living crisis'
Business Charity Awards 2023

¹ The UK element of the Group figure for community programmes has significantly increased compared to last year. This is due to implementing a centralised UK volunteering portal for tracking and reporting. However, it is important to note that verifying accurate employee volunteering in the US, where employee timesheeting is used, presents challenges for reporting at Group level.

Our customers and communities continued

We are building lots of infrastructure across the UK and US, to meet the energy needs of our customers and communities now and in the future. As we do this, we are mindful of our impact and have put in place activities to help our most vulnerable customers manage the costs of the energy transition. We are also providing access to skills development opportunities for people from disadvantaged communities to help develop the future workforce of tomorrow.

The content under this pillar details the work we have been doing to support our customers and communities as we deliver on the energy transition now. In summary, we have made progress towards our 10-year commitment for volunteering hours and skills development in communities. Our customer satisfaction scores are generally positive, but we recognise the need for further support in the US, particularly for customers facing higher energy bills.

Helping with the unexpected rise in energy bills

To help manage the unexpected increasing energy costs, we delivered £19.7 million from our [Energy Support Fund](#) in the UK and \$1.8 million in the US to help some of the hardest hit households this winter.

In the UK, the main tranche of our funding is for non-profit organisations on the front line of the energy crisis which have been designated as our charity partners. This support fund is helping to provide emergency financial relief to households that are using pre-payment energy meters, funding energy-efficiency measures to help lower bills over the longer term and providing advisory services for households which need help with energy bills, debts and more.

Our US businesses have continued to support energy bill assistance and emergency food support programmes for low-to-moderate-income customers. This is part of the funding we pledged to help New York and Massachusetts customers and communities meet their needs during this financially challenging time.

Additionally, the National Grid Foundation launched their 25th Anniversary with a \$550,000 gift in support of fuel-neutral emergency heating and utility funds in Massachusetts and New York. Three large local non-profit organisations who administer the emergency programme received the funding in support of local community need.

1

Material topic
Affordability

To support increasing energy costs, this year we delivered £19.7 million from our Energy Support Fund in the UK and \$1.8 million in the US to help some of the hardest hit households over the winter. Read more about how our Community Matters Fund is supporting our communities [here](#).

Accelerating social mobility in the communities we serve

We continue to contribute to the acceleration of social mobility in the communities we serve by developing new and long-standing partnerships with registered charities, not for profit organisations, social enterprises, educators and our supply chain.

With these organisations, we have created skills and employability pathways. Our work is focused on two primary objectives – to provide employability-focused upskilling and to create diverse employment opportunities across our sector, often in unconventional ways.

2

Material topic
Social impact

This year our skills and employability partnerships have continued to contribute to the acceleration of the social mobility in the communities we serve. We continue to develop new and longstanding partnerships with registered charities, non-profit organisations, social enterprises, educators and our supply chain.

Read more about how these partnerships are supporting our communities [here](#).

As of 31 March 2024, 18,907 people have been positively impacted, made up of 6,012 in the UK and 12,895 in the US. Since 2020, we have positively impacted the lives of 30,730 people with 55 people securing employment in National Grid, bringing the total since launch to 84.

In November 2023, we were rated as one of the top 50 employers in the UK leading the way on social mobility with a focus on creating equitable outcomes for all people. The [Social Mobility Index](#) (SMI) is the leading authority on employer-led social mobility and was created to provide annual benchmarking and assessments for employers.

We scored 49 on the Index, making a significant improvement from the previous year's ranking of 71. The Index assesses eight areas of employer-led social mobility, ranging from how they work with young people to how they recruit and select candidates. We are doing well across all areas but more work is needed in progression culture and data collection.

Engaging directly in our communities through volunteering

We have helped more colleagues across the UK and US to feel directly connected to our communities, giving them an opportunity to make a difference. We work with many partner organisations to identify and manage opportunities for colleagues to volunteer their time in local communities.

Across the US, we recorded more than 47,000 volunteering hours. In the UK, we recorded 30,836 volunteering hours.

In total this year, 6,324 National Grid employees volunteered their time, helping to deliver community events and logging 77,918 volunteering hours, bringing our total to 179,480 volunteering hours since the launch of the [RBC](#).

3

Material topic
Skills and employability

We have provided 30,730 people with meaningful skills to date.

We are committed to develop skills for the future, by providing meaningful skills development for 45,000 people by 2030, with a focus on disadvantaged communities.

Our customers and communities continued

Working to reduce our impact on customer bills

We are committed to efficiently connecting millions of people to the energy they use. In addition to this, we also provide support through initiatives to our customers to enable them to take control, conserve energy and save on their bills.

In the UK, the Electricity Transmission part of your bill, which is subject to approval by the energy regulator, Ofgem, covers the cost of building and maintaining the network. Our transmission network cost increased from £22.22 in 2023 to £29.37 in 2023/24. While the contribution of distribution costs decreased from £131.49 to £104.01.

In the US, the average gas energy bill for households decreased due to lower commodity prices, while fluctuations in commodity and delivery rates for electricity led to increased average customer bills. However, changes in usage resulted in a reduction in bills for lower income customers. The total monthly bill for an average residential customer is \$221.51, \$63.51 of which represents distribution costs.

4

Material topic
Customer satisfaction

We exist to serve our customers and communities with the energy they need for life across the UK and US.

- UK ET – 7.2 out of 10
- UK ED – 8.97 out of 10
- US – Trust Advice score of 55.8%
- NGV – IFA and IFA2 85%, BritNed 84% and Nemo 89.5%¹
- Grain, our UK LNG terminal, scored 81%

Customer satisfaction survey (CSAT) scores

We exist to serve our customers and communities with the energy they need for life across the UK and US. Our CSAT scores help us to have a greater understanding, build insight into specific areas of the journey and drive improvements from pre-application through to connection along with ongoing management of connected customers. **We are working to improve our scores across the board and understand that listening to our customer feedback and acting on it is key to our success.**

UK ED satisfaction

In UK ED, we have delivered a high level of customer satisfaction with a score of 8.97 out of 10. We have committed to achieving customer satisfaction of 9.3 out of 10 by the end of our current regulatory price control period (RIIO-ED2) and we will undertake a range of activities over the course of the price control to achieve this end result.

We continue to investigate areas of good practice across our licence areas with the aim of providing solutions that can be applied across the board. We have forums for sharing information and continue to undertake customer service training. We have also established mechanisms to learn from the activities of other distribution network operators. We are confident that these actions will result in year-on-year improvements and achievement of our target for the end of the price control.

UK ET satisfaction

In UK ET, customer satisfaction score for 2023/24 is 7.2 out of 10. This is below the target of 7.7 and reflects a year of both challenging and encouraging developments in the connections landscape. We have seen an increasing number of connection applications driving higher numbers of required enabling works, in turn pushing out connection dates, which impacts customer satisfaction. Electricity System Operator analysis shows that only 30 – 40% of projects in the queue make it to fruition. There are several reasons why projects may be unable to connect, these could include:

- Customer-related reasons: these include potential investment withdrawal, financial difficulties faced by the company, changes in company ownership or strategic direction, and modifications to project scope or connection dates due to capacity being sold to other parties or alterations in project plans.
- System requirements: To achieve net zero by 2050, the UK would require approximately 200GW of capacity. However, the current pipeline exceeds 500GW, and the network was originally designed for around 70GW. There is a significant surplus of customer demand for connections compared to what is necessary to meet the 2035 decarbonisation targets. Meeting this high volume of connections would necessitate substantial infrastructure reinforcement, although not all connections may be feasible or required.

US customer satisfaction

In the US our Trust Advice score for 2023/24 is 55.8%, below our target of 56.7%. Customers continue to face high energy prices that negatively impact their sense of value, a key driver of Trust Advice. Trust Advice in New York is 59.1% and in New England is 49.4%.

National Grid also uses a survey to measure Brand Trust. It provides a holistic view of National Grid's efforts to be a trusted advisor. Responses provide customer sentiment related to meaningful messaging, keeping customers informed about energy costs, lowering their bill, managing usage, storm preparedness and safety around electricity and natural gas services. For 2023/24, the Brand Trust scores are 66% in both New York and New England, an increase over 2022/23.

National Grid Ventures (NGV) satisfaction

Due to the diverse nature of operations, NGV serves a wide range of customers, from electricity and natural gas traders to energy suppliers and end consumers.

This year, NGV launched a new initiative to align each business to a shared customer vision, ethos and strategy, and began embedding this into operations through a variety of customer knowledge-sharing platforms and a dedicated Customer Transformation Champions Group. 2023/24 also marked the first year in which NGV conducted CSATs across each of the business units in NGV, and we have been pleased to see some good scores.

In the UK, our subsea electricity interconnectors scored:



Additionally, Grain, our UK LNG terminal, scored 81%. We are proud of the progress we have made this year in focusing on our customers' needs and tracking our success in this area – but we know we can do more. We will continue to reach out, actively listen and seek to improve our services wherever we can, putting our customers at the centre of the energy transition.

¹ National Grid is a 50% shareholder of BritNed and Nemo.

Our people

We are building the net zero workforce



Our RBC commitments

- Invest in our people and build the skills needed to deliver the clean energy future
- Reflect the communities we serve, with heightened attention to increasing ethnic and female representation in our workforce
- Create an inclusive culture, where it is safe to speak up and where our colleagues' voices are heard and understood by our Group Executive and Board
- Lead the industry on colleague health and wellbeing
- Ensure all colleagues receive fair and equitable pay

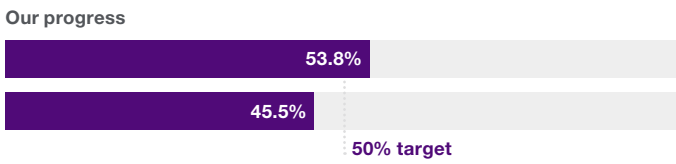
Performance against targets

Leadership diversity

53.8% diversity of our Group Executive
45.5% diversity of our Board

Why do we measure this?
 Our commitment to achieve 50% leadership diversity.

Performance
 Management: Gender diversity 35% (vs 2025 Target: 35%); ethnic diversity 17.6% (vs 2025 Target: 20%).



Employee engagement

81%

Why do we measure this?
 Our commitment is to gather input directly from our people, as an important part of our tracking process. The Board hears their views through the employee engagement survey, presentations and discussions at the Board and Committee meetings, and from Directors visiting our operational sites and offices.

Performance
 Consistent performance over the past two years at 81% employee engagement.



'Safe to say' in Grid:voice

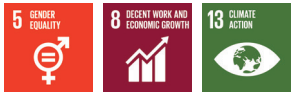
71%

Why do we measure this?
 Our ambition is to eradicate discrimination of any kind and create a culture where our people feel confident to speak out safely.

Performance
 Consistent performance over the past two years in 'Safe to say' score at 71%.



Linked SDGs



Material topics

- 1 Diversity, equity and inclusion
- 2 Workforce development
- 3 Culture

Awards/Benchmarks



Bloomberg Gender Equality Index
 Became a constituent of the 2024 Index, for the third year running



Equileap
 Second in the UK and fourth globally for gender quality



The Times
 Top 50 Employers for Gender Equality 2023



FTSE Women Leaders
 Top 10 best performer, ranked fourth, first in Utilities – 48.7% female representation at combined Executive Committee and direct reports



RateMyPlacement
 Best 100 Student Employers 2023/24

Our people continued

Our 31,416 employees across the UK and US are the driving force behind our business. We invest in attracting and retaining an inclusive and diverse workforce, building our capabilities through training and equipping our people with the necessary skills and knowledge to perform their roles to deliver the clean energy future. In return, we aim to ensure our colleagues receive fair and equitable pay, and that their health and wellbeing are always maintained.

In this pillar, we outline our efforts to support and empower our colleagues so we can play a pivotal role in delivering net zero while living our values. This year, our Group executive team has expanded, resulting in increased diversity. Additionally, we have exceeded our goals for gender and ethnicity diversity representation in management ahead of schedule. However, we acknowledge the need for further progress in diversifying our Board and achieving our 50% diversity target by 2025.

2

Material topic
Workforce development

Our global technical training programmes are delivered in the UK and US, at one of our nine training centres. This year our colleagues completed 1,607,512 training hours – approximately 7 training days per employee.

We invest in training our colleagues

As our workforce increases, we need to consider the skills needed to deliver on our clean energy future and help our employees learn and grow with us to tackle the challenges ahead.

Attracting, developing and retaining a qualified and competent workforce requires training programmes that are robust, comprehensive, in line with local regulations and that create a career path built on safety and competence.

Graduate scheme

Our new-look [UK graduate scheme](#), launched in September 2023 to 107 UK graduates, introduced three distinct pathways aimed at enhancing graduates' capabilities while emphasising leadership development for our ever-diverse Gen Z graduate population.

In the US, we welcomed 98 graduates to our comprehensive 12-month development programme which includes a four-week orientation travelling around our principal operating locations learning about our business. The new coaching mechanism we use called EZRA Focus, supports graduates as they complete their development programmes and make the key career transition into their first role. This is part of our commitment to progress and retain our early careers talent pipeline.

In the US, we continue to have a strong Gridtern Program, welcoming 171 Gridterns on summer internships in 2023.

We offer development solutions to our colleagues via external providers such as:

- Digital coaching through [BetterUp](#) to empower growth;
- [LinkedIn Learning](#), with over 9,300 on-demand development courses available;
- [MindGym](#), an external learning provider specialising in psychology and behavioural science; and
- Team Effectiveness sessions designed to foster cohesion and positive collaboration amongst teams.

Find out more about these solutions [here](#).

We aim to actively identify and develop our future senior leaders through a variety of programmes designed specifically for this purpose:

- Future Leaders Programme
- First Line Leader
- Enterprise Leadership Advantage Programme
- Next Generation

Find out more about these programmes [here](#).

1

Material topic
Diversity, equity and inclusion

Our global diversity, equity and inclusion (DEI) commitments are at the heart of our work, underpinning our aspiration 'to be amongst the most diverse, equitable and inclusive organisations of the 21st century'.

We know that if we are to achieve our ambition to deliver net zero, we need to attract, hire and retain people from diverse backgrounds who have different experiences and perspectives. We owe it to our colleagues, customers and stakeholders to be clear on our stance against discrimination and inequity. We have made positive sustainable change across all of our global DEI commitments and we are seeing progress towards our aspiration.

We have streamlined our recruitment processes, investing in HR technology and implementing a strategic sourcing structure to drive proactive sourcing, creating a best-in-industry candidate experience and creating recruitment practices that drive DEI outcomes that reflect our customers and communities.

Currently over 50% of our jobs are filled by internal promotions and moves, demonstrating our commitment to growing our colleagues internally. To deliver the energy transition, we also need new skills and capabilities, which means increasing external hiring. We aim to understand the skills, experience and roles we will need in the future by using workforce planning data to map our requirements. We are working to design strategies that focus on sourcing and engaging with relevant talent to search for the right employees before we need them.

Our people continued

We are holding ourselves to account on DEI and have set ourselves purposefully challenging goals in a number of key areas including increasing the gender/ethnic diversity representation in our management, total workforce and new talent population. Tracking the effectiveness of our DEI work is crucial both in terms of the quantitative improvements e.g. diversity representation as well as qualitative progress (e.g. how included, safe and respected people feel) and our latest results demonstrate that we are making positive progress in these areas.

This year, we have seen our overall new talent population increase from 484 in FY23 to 744 in FY24, the majority of whom joined in September 2023. We have seen an increase in the number of gender-diverse graduates across the UK and the US from 47 in FY23 to 86 in FY24 resulting in a figure of 32%, however we acknowledge the need for further progress in achieving our 50% gender diversity target by 2025. We continue to remain focused on our new talent attraction campaigns and efforts to broaden our reach, particularly for parts of the business with high-volume intake and historically lower gender representation, notably in our apprentice and trainee programmes.

Our main mechanism to understand how included our colleagues feel is through our employee engagement survey Grid:voice. For FY24, in relation to inclusion and belonging, we are encouraged to see that 90% of colleagues who responded feel that they are treated with respect by their manager (2%+ than general industry norm), 80% feel they are able to be themselves at work and 78% feel as if they belong at National Grid.

We are committed to Employee Relations and engage with our colleagues on employee rights through their representatives in various trade unions across the US and the UK.

In the UK, we have a collective bargaining agreement with four recognised trade unions covering our staff grades, and this is the formal mechanism for consultation and negotiation on a range of matters, including pay and terms and conditions of employment. We have an employee relations framework at a national and a local level which is used to facilitate collective discussion with the trade unions.

In the US, we commit to collective bargaining with 22 unions, setting out terms and conditions of employment for represented employees. Neither party may deviate from the terms of the collective bargaining agreement, except in extraordinary circumstances.

There are several trade union recognition agreements in place for collective bargaining purposes, approximately 63% of our global population are covered by these agreements. **None of our colleagues are denied the right to exercise freedom of association or collective bargaining.**

Creating an inclusive culture through awareness and education remains a priority, particularly through partnering with our leadership who are fundamental in driving inclusion. Our global DEI curriculum proactively invites all people managers to participate in DEI educational opportunities. Topics include 'Understanding DEI at National Grid', 'How to have difficult conversations around DEI at work', 'Speaking inclusively and authentically for LGBTQ+ equity', 'Leading inclusive conversations around race and racial equity' and 'Advancing gender equity to the next level'. In 2024 we also delivered 834 hours of DEI learning across the organisation and trained 556 attendees.



Material topic Culture

We live our values: We are a responsible business that is as concerned with its impact on society as it is with profit. We want to be a force for good in the world and our values reflect this. Every day, our people Do the right thing, Find a better way and Make it happen. Our vision for a clean, fair and affordable energy future sets out what we want to achieve, while our values guide how we do it.

Our Employee Resource Groups (ERGs) play a vital role at National Grid

We are proud that 30% of our workforce, around 8,230 colleagues, are members of at least one ERG. Globally, our total ERG membership is 15,384, including colleagues who belong to multiple groups. ERGs create a sense of community, fostering an inclusive environment where individuals can be their authentic selves. They play a vital role in promoting DEI by offering support and development opportunities to employees.

In the past year, our ERGs organised over 525 events. We also hosted our second annual global ERG summit in New York in June. The summit gathered over 100 participants including ERG leads, executive sponsors and Board members. With the theme 'Connect, Empower, Embolden', the summit provided leadership development, cross-functional knowledge sharing, and strategic direction to drive the impact of ERGs within our organisation.

Throughout the year we were recognised for numerous industry best practices, including being named in [Times Top 50 Employers for Gender Equality](#), [Top 25 Organisations driving Ethnicity Inclusion](#), [Top 50 Employers for Social Mobility](#) and the [Equality 100 Award by the Human Rights Campaign for LGBTQ+ workplace inclusion](#).

Find out more about our work on inclusion through awareness and education here.

Case study:

Global Inclusion Week

Every September, we celebrate Global Inclusion Week by applying National Inclusion Week in the UK across our whole business. It is time to reinforce our DEI commitments and to inspire us to be more inclusive in our day-to-day lives, both in and out of the workplace.

Our ERGs hosted numerous events on DEI, including interactive sessions on cultural awareness, colleague stories and fireside chats with leaders. The Enabling UK, Enabling US and Work Life Matters ERGs jointly hosted an event that gave colleagues insight into personal stories on disability, health, invisible illnesses and roles as caregivers.

"The theme this year was 'Take Action, Make Impact' and the line-up was bigger and better than before with significant external and internal panels, intimate ERG-led conversations and even bespoke career development sessions elevating inclusion and reflecting on the actions we're still working on to achieve our aspiration."

Lisa Waterhouse
Senior Diversity, Equity and Inclusion Manager



Our people continued

Lead the industry on colleague health and wellbeing

Being a responsible business is also about prioritising the health and wellbeing of our people. **The physical and mental health of our workforce is central to everything we do**, from our wellbeing champions to mental health support. We aim to empower our colleagues to prioritise their health and wellbeing through healthy habits and by accessing available resources when needed through our intranet site, print communications and presentations. By doing so, we aim to foster an environment where everyone can thrive together.

In 2023, we introduced our Thriving Together Ambition, a framework aimed at creating a flourishing work environment throughout our organisation. On [World Mental Health Day](#) in October 2023, colleagues participated in virtual webinars to enhance their understanding of mental health and reduce stigma. There has been increased engagement in the Time to Talk campaign and monthly webinars, which suggests a desire for more information to improve personal wellbeing. In the US, approximately 80% of management and approximately 23% of union colleagues have enrolled in the Virgin Pulse wellness platform, which helps develop and track healthy habits while reducing modifiable health risks. Platform engagement is voluntary, and incentives are provided to encourage participation. Enrolment has steadily increased year on year, likely due to the ongoing promotion and positive feedback from colleagues regarding the programme's value.

In the UK, we saw an uptick in Employee Assistance Programme (EAP) utilisation of 32% in the autumn of 2023. We believe this is a reflection of our relaunch of services in line with our Thriving Together Ambition in September 2023. Along with EAP, we also have our proactive mental health solution, Thrive Mental Health. We saw a 64% increase in downloads in October 2023 following the launch into our UK ED business unit.

The 2024 Grid:voice Wellbeing Index average score is

81%

up from 75% in 2023

We are committed to making sure pay is equitable for all colleagues and to ensure there is no bias, regardless of location, gender, ethnicity or disability

We review gender and ethnicity pay gaps annually. In the UK, we remain an accredited [Living Wage Foundation](#) employer, which demonstrates that we go beyond the Living Wage requirements, voluntarily paying our trainees the Living Wage. We undertake a Living Wage review each year to ensure continued alignment. Our commitment to our direct employees extends to our contractors, whom we commit to also pay at least these rates. In addition to fair pay, we provide a range of competitive benefits to our colleagues, including shared parental arrangements in the UK that go beyond statutory minimums.

In the US, colleagues are paid above the statutory minimum and over the last year we have improved our base gender and ethnicity pay gaps. We aim to develop a diverse workforce representative of the communities we serve and drive down pay gaps further.

When making remuneration decisions for our Executive Directors and other senior leaders, our Remuneration Committee takes account of the remuneration arrangements and outcomes for the wider workforce.

We review gender and ethnicity pay gaps annually and these are reported one year in arrears. With sustained focus over many years, our UK base gender pay gap continues to be minimal and we have also shown progress with pay and incentive gaps for ethnically diverse employees. In the US, our base gender and ethnicity pay gaps have improved since last year. The strong representation of women (41.1%) in our senior leadership population drives these figures, meaning that as we have a higher proportion of women in senior leadership roles, the gender pay gap is reduced.

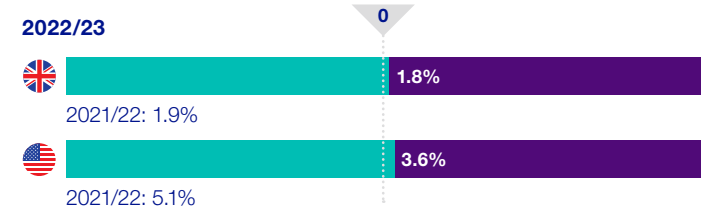
We aim to continue to make progress within our operational teams where women are still a significant minority. Teams that work unsocial hours and attract allowances still tend to be predominantly male.

We will continue to focus on ensuring fair pay across all our employees, focusing our efforts on ensuring that we develop a diverse workforce and further drive down our pay gaps.

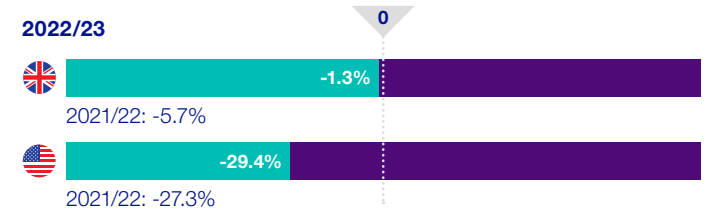


[Gender pay gap disclosure 2023](#)

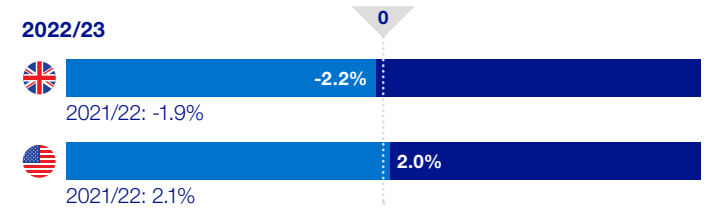
Mean gender pay gap



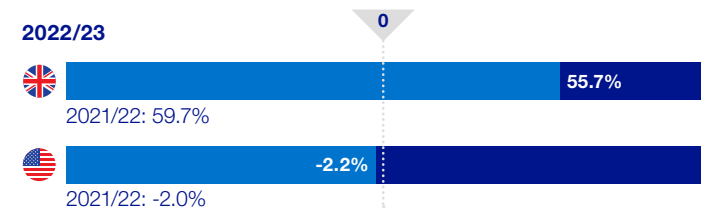
Mean gender incentive gap



Mean ethnicity pay gap



Mean ethnicity incentive gap



Key

◆ Men ◆ Women ◆ Ethnically diverse



Responsible business fundamentals

We are committed to being a responsible business in our operations



Our RBC commitments

We are:

- committed to safely, reliably and efficiently connecting millions of people to the energy they use
- building resilience into our operations
- continuing to influence our supply chain to operate as responsible businesses
- fair to our suppliers and committed to paying them promptly
- delivering against our Human Rights Policy to ensure that we promote and respect the human rights of everyone working for us, or on our behalf, ensuring that they can expect decent working conditions, with the ability to work freely and receive fair pay in return
- committed to being a compliant and ethical business in everything we do
- continuing to invest in developing technologies and innovations that benefit our customers and wider society
- continuing to ensure we have appropriate governance in place to deliver our responsible business commitments
- ensuring security and risks, both cyber and physical, are appropriately monitored
- committed to working with stakeholders and the wider industry to advocate for action and broader influence on responsible business topics

Highlights

Total network reliability

99.9%

Why do we measure this?

Our commitment is to deliver sustainable energy reliably. We are committed to making sure our systems are resilient and can play a leading role in disaster recovery.

Performance

Consistent reliability figures year on year; see data tables on [page 36](#) for breakdown.

£39.7 million

National Grid Partners investment

Why do we measure this?

We are committed to investing in developing technologies and innovations that benefit our customers and wider society.

Performance

We have invested £39.7 million in emerging technologies, research and development.

45%

of reported Code of Ethics breaches were substantiated and resulted in various disciplinary actions

Why do we measure this?

We measure this as it is an industry recognised benchmark enabling us to compare against other organisations and along with the categories of breaches, we can focus on identifying and reducing common breaches

Performance

Our substantive rate for this financial year when rounded is in line with The Navex global benchmark at 45%.

Linked SDGs



Material topics

- 1 Network reliability
- 2 Health and safety
- 3 Digitalisation and innovative technology
- 4 Supply chain engagement
- 5 Cyber security and data protection
- 6 Compliance and ethics

Benchmark



CCLA Modern Slavery UK Benchmark 2023

Performance Tier 2 for evolving good practice (61 – 80%, scoring 38 – 49 points)



Human Rights Campaign Corporate Equality Index for 2023/24

100% score for the fifth consecutive year

Responsible business fundamentals continued

We are committed to being a responsible business in our operations. Everyday, we safely and reliably connect millions of people to energy, prioritise resilience and operate responsibly. We aim to continue to deliver on what is expected of us and to be a compliant and ethical business in everything we do by promoting human rights, fair pay and ethical business practices. We invest in technology and governance, monitor security and risks and advocate for responsible business practices.

Our responsible business fundamentals are the foundation of our RBC pillars. Within this section, we cover governance and other activities that are essential to operating our business the right way, everyday.

This year, we maintained network reliability for our customers, updated our Code of Ethics, implemented a ‘Speak up’ policy and launched an e-learning training programme to foster an ethical culture.



Material topic Health and safety

This year we have focused on the top injury trends and improved training to mitigate significant risks that contributed to lost time injuries. We have reviewed our strategy to ensure that we can proactively learn from high actual and potentially serious incidents and take actions to prevent recurrence.

We are committed to safely, reliably and efficiently connecting millions of people to the energy they use. In addition to this, we also provide support through initiatives to our customers to enable them to take control, conserve energy and save on their bills. For more information on our impact on customer bills refer to Customers and Communities on [page 19](#).

Health and safety

Keeping ourselves and each other safe is core to our values at National Grid. Our safety ambition is always to do the right thing regarding safety by demonstrating safe behaviours. Stand up for Safety aims to align everyone behind the company-wide principles of Safe to Say, Safe Choices, Safe to Stop and Safe to Learn. These are the behaviours we want to see in all our colleagues as they undertake their everyday actions.

The health and safety of all our employees remains paramount and, through our safety management processes and professionalism, we endeavour to mitigate risks and eradicate injuries to our workforce. Sadly, in August 2023, a tragic incident occurred in Ludlow, Shropshire, where an employee from our UK ED team fell from height during overhead line work, resulting in a fatality. Following an internal investigation into the incident, we have reinforced measures across our operations to help prevent such tragedies.

In December 2023, we were saddened by the loss of a colleague and a police officer in Waltham, Massachusetts, both of whom were fatally injured by a vehicle while on duty. The vehicle was driven by a member of the public, who was apprehended, with legal proceedings currently under way. We have extended support to our team and the families affected through our Employee Assistance Programme. This incident has underscored the unpredictable nature of our work environment, prompting us to continue our efforts in safeguarding our employees and partners.

Lost time injuries (LTIs)

We have recorded a significant reduction in our Group lost time injury frequency rate (LTIFR) of 0.08, compared to 0.11 in the prior year against our Group target of 0.1 or less, per 100,000 hours worked (this includes contractors working on behalf of National Grid). This is due to the progress made under our Stand Up for Safety campaign, launched in August 2022, and a three-year Group Safety Strategy.

Injuries to members of the public

During the year, there were two incidents resulting in injuries to members of the public requiring hospital treatment. The first incident took place in May 2023, when a golf club member tripped over hidden tyre tracks on a course after an overhead line refurbishment project, injuring their knee. The second incident occurred in July 2023, involving a collision between a cyclist and a National Grid vehicle.



Material topic Network reliability

We are committed to reliably connecting millions of people to the energy they use. Despite major weather events over the past year, we have maintained reliability at over 99.9% across our networks.

Building resilience

We are committed to building resilience into our operations across networks and the business through various activities, including the following:

- network reliability: New York and New England are testing advanced automated technology, called Fault Location, Isolation and Service Restoration (FLISR), on the distribution network to restore customers more quickly by isolating faults to a more precise location;
- we are digitalising our Business Continuity Programme to help to identify operational dependencies across IT, geographic locations and vendors. This seeks to provide a better understanding of upstream and downstream risks to critical processes; and
- we are developing IT and digital resilience through a long-term strategy to create a data network that meets required performance levels to enable our energy transition.

Responsible business fundamentals continued

We continue to influence our supply chain to operate as a responsible business

During the procurement assessment process, suppliers must adhere to the minimum requirements outlined in our [Supplier Code of Conduct](#).

This code sets expectations, values and principles as a responsible business, including commitments to the real [Living Wage](#), compliance with the [Conflict Minerals Rule](#) and the establishment of environmental strategies with measurable targets such as GHG emissions reduction and waste management. In the UK, we have implemented a sustainability assessment tool that assists category managers and buyers in considering supply chain sustainability factors when evaluating and awarding contracts. The tool includes a heat map highlighting areas of focus and relevant questions aligned with pre-qualification questions from the [Achilles Utilities Vendor Database](#). Information gathered during the sourcing process, such as carbon reduction benefits, is stored in a central repository for future tracking after contract award.

In the US, we consider supplier diversity amongst other relevant considerations during the procurement process and track Tier 2 diversity spend data. Additionally, we are members of various organisations, such as the [National Minority Supplier Development Council](#) and [Women's Business Enterprise National Council](#), that support small and diverse vendors. Recognising the importance to our business, our goal is to promote diversity spend at both the Tier 1 and Tier 2 levels.

We have partnered with the [Sustainable Supply Chain Alliance \(SSCA\)](#), which consists of utilities and suppliers and aims to promote sustainability best practices. Through our partnership, we actively monitor our suppliers' interest in disclosing additional sustainability information as it relates to metrics, data reporting and communication. This data will inform strategic decision making and enhance supply chain capabilities.

As a signatory of the [Procurement Skills Accord](#), we actively seek to promote the initiative to foster a more sustainable and skilled workforce within our supply chain. We also collaborate with the [Supply Chain Sustainability School](#) to seek to enhance the skills of our priority suppliers through their accredited resources and training programmes.

We are fair to our suppliers and are committed to paying them promptly

We value our suppliers, and we understand the importance of cash flow to enable their sustainability. Therefore, **prompt payment for all goods and services provided is prioritised**, adhering strictly to payment terms agreed upon at the outset of any contract or purchase order and recognising that timely payment is crucial for the financial health and operational stability of our suppliers. Our finance team works diligently to ensure that all invoices are processed efficiently, with a streamlined approval process that minimises delays.

In the UK, we further demonstrated our commitment to the fair treatment of our suppliers by signing up to the [Prompt Payment Code](#). We also encourage our suppliers to adopt the principles of this code throughout their own supply chains.

Human rights are an essential component of our Code of Ethics

We incorporate respect for human rights in our employment practices and values, which are integral to our Code of Ethics, to maintain our reputation as an ethical company that stakeholders want to do business with and employees want to work for. In 2023, we introduced a separate [Human Rights Policy](#) to hold ourselves accountable to respect the rights of our workforce, our value chain and those impacted by our operations while providing a safe, secure and inclusive work environment. We also publish an annual [Modern Slavery Statement](#), outlining our approach to mitigating the risk of modern slavery in our business and supply chains.

We are committed to maintaining high standards of compliance and have established rigorous internal incident categories to drive the right behaviour and facilitate learning. Our Group Compliance procedure requires reporting of non-compliance incidents so that common themes and trends can be identified and monitored. Regular reports on compliance are provided to the Ethics, Risk & Compliance Committee.

Throughout the year, 3 internal Category 1 environmental incidents were reported, none of which resulted in fines. We manage fuel and fluid containment (FFC) in accordance with the [Energy Networks Association \(ENA\)](#) Code of Conduct, which facilitates cooperation between the [Environment Agency \(EA\)](#) and network companies in addressing incidents that may pollute the water environment. As part of our current business plan, we are committed to reducing oil leaks from FFC by 50% by 2028 and replacing 90 km of the circuits with the highest leakage rates with non-oil alternatives.

4

Material topic
Supply chain engagement

We engage with our top 250+ suppliers to encourage climate data disclosure through CDP. In 2023, we invited 258 suppliers to disclose their climate data through CDP and achieved a 75% response rate globally. Here are key insights:


- 73% of the suppliers who disclosed their climate data in 2023 had emission reduction initiatives in place.
- 49% of the disclosing suppliers had verified emissions and emission reduction initiatives.
- 47% of the disclosing suppliers reported a decrease in emissions, while 25% reported an increase.
- 9% of the disclosing suppliers have committed to net zero targets.

6

Material topic
Compliance and ethics

We are committed to maintaining high standards of compliance and have established rigorous internal incident categories to drive the right behaviour and facilitate learning.



 For further information on equitable pay for our colleagues, please refer to [page 23](#).

Responsible business fundamentals continued

Ensuring governance to deliver on our commitments

We are committed to achieving excellent standards of corporate governance and reporting in areas important to our stakeholders. Our Board, with support from five sub-committees (Audit and Risk, People and Governance, Remuneration, Finance, and Safety and Sustainability), determines our strategic direction, objectives, purpose, values, culture and governance structure to promote long-term success and deliver sustainable shareholder value. The Board is collectively responsible for overseeing the Company and its business.

For further information on the role and responsibilities of the Board and Committees, please refer to [pages 76 – 79 of the ARA](#).

In March 2024, we refreshed our [Code of Ethics](#) alongside a new ‘Speak up’ policy. The Code applies to everyone at National Grid, from the Board and the Group Executive to all colleagues across the organisation, including those of our subsidiaries. It sets out the expected standards and behaviours to help us ensure everything we do, every day, aligns with our values: Do the right thing, Find a better way and Make it happen.

In the latest edition, we sought to make improvements to the Code by implementing new sections focusing on our new ‘Speak up’ policy and ‘What happens if I breach the Code?’. For each topic area, the content has been organised into two sections, ‘What we need to know’ and ‘What is expected of us’, so employees can better understand the topic.

Throughout the new edition, we have referenced policies, to make it easier to find information, hosted content on Grid:home (our intranet site) and made changes that make it easier to access information on mobile devices.

The ‘Speak up’ policy provides guidance on how colleagues can raise concerns, including what information is needed to do so. It provides details on how concerns are addressed and managed as well as:

- the support that is available to our colleagues when raising a concern;
- the aftercare process that we operate to aim to ensure there are no negative consequences for anyone who reports a concern; and
- what recrimination and retaliation might look like, so our colleagues are fully informed and best prepared.

A breach of the Code of Ethics can have different outcomes depending on the severity and detrimental impact to people and our organisation and may result in disciplinary actions up to and including dismissal, in line with our disciplinary procedures.

We have a communication and training programme which aims to promote a strong ethical culture and is backed by e-learning for colleagues to understand and apply the Code, including our zero-tolerance stance on fraud, bribery and corruption of any kind. We regularly monitor completion of this training against a 95% target.

We uphold a high standard of corporate political engagement worldwide by following [Transparency International](#) UK’s guidance to assess and make our policies, procedures and practices visible on our website. We have global corporate policies on political contributions, responsible political lobbying, employment of former public officials and secondment of employees into public bodies. Our guidelines include clear principles, an integrated management approach and Board accountability and oversight.

At the Annual General Meeting (AGM), the Directors will seek shareholder authority on a precautionary basis for National Grid and its subsidiaries to make donations to political organisations and/or incur political expenditure, not exceeding £125,000 in aggregate. Details are on page 240 the ARA. National Grid made no political donations during the year, but our two affiliated New York and federal Political Action Committees (PACs) in the US made political donations totalling \$51,550.

National Grid US’s New York Political Action Committee (NYPAC) was partly funded by contributions from National Grid US and its subsidiaries and partly by voluntary employee contributions. The affiliated federal PAC was funded entirely by voluntary employee contributions. The NYPAC did not receive any corporate contributions in the past fiscal year.

For further information please refer to our [Global Corporate Policy on Responsible Lobbying and Political Engagement](#).

Case study:

UK ET employment tribunal

In August 2023, an employment tribunal took place regarding a discrimination case where a former employee was subjected to sexual harassment.

There is no place for sexual harassment or any form of misconduct or discrimination in our business. It should never have happened, and we have apologised unreservedly.

Following these events, we have taken a number of steps – including an organisation-wide safety campaign, enhanced safeguarding training and a full review and strengthening of our internal investigations process – to seek to ensure that people know how to report anything that makes them feel uncomfortable or unsafe, that all grievances are handled appropriately, and to reiterate the standard of behaviour we expect at all times from all our employees.

Responsible business fundamentals continued

5

Material topic Cyber security and data protection

We are ensuring security and risks, both cyber and physical, are appropriately monitored. Please see ‘Our Principal Risks and Uncertainties’ on [page 24 of ARA](#) for further information.

We prioritise cyber security and data protection by implementing solutions which aim to protect our digital systems, manage vulnerabilities and ensure compliance with regulatory requirements. We report on cyber security as an operational risk, which is increasing due to heightened threats from global political conflicts.

Cyber security and data protection

We are focusing on security and risks, cyber and physical, ensuring they are appropriately monitored. We prioritise cyber security and data protection by implementing solutions which aim to protect our digital systems, manage vulnerabilities and focus on compliance with regulatory requirements. We report on cyber security as an operational risk, which is increasing due to heightened threats from global political conflicts.

We deploy data protection controls to comply with applicable data privacy laws and standards. We implement measures such as strong passwords, regular software updates and employee training on cyber security best practices. We have plans in place for containing cyber-attacks or data breaches and notifying affected parties.

We stay up to date with the latest trends and technologies in cyber security and data protection, collaborate with industry partners and government agencies, and share information and best practice to reduce the risk of security incidents and protect our customers’ data.

Artificial intelligence

We use artificial intelligence (AI) solutions to gain operational efficiencies and insight into some of our core processes. These activities are governed by our Data Standard which sets out the foundations and principles that everyone needs to meet when using data within their roles. Due to the recent acceleration of generative AI solutions, we have taken steps to add further governance to help protect our customers and business by establishing an internal ‘Responsible Use of GenAI’ policy which is backed up by several associated business controls.

We are committed to working with stakeholders and the wider industry to promote responsible business topics and advocate for action. Our approach on how we do this is detailed in our sections on [stakeholder engagement](#), [international engagement](#) and [responsible political lobbying](#).

3

Material topic Digitalisation and innovative technology

[National Grid Partners](#), our venture capital and innovation arm, invested approximately \$20 million (c. £15.9 million) in three new portfolio startups this past year: [ev.energy](#), [HELIXintel](#) and [Modern Hydrogen](#). The companies seek to help customers better manage electric vehicle charging, reduce energy usage and transition away from fossil fuels.

More than 70% of startups in the NGP portfolio have engaged with our business units to help us work to make our energy networks smarter, safer and greener.

The following are just a few examples:

- National Grid installed [LineVision’s](#) Dynamic Line Rating sensors on transmission lines in western New York to increase grid capacity and optimise performance. LineVision’s technology gives grid operators real-time insight into how much extra power can be safely transmitted on their lines.
- [SparkCognition](#) began a collaboration with our LNG terminal in Grain, UK using AI to help large enterprises protect their critical assets from downtime. The goal is to use analytics to predict when equipment will need maintenance before problems arise.
- [Exodigo](#) helped us expand a substation in Rotterdam, New York, as part of efforts to increase grid resilience. The technology discovered multiple buried pipes and cables so we could avoid striking obstacles during construction, saving customers money and reducing construction-related emissions by avoiding delays. National Grid Partners also published a [survey](#) of how well the startups in its portfolio track their impact on decarbonisation. This report will help ensure our startups not only support our clean-energy strategies but are also responsible environmental stewards.

Case study:

Sensat’s visualisation platform

NGET needed to conduct a siting study for a new UK-based substation in Navenby, Lincolnshire. NGET had vast amounts of information available to support their projects, but all held on different platforms and in various formats, including paper maps, and managed by multiple teams. On top of this, its Light Detection and Ranging (LiDAR) data had issues with viewing and access.

Sensat’s single platform enabled teams to more easily visualise and access all their 2D and 3D data overlaid in one place to provide a more holistic view of the area. By visualising these data sets together, teams were more able to bridge understandings of previously disparate data sets earlier on in the process.

Using Sensat, NGET was able to gain more value and usage from the data sets than we already had. The complete project view informed decision-making during siting studies, highlighting constraints that wouldn’t be visible during a site walk. In an options selection meeting the teams analysed the viability of designs and eliminated three options in 25 minutes – a process which would normally take 2.5 hours.



Transparent reporting

This section transparently outlines our reporting approach, principles and standards. These factors are essential to understand the materiality and scope of reporting and controls around quality and completeness of the data we report.

Reporting principles

Directors' responsibilities

The Directors are responsible for reporting the sustainability data as at 31 March 2024 in accordance with the reporting criteria as set out in [Our Reporting Methodology](#). In doing so, they have:

- designed, implemented and maintained internal controls and processes over information relevant to the measurement and preparation of the sustainability data that is free from material misstatement, whether due to fraud or error;
- established objective reporting criteria for measuring and preparing the sustainability data to meet the needs of National Grid's stakeholders and applied them consistently;
- presented information, including the criteria, in a manner that provides relevant, reliable, comparable and understandable information; and
- measured and reported the sustainability data based on the reporting criteria.

Reporting standards

In addition to reporting key performance indicators (KPIs) to measure our progress against our Responsible Business Charter targets, we have also produced reporting to align with a number of established sustainability reporting standards frameworks. Details of these have been described below.

Global Reporting Initiative (GRI)

This report has been prepared in accordance with the GRI Standards. We believe that all the requirements to claim alignment have been met. Further details on the requirements and our disclosures can be found in our [GRI Index](#).

Other reporting disclosures

While we have used the GRI Standards as our primary resource in developing our Responsible Business Report, we have also prepared separate sustainability reporting disclosures listed below:

- [Task Force on Climate-related Financial Disclosures](#)
- [EU Taxonomy report](#)
- [Sustainability Accounting Standards Board](#)

Reporting principles for content and quality

The following sections outline how we have applied the GRI Standards principles relating to report content and quality.

Principles for defining reporting content

Stakeholder inclusiveness

The RBR sections on stakeholders ([pages 7 and 8](#)) and materiality ([page 6](#)), together with our Section 172(1) Statement on [page 84 of the ARA](#), detail how we have identified and categorised our stakeholders, how we engage with them and how we create value for them, and provide links to the pages covering the key issues that are important to them.

In particular, we cover in detail how engagement with stakeholders directly informs the strategy and business plans relating to our regulated businesses, which make up over 90% of our total revenue. This report is aimed at informing, at a minimum, the following stakeholder groups:

- the customers that we serve and our employees who enable us to serve them;
- the business partners that enable us to develop and maintain our networks;
- the investors and lenders who provide capital and seek a return;
- the governments of countries and states which host our operations;
- the regulators who monitor our performance; and
- the media, NGOs and opinion formers.

Sustainability Context

We discuss our understanding of sustainable development as it applies to our business in the [Materiality section](#) of this report.

Our Materiality section details how we identified the 'universe' of potentially relevant issues and how we prioritised these through the experience and knowledge of our management team and detailed input from a broad range of external stakeholders and experts. See our [Materiality disclosure note](#) for more information.

Completeness (scope of reporting)

Our RBR covers all parts of our business operations globally, our businesses report in line with a financial year (1 April – 31 March), and our ESG metrics have been calculated on this basis, unless stated otherwise. All metrics include the results of the Company and its subsidiaries. Joint ventures that do not fall under National Grid's operational control have been excluded from this report.

For newly acquired businesses and new operations, our policy is to include these within the metric reporting of our RBR as soon as practically possible and, ideally, no later than the reporting period after the first full financial year of ownership. Therefore, depending on the timing of acquisition and commencement of operations, this could be up to two years following the event, at the latest.

Newly sold or disposed operations will be removed from our reporting from the start of the reporting year that they leave the Group. This is because post the cessation of National Grid ownership, we may not have access to an entity's data for reporting, control and assurance purposes.

Refer to the changes to our global operations below for more details on changes relevant to the scope. Any additional exceptions to how acquisitions and disposals are handled within our reporting will be clearly stated and explained within the relevant metric section of this document.

The main changes to our global operations within the last two years are as follows:

- the sale of our Rhode Island electricity and gas business, NECO, was finalised in May 2022. In line with our policy, NECO data has not been included in our 2022/23 and 2023/24 RBR metrics;
- the sale of the majority interest (60%) in our UK Gas Transmission and Metering business (NGG) was finalised in January 2023. In line with our policy, NGG data has not been included in our 2022/23 and 2023/24 RBR metrics. The sale of an additional (20%) stake in NGG was finalised in July 2023;
- North Sea Link (NSL), our subsea interconnector linking the electricity systems of the UK and Norway, became operational in October 2021. However, the maintenance contract sat with Hitachi for one year since operations began and was handed over to National Grid in October 2022. In line with our policy, we have excluded NSL data in the previous year's RBR as we gained operational control in October 2022. NSL is included in all our key performance metrics within our 2023/24 RBR; and
- Viking Link (VL), our subsea interconnector linking the electricity systems of the UK and Denmark, became operational in December 2023. In line with our policy, VL will be included in our key performance metrics within our 2024/25 RBR, with the exception of 'Interconnector Capacity'.

Transparent reporting continued

Principles for defining report quality

Balance

We aim for our report to provide a balanced picture of our performance and we have covered challenges, such as the factors impacting our ability to meet our net zero GHG reduction commitment on [pages 10-11](#), as well as positive recognition of our progress, such as the various awards listed in the report.

Comparability

We have used recognised methodologies for our GHG, health and safety and other reporting to enhance comparability, and provide details on the scope and calculation methodology of all significant KPIs in [Our Reporting Methodology](#).

We have ensured that metrics reported on in 2023/24 are clearly reported against like-for-like prior year figures in order to enable effective comparability of performance, and this will continue to improve as our reporting progresses. We have clearly stated the reasons where improvement is not possible, due to the level of their materiality, and our commitment to align with the GHG Protocol. Our recalculation policy can be found in [Our Reporting Methodology](#).

Any changes in the boundaries of our reporting between years will be disclosed alongside the relevant data point on a case-by-case basis. The US business now reports in line with the financial year (1 April – 31 March), to align Group reporting. There have been enhancements to our Scope 3 reporting methodology to include Category 3 and Well-to-Tank emissions.

Accuracy

We provide information on whether KPIs are based on measurement or estimates, where applicable, in either the body of the report or in [Our Reporting Methodology](#). In our fourth year reporting non-financial data, we have enhanced our controls environment across most pillars and have started to report the most material information internally on at least a quarterly basis to improve performance and accountability.

Timelines

Our RBR has been published alongside our [Annual Report and Accounts \(ARA\)](#), approximately two months after the financial year end. At present, it is our intention to maintain this approach in future years.

Clarity

We have aimed to make our report sufficiently detailed to meet the requirements of the GRI Standards and our stakeholders, but still accessible for a range of readers. We have structured the sections based on the pillars of our Responsible Business Charter to aid navigation and have provided a glossary to help explain abbreviations and technical points.



Reliability

As noted, we have deployed both external and internal assurance processes to help ensure the accuracy and reliability of the data. For transparency, our approach to the core KPIs is set out in [Our Reporting Methodology](#).

Assurance

We engaged PricewaterhouseCoopers LLP (PwC) to undertake an independent limited assurance engagement using the [International Standard on Assurance Engagements \(ISAE\) 3000 \(Revised\)](#): 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information' and [ISAE 3410: 'Assurance Engagements on Greenhouse Gas Statements'](#).

The Board of Directors of National Grid plc has reviewed and approved the National Grid Responsible Business Report 2024 for the 12-month reporting period ended as of 31 March 2024. We confirm that the information and data provided is accurate and in line with mandatory requirements and has been independently assured by PwC.

PwC has provided an unqualified opinion in relation to the KPIs that are identified with the symbol  on [pages 32 – 35](#). Prior year data that has been marked with the symbol  was also externally assured by PwC, and details can be found in our 2022/23 report. Each year, we reassess our assurance scope to ensure that we obtain external assurance for the most material metrics and this year we have once again increased our external assurance scope. We intend to evolve our assurance approach in line with market developments and we will actively explore opportunities to incorporate more rigour into our approach in future years. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in terms of the risk assessment procedures which include testing of internal controls and testing performed in response to the assessed risks. Non-financial performance, in particular GHG quantification, is subject to more inherent limitations than financial information. It is important to read the responsible business information in this report in the context of PwC's full limited assurance opinion and [Our Reporting Methodology](#).

All RBR metrics in the data tables not covered by PwC are assured by our internal second-line Risk and Controls team.

Cautionary statement

This document contains certain statements that are neither reported financial results nor other historical information. These statements relate to National Grid’s targets, commitments, ambitions, and the methodologies we use to assess our progress in relation to these (‘ESG-related forward-looking statements’) and are forward-looking statements within the meaning of section 27A of the Securities Act of 1933, as amended, and section 21E of the Securities Exchange Act of 1934, as amended. Words such as ‘aims’, ‘anticipates’, ‘expects’, ‘should’, ‘intends’, ‘plans’, ‘believes’, ‘outlook’, ‘seeks’, ‘estimates’, ‘targets’, ‘may’, ‘will’, ‘continue’, ‘project’ and similar expressions, as well as statements in the future tense, identify forward-looking statements. Forward-looking statements can be made in writing but may also be made verbally by directors, officers, and employees of National Grid (including during presentations) in connection with this document. Forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future.

In preparing the ESG-related information contained in this document, National Grid has made a number of key judgements, estimations and assumptions, and the processes and issues involved are complex. The ESG data, models and methodologies used are often relatively new, are rapidly evolving and are not of the same standard as those available in the context of other financial information, nor are they subject to the same or equivalent disclosure standards, historical reference points, benchmarks or globally accepted accounting principles. In particular, it is not possible to rely on historical data as a strong indicator of future trajectories, in the case of climate change and its evolution (see below re Data availability, accuracy, verifiability and data gaps), and climate-related targets and climate-related risks differ from conventional financial risks in that they are complex, novel and tend to involve projection over long-term scenarios which are subject to significant uncertainty and change (see below re Climate change projection risk). Outputs of models, processed data and methodologies are also likely to be affected by underlying data quality, which can be hard to assess and we expect industry guidance, market practice, and regulations in this field to continue to change.

There are also challenges faced in relation to the ability to access data on a timely basis and the lack of consistency and comparability between data that is available. This means the ESG-related forward-looking statements and ESG metrics discussed in this document carry an additional degree of inherent risk and uncertainty.

In light of uncertainty as to the nature of future policy and market response to climate change, including between regions, and the effectiveness of any such response, National Grid may have to re-evaluate its progress towards its ESG ambitions, commitments and targets in the future, update the methodologies it uses or alter its approach to ESG and climate analysis and may be required to amend, update and recalculate its ESG disclosures and assessments in the future, as market practice and data quality and availability develops rapidly.

The ESG forward-looking statements in this document are not guarantees of our future performance and are subject to assumptions, risks and uncertainties that could cause actual future results to differ materially from those expressed in or implied by such forward looking statements. Many of these assumptions, risks and uncertainties relate to factors that are beyond our ability to control or estimate precisely, such as:

- Climate change projection risk: climate metrics are complex and still subject to development. In addition, the climate scenarios employed in relation to them, and the models that analyse such scenarios, have limitations that are sensitive to key assumptions and parameters, which are themselves subject to some uncertainty, and cannot fully capture all of the potential effects of climate, policy and technology driven outcomes.
- Changes in the ESG regulatory landscape: this involves changes in government approach and regulatory treatment in relation to ESG disclosures and reporting requirements, and the current lack of a single standardised regulatory approach to ESG data across all sectors and markets.
- Variation in reporting standards: ESG reporting standards are still developing and are not standardised or comparable across all sectors and markets, new reporting standards in relation to different ESG metrics are still emerging.
- Data availability, accuracy, verifiability and data gaps: our disclosures are limited by the consistent availability of high-quality data. Whilst we expect data quality to improve over time, there may be unexpected fluctuations year on year, and/or differences between the quality of the data obtained. This could result in revisions to reported data going forward, meaning that such data may not be reconcilable or comparable year-on-year.

- Developing methodologies: the methodologies National Grid uses to assess and set its ESG-related targets may develop over time in line with market practice, regulation and/or developments in science, where applicable. Such developments could result in revisions to reported data and lack of reconcilability or comparability.
- Risk management capabilities: global actions may not be effective in transitioning to net zero and in managing relevant ESG risks, including in particular climate, nature related and human rights risks. In particular, we may fail to respond to, or meet our own commitments as a leader in relation to, climate change development activities relating to energy transition, including the integration of distributed energy resources, which may result in our failure to achieve any of the expected benefits of our strategic priorities.

For further details of assumptions, risks and uncertainties that may affect National Grid, please see our [Annual Report and Accounts](#) for the year ended 31 March 2024 and our 2024 Climate Transition Plan. In addition, new factors emerge from time to time and we cannot assess the potential impact of any such factor on our activities or the extent to which any factor, or combination of factors, may cause actual future results to differ materially from those contained in any ESG forward-looking statement. Except as may be required by law or regulation, National Grid undertakes no obligation to update any of its ESG forward-looking statements, which speak only as of the date of this document.

This document contains a number of images, graphics, infographics, text boxes and illustrative case studies and credentials which aim to give a high-level overview of certain elements of this transition plan and to improve accessibility for readers. These images, graphics, infographics, text boxes and illustrative case studies and credentials are designed to be read within the context of the transition plan as a whole.

The contents of any website references in this document do not form part of this document.

Links to our suite of documents

Responsible Business Charter (RBC)

Refreshed in September 2023, our RBC sets out our commitments as a responsible business. Find our RBC on our website [here](#)

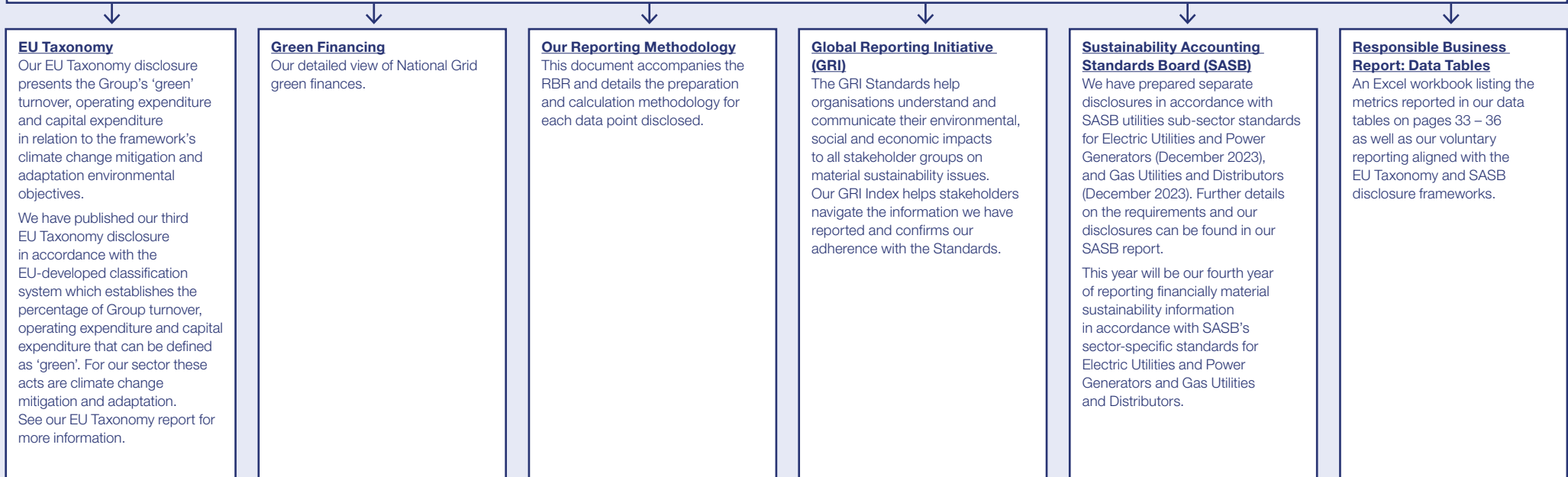
Climate Transition Plan (CTP)

Refreshed in May 2024, our CTP sets out our action plan to achieve our GHG commitments and science-based targets and ensure we remain on track to meet our longer-term ambition to reach net zero emissions by 2050. Find our CTP on our website [here](#)

We produce the following documents annually:

Responsible Business Report (RBR)

Our RBR, this document, reports progress against our commitments laid out in our [Responsible Business Charter](#).





Task Force on Climate-related Financial Disclosures (TCFD)

We have prepared our sixth consecutive TCFD report in full compliance with the Financial Conduct Authority (FCA) listing rule (LR) 9.8.6R(8), which describes our climate change related governance, strategy, risk management and metrics and targets, including details of our short-, medium- and long-term risks and opportunities. This disclosure can be found in our ARA.


















Modern Slavery Statement

This statement sets out what we are doing to assess and mitigate the risk of slavery and human trafficking in our business and supply chain, and the progress we have made since our last statement.

National Grid data tables





































 Data externally assured by PwC – see [page 30](#) of the Responsible Business Report 2023/24 for further details.
 All 2023/24 data in these tables that has not been assured by PwC has been subject to a reporting process and controls review by National Grid's Finance second line risk and controls team.
 The data for the previous year was also externally assured by PwC as detailed in the 2022/23 report – see nationalgrid.com/responsibility/responsible-business-report.

Our environment

| Metric | Target ¹ | 2023/24 | 2022/23 | Baseline | Performance against baseline |
|---|--|--|--|----------|------------------------------|
| Greenhouse gas (GHG) emissions (kilotonnes CO₂e) | | | | | |
| Scope 1 and 2 GHG emissions² | Reduce absolute Scope 1 and 2 GHG emissions by 60% by 2030 ³ | 6,852  | 7,284 | 7,766 | (11.8)% |
| Scope 1 GHG emissions | | 3,988  | 4,408 | | |
| Fossil fuel generation | | 2,711  | 3,094 | | |
| Natural gas emissions from fugitives and venting | | 745 | 753 | | |
| SF ₆ emissions | Reduce absolute SF ₆ emissions from our operations by 50% by 2030 | 266  | 278  | 353 | (24.7)% |
| Other Scope 1 GHG emissions | | 267 | 283 | | |
| Scope 2 GHG emissions – location based | | 2,864  | 2,876  | | |
| Scope 2 GHG emissions – market based | | 2,892  | 2,914 | | |
| Electricity line losses emissions | | 2,724  | 2,748 | | |
| Other Scope 2 GHG emissions | | 140 | 128 | | |
| Scope 3 GHG emissions | | 27,384  | 27,867 | | |
| Cat 11: Use of Sold Products ⁵ | | 17,521  | 17,973  | | |
| Cat 3: Fuel & Energy Related Activities ⁶ | | 5,467  | 5,653 | | |
| Cat 1 & Cat 2: Purchased Goods and Services and Capital Goods | | 4,266  | 4,136 | | |
| Cat 5: Waste Generated in Operations | | 33 | 46 | | |
| Cat 6: Business Travel (excluding air travel) | | 40 | 31 | | |
| Cat 6: Business Travel (air travel ⁷ only) | Reduce our absolute air travel GHG emissions by 50% by 2025, from a 2019 baseline, and offset any remaining emissions responsibly ⁸ | 9.4  | 6.9  | 11.0 | (15.0)% |
| Cat 7: Employee Commuting | | 48 | 21 | | |
| Total Scope 1, 2 and 3 GHG emissions² | Achieve net zero by 2050 for Scope 1, 2 and 3 emissions | 34,236 | 35,151 | | |
| SBTi – sub targets² | | | | | |
| Scope 1 and 2 GHG emissions excluding generation ² (ktCO ₂ e) | Reduce absolute Scope 1 and 2 GHG emissions excluding generation by 50% by 2030 ³ | 4,141 | | 4,839 | (14.4)% |
| Scope 1 Generation intensity (tCO ₂ e/MWh) | Reduce the carbon intensity of our power generation (Scope 1 GHG emissions) by 90% by 2030, and by 92% by 2033 ³ | 0.37  | | 0.57 | (34.7)% |
| Scope 1 Generation and sold electricity Scope 3 Intensity (tCO ₂ e/MWh) | Reduce the carbon intensity of our power generation and sold electricity (Scope 1 and Scope 3 GHG emissions) by 86% by 2033 ³ | 0.21 | | 0.25 | (15.4)% |
| Scope 3 GHG emissions excluding sold electricity (ktCO ₂ e) | Reduce absolute GHG emissions for all Scope 3, excluding sold electricity, by 37.5% by 2033 ⁴ | 24,360 | | 24,159 | 0.8 % |

All footnotes are listed on [page 36](#).

Our environment













| Metric | Target ¹ | 2023/24 | 2022/23 | Baseline | Performance against baseline |
|---|--|---|---|----------|------------------------------|
| Third party sold gas ⁹ (ktCO ₂ e) | Reduce absolute GHG emissions from gas sold by third parties by 37.5% by 2033 ⁴ | 17,317 | | 21,016 | (17.6)% |
| Air quality (tonnes) | | | | | |
| Air quality – Emissions from stationary sources (NO _x) | | 1,547  | 2,346  | | |
| Air quality – Emissions from stationary sources (SO _x) | | 176  | 1,175  | | |
| Air quality – Emissions from stationary sources (PM) | | 191  | 342  | | |
| Fleet (%) | | | | | |
| Electric vehicle fleet % (light-duty only) ¹⁵ | Move to a 100% electric fleet by 2030 for our light-duty vehicles | 12.3%  | 7.4% | | |
| Our energy consumption | | | | | |
| Total energy consumption excluding fossil fuel generation and electricity system losses (GWh) | | 2,547  | 2,835  | | |
| Total electricity consumption (GWh) | | 924  | 891  | | |
| Total operational consumption (GWh) | | 998  | 1,374  | | |
| Total heating consumption (GWh) | | 231  | 169  | | |
| Total transport consumption (GWh) | | 394  | 401  | | |
| Total fuel consumption from non-renewable sources (GWh) | | 2,424  | 2,759  | | |
| Total fuel consumption from renewable sources (GWh) | | 123  | 76  | | |
| Total energy consumed – US Generation data (GWh) | | 14,375  | 15,892  | | |
| Office energy consumption (GWh) | Reduce energy consumption in our offices by 20% by 2030 versus a 2020 baseline | 55 | 61 | 82 | (32.7)% |
| UK | | 26  | 28 | | |
| US | | 29  | 33 | | |
| % Renewable electricity purchased | | 23% | 13% | | |
| UK | | 31%  | 16% | | |
| US | | –%  | 2.4 % | | |
| Renewable energy connections in year and interconnector capacity | | | | | |
| Renewable energy connected to US Distribution grid (MW) | We will connect renewables as quickly and efficiently as possible | 446  | 454  | | |
| Renewable energy connected to US Transmission grid (MW) | | 140  | 100  | | |
| Renewable energy connected to UK Distribution grid (MW) ¹⁶ | | 1,094  | 132  | | |
| Renewable energy connected to UK Transmission grid (MW) | | 1,350  | –  | | |
| Interconnector capacity (GW) | | 7.8  | 6.4 | | |

National Grid data tables continued

Our environment

| Metric | Target ¹ | 2023/24 | 2022/23 |
|--|---|---|---|
| Emissions intensity | | | |
| Total Scope 1 & 2 GHG emissions in tCO ₂ e per million £ of revenue (tCO ₂ e/£m) ¹⁰ | | 345  | 337  |
| Water | | | |
| Total water consumption (Million m ³) | Report on the management of our environmental impact with a focus on pollution, waste and water use | 0.5 | 0.4 |
| Total water abstracted i.e withdrawal (Million m ³) | | 1,139.5 | 1,340.8 |
| Total water discharged (Million m ³) | | 1,138.9 | 1,340.3 |
| Waste | | | |
| Total Waste generated: Non-Hazardous (tonnes) | Report on the management of our environmental impact with a focus on pollution, waste and water use | 311,504 | 795,262 |
| Total Waste generated: Hazardous (tonnes) | | 20,108 | 19,698 |
| Total Waste: Reused and recycled (tonnes) | | 259,224 | 693,316 |
| Nature and biodiversity | | | |
| % Natural environment improved on the land we manage in the UK (cumulative) | Restore the natural environment by 10% on the land we manage in the UK | 7.8% | |
| US Nature – Enrolled acres | Preserve the natural environment in the land we manage in the US | 19,101 | |
| Enrolled acres in US integrated vegetation management system (IVM) programmes (acres) | | 18,291 | |
| Enrolled acres in US nature related projects (acres) | | 811 | |
| Green Investment and financing | | | |
| EU Taxonomy aligned green capex as a percentage of total capex | Invest £51 billion in green infrastructure projects in the 5 years to March 2029 ¹¹ | 78 % | 75% |

Our customers and communities

| Metric | Target ¹ | 2023/24 | 2022/23 |
|--|--|--|--|
| Support an affordable energy transition | | | |
| Contribution to consumer bills | | | |
| Contribution of NG UK's distribution costs to consumer bills | | £104.01  | £131.49  |
| Contribution of NG UK's transmission costs to consumer bills | | £29.37  | £22.22  |
| Average energy bill charged to US households | | | |
| Electric: Average Customer Bill Jurisdictions Combined (Low Income Customers Excluded) | Report on the benefits provided as a direct result of our community support, including financial assistance, advice and energy efficiency measures | \$1,806.37  | \$1,774.03  |
| Gas: Average Customer Bill Jurisdictions Combined (Low Income Customers Excluded) | | \$1,341.47  | \$1,482.81  |
| Electric: Average Low Income (only) Customer Bill | | \$1,249.85  | \$1,256.62  |
| Gas: Average Low Income (only) Customer Bill | | \$935.87  | \$1,023.71  |
| Skills development | | | |
| Number of young people provided access to skills development | Provide meaningful skills development for 45,000 people by 2030 with a focus on communities facing socio-economic disadvantage | 18,907 (Cumulatively 30,730) | 6,590 (Cumulatively 11,823) |
| Volunteering | | | |
| Number of 'qualifying' volunteering hours | Deliver 500,000 employee volunteering hours in our communities by 2030 | 77,918 (Cumulatively 179,480) | 60,096 (Cumulatively 101,562) |
| Customer trust | | | |
| Customer Trust Survey (US) | Report back on customer satisfaction scores across our key business areas | 55.8% | 56.0% |



Data externally assured by PwC – see [page 30](#) of the Responsible Business Report 2023/24 for further details.

All 2023/24 data in these tables that has not been assured by PwC has been subject to a reporting process and controls review by National Grid's Finance second line risk and controls team.



The data for the previous year was also externally assured by PwC as detailed in the 2022/23 report – see nationalgrid.com/responsibility/responsible-business-report.

All footnotes are listed on [page 36](#).



National Grid data tables continued

Data externally assured by PwC – see [page 30](#) of the Responsible Business Report 2023/24 for further details.
 All 2023/24 data in these tables that has not been assured by PwC has been subject to a reporting process and controls review by National Grid's Finance second line risk and controls team.
+ The data for the previous year was also externally assured by PwC as detailed in the 2022/23 report – see nationalgrid.com/responsibility/responsible-business-report.

| Our people | | | |
|--|---|---------|---------|
| Metric | Target ¹ | 2023/24 | 2022/23 |
| Ethnic and female representation in workforce | | | |
| Diversity % of the workforce | | | |
| % Female workforce | Reflect the communities we serve, intentionally increasing ethnic and female representation in our workforce | 24.6% | 23.5% |
| % Ethnically and racially diverse workforce | | 18.6% | 17.5% |
| Diversity % of management | | | |
| % Female management | We aim for 35% gender diversity in our management population by 2025 | 35.0% | 32.6% |
| % Ethnically and racially diverse management | We aim for 20% ethnicity in our management population by 2025 | 17.6% | 16.7% |
| Diversity % of hires in new talent programmes | | | |
| % Female new talent | We aim for 50% gender diversity in our new talent population by 2025 | 31.6% | 30.8% |
| % Ethnically and racially diverse new talent | We aim for 40% ethnicity in our new talent population by 2025 | 32.3% | 24.8% |
| UK: Graduate Applicants % female | | 32.3% | 33.9% |
| UK: Graduate Applicants % ethnically and racially diverse | | 50.4% | 48.4% |
| UK: Apprenticeship Applicants % female | | 19.0% | 14.4% |
| UK: Apprenticeship Applicants % ethnically and racially diverse | | 21.7% | 10.1% |
| US: Graduate Applicants % female | | 43.9% | 40.0% |
| US: Graduate Applicants % ethnically and racially diverse | | 33.7% | 29.2% |
| US: Internship Applicants % female | | 43.2% | 44.4% |
| US: Internship Applicants % ethnically and racially diverse | | 35.2% | 30.8% |
| Diversity % of leadership ¹² | | | |
| % Diversity of Group Executive | We aim for 50% diversity of our Group Executive and Board by 2025 | 53.8% | 45.5% |
| % Diversity of Board | | 45.5% | 50.0% |
| Inclusive culture | | | |
| Having a voice: "Safe to Say" in Grid: voice % (Grid: voice is the title of our annual employee survey)" | | 71% | 71% |
| Employee Engagement Score (from Grid: voice) | We aim for our colleague engagement and 'Safe to Say' metrics to remain at or above the high-performing norm (Korn Ferry benchmark) | 81% | 81% |
| Wellbeing | | | |
| Employee wellbeing index | We aim for our colleague wellbeing metrics to remain at or above those for the previous year | 81% | 75% |

All footnotes are listed on [page 36](#).

| Our people | | | |
|---|---|---------|---------|
| Metric | Target ¹ | 2022/23 | 2021/22 |
| Fair and equitable pay¹³ | | | |
| UK gender pay gap | | | |
| – mean 'base' gender pay gap | | 1.8% | 1.9% |
| – mean 'incentive' gender pay gap | | (1.3)% | (5.7)% |
| UK ethnicity pay gap | | | |
| – mean 'base' ethnicity pay gap | | (2.2)% | (1.9)% |
| – mean 'incentive' ethnicity pay gap | We are committed to making sure pay is equitable for all colleagues and to ensure there is no bias regardless of location in the UK, or US, gender, ethnicity or disability | 55.7% | 59.7% |
| US gender pay gap | | | |
| – mean 'base' gender pay gap | | 3.6% | 5.1% |
| – mean 'incentive' gender pay gap | | (29.4)% | (27.3)% |
| US ethnicity pay gap | | | |
| – mean 'base' ethnicity pay gap | | 2.0% | 2.1% |
| – mean 'incentive' ethnicity pay gap | | (2.2)% | (2.0)% |
| Headcount number as at 31 March | | | |
| Total Employee Headcount | | | |
| UK: Full Time | | 13,417 | 12,071 |
| UK: Part Time | | 530 | 491 |
| UK: Female | | 3,434 | 2,868 |
| UK: Male | | 10,513 | 9,694 |
| US: Full Time | | 17,405 | 16,811 |
| US: Part Time | | 64 | 67 |
| US: Female | Reflect the communities we serve, with heightened attention to increasing ethnic and female representation in our workforce | 4,303 | 4,065 |
| US: Male | | 13,166 | 12,813 |
| Regular Employees, Temporary Employees and Agency workers | | | |
| UK: Regular Employees | | 13,947 | 12,562 |
| UK: Temporary Employees | | 164 | 122 |
| UK: Agency Employees | | 899 | 693 |
| US: Regular Employees | | 17,469 | 16,878 |
| US: Temporary Employees | | 184 | 52 |
| US: Agency Employees | | 710 | 661 |



National Grid data tables continued

Responsible business fundamentals

| Metric | Target ¹ | 2023/24 | 2022/23 |
|--|---|------------|-----------|
| Safety | | | |
| Fatalities | We are committed to safely, reliably and efficiently connecting millions of people to the energy they use. | 3 | 2 |
| Lost time injury frequency rate (LTIFR) (lost time incidents per 100,000 hours worked) | Group Target : 0.1 LTIs per 100,000 hours worked | 0.08 | 0.11 |
| Member of the public injuries/fatalities as a result of National Grid work | | 2 | 0 |
| Reliability | | | |
| Network reliability – % Availability | We are building resilience into our operations. | | |
| UK ET ¹⁴ | | 99.999998% | 99.99997% |
| UK ED ¹⁴ | | 99.99261% | 99.99453% |
| US ET | | 99.97278% | 99.96625% |
| US ED | | 99.93492% | 99.94356% |
| Interconnector reliability – % Availability | | | |
| IFA Interconnector | | 82.01332% | 51.73452% |
| IFA 2 Interconnector | | 71.18511% | 95.67553% |
| NSL Interconnector | | 95.87356% | 86.67000% |
| Supply Chain | | | |
| % of supplier payments paid to contractual term (UK) | We are fair to our suppliers and committed to paying them promptly. | 92.5% | 92.0% |
| % of supplier payments paid to contractual term (US) | | 87.4% | 90.5% |
| Innovation | | | |
| Investment by NG Partners | Continue to invest in developing technologies and innovations that benefit our customers and wider society. | £39.70m | £59.23m |
| Governance | | | |
| % employees that have undertaken relevant ethics training | We are committed to be a compliant and ethical business in everything we do. | 100% | 97% |
| % employees that have undertaken relevant Anti-bribery and Corruption training | | 97% | 98% |

For details on our approach to reporting methodology please see our 2023/24 Reporting Methodology document [here](#).

In setting our near-term SBTi approved targets, we follow the WRI/WBCSD GHG Protocol guidance and recalculated our new baseline (2018/19), aligned with our Recalculation Policy. This includes recalculating 2022/23 corporate figures to reflect improved calculation methodology.

Data externally assured by PwC – see [page 30](#) of the Responsible Business Report 2023/24 for further details.
 All 2023/24 data in these tables that has not been assured by PwC has been subject to a reporting process and controls review by National Grid's Finance second line risk and controls team.
+ The data for the previous year was also externally assured by PwC as detailed in the 2022/23 report – see nationalgrid.com/responsibility/responsible-business-report.

- GHG targets are against a 2018/19 baseline unless otherwise stated. Target year 203n indicates that the performance will be reported in the financial year that aligns with the year 203n/3n+1.
- Includes Scope 2 location based emissions only.
- Near-term target approved by Science Based Targets initiative (SBTi) and aligned to the Paris Agreement and a 1.5°C pathway.
- Near-term target approved by SBTi and aligned to a well below 2°C pathway.
- This represents our Sold Gas, the downstream emissions associated with the combustion of natural gas directly sold and delivered by National Grid.
- This includes Sold Electricity, which is part of Scope 3, Category 3 GHG emissions, as well as upstream emissions of purchased fuels and electricity (e.g. Well-to-Tank emissions).
- Air travel GHG emissions are reported on gross basis, independent of any GHG trades, offsets or carbon credits.
- Target is for financial year 2025/26 against a financial year 2019/20 baseline.
- Third Party Sold Gas, a US-only emission, are downstream emissions associated with the combustion of natural gas delivered through our network but sold by a company other than National Grid. This differs from Scope 3 Cat. 11 GHG Protocol guidance, which otherwise advises to consider only the end use of goods sold by the reporting company itself.
- The inputs of this calculation include Scope 1 and 2 emissions as assured by PwC, see table above, and external revenue from our audited Group consolidated financial statements of £19,850m (Note 3 within our consolidated accounts).
- Information as at 23 May 2024. Please refer to the investor section of our website for our latest guidance.
- A diverse employee is defined as a colleague who identifies as a woman, as a person with a disability, part of the LGBTQ+ community or from an under-represented ethnic/racially diverse background.
- Pay gap data reported one year in arrears in accordance with timelines for UK statutory reporting requirements.
- Current year data performance is provisional subject to Ofgem review and approval as part of the Annual Iteration Process (AIP) which is expected by October 2024.
- Previous years EV number recalculated.
- In 2023 the Distribution Connection and Use of System Agreement (DCUSA), a Codified Framework, reduced the Embedded Capacity Register threshold to for new renewable connections to 50kW (from 1MW). If the same threshold is applied to 2022/23 the comparative figure would have been 204 (MW).

Glossary

AGM

Annual General Meeting.

ARA

Annual Report and Accounts.

Board

The Board of Directors of the Company.

Category 1 environmental incident

An internal categorisation for environmental incidents that are more stringent than external regulatory categorisations.

Clean energy

Clean energy is energy that, when used, creates little or no GHG emissions.

Climate Transition Plan (CTP)

The plan sets out our actions to meet our Group greenhouse gas reduction targets by 2030. We have committed to update the plan every three years (minimum).

The Company, the Group, National Grid, we, our or us

We use these terms to refer to either National Grid plc itself or to National Grid plc and/or all or certain of its subsidiaries, depending on context.

COP28

The 28th annual Conference of the Parties (COP) was hosted by the United Arab Emirates in Dubai from 30 November to 13 December 2023. This annual conference is the world's most significant summit on climate change and brings together Heads of States, government delegations, businesses and civil society from across the world to agree and accelerate global action to tackle the climate crisis.

Customer Satisfaction Survey (CSAT)

A questionnaire designed to help businesses understand what their customers think about their products or services, their brand and their customer support.

Diversity

A diverse employee is defined as a colleague who identifies as female, as a person with a disability, as gay, bisexual, transgender, lesbian or from an under-represented ethnic/racially diverse background.

Diversity, equity and inclusion (DEI)

National Grid is committed to creating a work environment where people are treated fairly and where everyone feels respected, valued and empowered to reach their full potential. Our mission is to build a business that represents, reflects and celebrates the cultures and communities we serve.

Electricity System Operator (ESO)

The party responsible for the long-term strategy, planning and real-time operation (balancing supply and demand) of the electricity system in Great Britain. This will become the National Energy System Operator (NESO) in summer 2024.

Employee engagement

A key performance indicator (KPI) based on the percentage of favourable responses to certain indicator questions repeated in each employee survey. It is used to measure how employees think, feel and act in relation to National Grid. Research shows that a highly engaged workforce leads to increased productivity and employee retention. We use employee engagement as a measure of organisational health in relation to business performance.

Employee Resource Group (ERG)

A group of employees who join together in their workplace based on shared characteristics or life experiences.

Environmental Education Centres (EECs)

EECs promote and deliver highly effective outdoor and environmental education programmes and professional development.

Financial year (FY)

For National Grid, this is an accounting year ending on 31 March. Also known as a fiscal year.

Green

Green refers to any economic activity aligned to the EU Taxonomy Climate Change Delegation Act, which includes climate change adaptation and mitigation requirements. (Full alignment assessment can be found in our [EU Taxonomy report](#) in 2023/24).

Grid for Good

Our flagship programme wherein we work with our supply chain partners to provide training and employment opportunities for young people aged 16 – 25 from disadvantaged backgrounds.

Gridtern

This is the term we use to describe our paid summer interns who work for the Company in the US from May/June through till August each year.

GW

Gigawatt, an amount of power equal to one billion watts (10⁹ watts).

GWh

Gigawatt hours, an amount of energy equivalent to delivering one billion watts (10⁹ watts) of power for a period of one hour.

Interconnector

Electricity interconnectors and high-voltage cables that connect the electricity systems of neighbouring countries.

Glossary continued

KPI

Key performance indicator.

Liquefied natural gas (LNG)

LNG is natural gas that has been cooled down to liquid form for ease and safety of non-pressurised storage or transport.

Lost time injury (LTI)

An incident arising out of National Grid's operations that leads to an injury where an employee or contractor normally has time off for the following day or shift following the incident. It relates to one specific (acute) identifiable incident which arises because of National Grid's premises, plant or activities, was reported to the supervisor at the time and was subject to appropriate investigation.

Lost time injury frequency rate (LTIFR)

This is the number of worker LTIs per 100,000 hours worked in a 12-month period (including fatalities) and includes our employee and contractor population. Our target rate is 0.1 LTIs per 100,000 hours worked.

Low-carbon power

Power which comes from materials that, when burned, provide thermal energy with fewer emissions than fossil fuels.

Meaningful skills development

Our measure of meaningful skills development is classed as one interactive upskilling session with a person in the community lasting a minimum of one hour.

MW

Megawatt, an amount of power equal to one million watts (10⁶ watts).

National Grid Electricity Distribution (NGED)/UK ED

National Grid's UK electricity distribution business, formerly known as WPD, comprising Western Power Distribution Holding Company Limited and its subsidiaries. The Group is the UK's largest electricity distribution business and includes four distribution network operators.

National Grid Electricity Transmission (NGET)/UK ET

National Grid's UK electricity transmission business.

National Grid Partners

The Company's venture investment and innovation business established in November 2018.

National Grid Ventures (NGV)

The Company's division that operates outside its core UK and US regulated businesses, comprising a broad range of activities in the UK and the US, electricity interconnectors, fossil fuel-powered generation, the Grain LNG terminal and energy metering, as well as investment in adjacent businesses and distributed energy opportunities.

NECO

This term refers to the Narragansett Electric Company (NECO), a gas and electricity business based in Rhode Island, US. This formed part of the PPL Corporation Acquisition, which was sold in 2022.

Net zero

Net zero means that a person, legal entity (such as a company), country or other body's own emissions of greenhouse gases are either zero or that its remaining greenhouse gas emissions are balanced by schemes to offset, through the removal of an equivalent amount of greenhouse gases from the atmosphere, such as planting trees or using technology like carbon capture and storage.

NGOs

Non-governmental organisations.

Our Reporting Methodology

This document accompanies the Responsible Business Report (RBR) and details the basis of preparation and calculation methodology for each data point disclosed.

Paris Agreement

The Agreement, also known as the Paris Climate Accord, within the United Nations Framework Convention on Climate Change, that deals with greenhouse gas emissions mitigation, adaptation and finance, starting in the year 2020, and was adopted by consensus on 12 December 2015.

Project C

Our flagship programme, in collaboration with the people of New York, where we are inspiring positive change, creating neighbourhood impact, strengthening communities and making a difference for years to come.

Renewable energy

Renewable energy is usable energy derived from replenishable sources such as the sun (solar energy), wind (wind power), rivers (hydroelectric power), hot springs (geothermal energy), tides (tidal power) and biomass (biofuels).

Responsible Business Charter (RBC)

The Charter sets out the Company's commitments and ambitions as a responsible business against a range of Environmental, Social and Governance (ESG) metrics and can be found on the Company's website. The Charter is refreshed every three years.

Responsible Business Report (RBR)

The Company's Responsible Business Report provides an overview of performance and details the progress made against the Responsible Business Charter commitments on an annual basis.

RIIO

Revenue = Incentives + Innovation + Outputs, the regulatory framework for energy networks issued by our UK regulator, Ofgem.

RIIO-T2

The five-year regulatory framework for transmission networks issued by Ofgem which started on 1 April 2021.

Glossary continued

Science-Based Targets (SBTs)

SBTs provide companies with a clearly defined path to reduce greenhouse gas emissions in line with the Paris Agreement goals. More than 4,000 businesses around the world are already working with the Science Based Targets initiative (SBTi).

Science-Based Targets initiative (SBTi) Validation

To achieve SBTi validation, a company's emissions reduction targets must align with the latest climate science, be ambitious in contributing to limiting global warming, and use a robust methodology. The SBTi reviews submissions to assess compliance, and validated targets receive official recognition. This validation showcases the company's commitment to addressing climate change and aligning with global climate goals.

SF₆

Sulphur hexafluoride (SF₆) is an inorganic, colourless, odourless and non-flammable greenhouse gas. SF₆ is used in the electricity industry as a gaseous dielectric medium for high-voltage circuit breakers, switchgear and other electrical equipment. The Greenhouse gas Protocol currently states that the global warming potential over 100 years of SF₆, AR5 is 23,500 times more potent than that of CO₂.

Sustainable Development Goals (SDGs)

The UN SDGs are 17 goals, established by the United Nations General Assembly in 2015, that are aimed at improving the planet and the quality of human life around the world by 2030. The goals clearly define the world we want, and they apply to all nation to ensure no one is left behind.

Sustainable energy

Sustainable energy includes energy sources that cannot be depleted and can remain viable forever. It does not need to be renewed e.g. sun or wind. Neither replenished resource needs to be created or replaced.

Task Force on Climate-related Financial Disclosures (TCFD)

A body, established in 2015, comprising 32 members from across the G20, whose role is to develop recommendations for more informed investment and enable stakeholders to better understand the concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risk.

TEC amnesty

The TEC amnesty was a process run by the ESO, in partnership with Transmissions Owners (TOs), where we invited all parties with connections agreements listed on the TEC register (e.g. generation developers) to confirm whether they would be willing to terminate their agreement at minimal or no cost, or reduce their TEC. This amnesty closed in April 2023 and received over 8GW of interest – alleviating pressures within the pipeline of projects.

Technical limits

Improved coordination between transmission and distribution operators. Given the increasing interdependence between connections at distribution and transmission levels, network operators are developing a new solution to improve coordination between distribution network operators and transmission operators, including reviewing the threshold at which impacts on the transmission network are assessed, improving transmission – distribution data exchanges, and reforming how distribution customers are charged for triggering transmission network reinforcements.

Tonne

A unit of mass equal to 1,000 kilogrammes, equivalent to approximately 2,205 pounds.

Tonnes carbon dioxide equivalent (tCO₂e)

A measure of greenhouse gas emissions in terms of the equivalent amount of carbon dioxide.

UK regulatory bodies

The Environment Agency (EA), the Scottish Environmental Protection Agency (SEPA) and Natural Resources Wales (NRW).

United Nations Global Compact (UNGC)

The UN Global Compact is a corporate sustainability and social responsibility initiative which encourages companies to align their strategies and operations with 10 universal principles related to human rights, labour, environment and anti-corruption, and to take actions that advance societal goals and implementation of the SDGs.

US regulatory bodies

The Environmental Protection Agency (EPA), the Massachusetts Department of Environmental Protection (MassDEP) and state regulators.

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