

# National Grid Responsible Business Charter

Our commitment to a clean, fair and affordable energy future

## Key Messages

At National Grid, we seek to apply responsible business as a principle through our values every day, by doing the right thing, finding a better way and making it happen

Sustainability is part of our business strategy, and is embedded through our strategic priorities, as well as evidenced by our strategic pivot which underlines our commitment to decarbonisation of energy networks in order to reach net zero.

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 and drive our simplified approach to responsible business.

In 2020, we launched our first Responsible Business Charter where we set out what 'responsibility' means for us and details our commitments to being a responsible business.

This year, we are refreshing our charter to ensure we remain focused on what topics are material to us and our stakeholders, our commitments endeavour to keep pace with the external market and align to our new portfolio.

We continue to support the United Nations Sustainable Development Goals (SDGs), which are a universal call to action to end poverty, protect the planet and ensure all people enjoy peace and prosperity.

We have simplified our approach to responsible business focusing on three core pillars: our environment, our customers and communities, our people.

These are underpinned by our responsible business fundamentals which includes governance and activities that are essential to day-to-day business, such as network reliability, health and safety, cyber security and compliance and ethics.

Our previous pillars on economy and governance have been incorporated into this new simplified approach.

Our Responsible Business Report showcases our progress against these commitments on an annual basis and showcases the activities we have underway across the business to help to deliver against them. The reporting against our refreshed Responsible Business Charter will be in our 2024 Responsible Business Report.

There are many elements within our targets which are outside of our direct control and linked to decarbonisation of the energy sector. For this reason, we are also committed to enabling economy-wide decarbonisation, in the UK and Northeast US.

## Our refreshed approach to responsible business

Our environment

Our customer and  
communities

Our people

Deliver a clean energy future

Support a fair and affordable  
transition

Build the net zero workforce

Responsible Business fundamentals

Be a responsible business in our operations

# Our refreshed pillars

## What are the key changes

### Our environment

- We have updated our near-term emissions reductions targets aligning to a 1.5°C pathway, validated by SBTi. We are also working SBTi with a view to achieving validation of a 1.5°C aligned long-term net zero target, although we anticipate this may be hard to achieve due to SBTi not having a gas sector specific pathway.
- We are focusing on our energy consumption at our flagship offices
- We are measuring air emissions rather than air miles to reflect recognised best practice
- Our supply chain emission reduction targets are now more applicable to each region
- Our nature commitments now reflects the differences in focus between the UK and US, and we are developing a more ambitious nature strategy to support this.
- Our green investment aligns to our five-year outlook issued in May 2024
- We will report on our climate change risks, climate adaptation activities and management of our environmental impact

### Our customers and communities

- Whilst we work to achieve net zero and deliver a clean and affordable future energy system, we must also work to deliver that fairly, equitably and 'justly'. We must do this whilst still considering; our role in developing, operating and maintaining critical national infrastructure, the complexities of what fairness means to different communities and the risks associated with leaving people and communities behind.
- We are improving our reporting methods to show the benefits provided as a direct result of our community support
- We are acting on customer service feedback and ensuring reporting across the whole business

### Our people

- National Grid aspires to be among the most diverse, equitable, and inclusive organisations of the 21st century. We are looking to accelerate the progress we have made on diversity since 2020, setting clear targets to increase ethnic and female representation in our workforce by 2025. Ethnic minority representation has risen steadily in recent years and our latest goal reflects our commitment to continue this trajectory.
- Protecting and enhancing the physical and mental health of our colleagues is a priority at National Grid. We are creating an environment where colleagues can openly discuss and seek help with mental health issues and where physical wellbeing risks are continually assessed and mitigated.
- We continue to be committed to creating an environment where colleagues can feel safe to speak up and be heard

## Our commitments and targets

### Achieve Net Zero by 2050 for Scope 1, 2 and 3 emissions:

- Reduce absolute Scope 1 and 2 GHG emissions by 60% by 2030/31 (from a 2018/19 baseline)<sup>1</sup>
- Reduce absolute Scope 3 GHG emissions by 37.5% by 2033/34 (from a 2018/19 baseline)<sup>2</sup>
- Move to a 100% electric fleet by 2030 for our light-duty vehicles, and pursue the replacement of our medium- and heavy-duty vehicles with zero carbon alternatives
- Reduce absolute SF<sub>6</sub> emissions from our operations by 50% by 2030/31, from a 2018/19 baseline
- Reduce absolute energy consumption in our flagship offices by 20% by 2030/31, from a 2020/21 baseline
- Reduce our absolute annual air travel emissions by at least 50% by 2025/26, from a 2019/20 baseline, and offset any remaining emissions responsibly.
- Engage with the top 50% of our US suppliers by emissions to establish a decarbonisation roadmap/action plan towards a Science Based Target by 2025/26
- The top 80% of our UK suppliers by emissions will have formally committed to set a Science Based Target by 2025/26

### Protect our natural environment:

- 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.

### Invest in the decarbonisation of the future of energy:

- Invest approximately £51 billion in green infrastructure and projects in the five years to March 2029<sup>3</sup>

### Adapt to a changing climate:

- Report on our climate change risks and opportunities and our investment in climate change adaptation activities

### Use resources responsibly:

- Report on the management of our environmental impact with a focus on pollution, waste and water use

### Support an affordable energy transition:

- Report on the benefits provided as a direct result of our community support, including financial assistance, advice and energy efficiency measures

### Accelerate social mobility in the communities we serve:

- Provide meaningful skills development for 45,000 people by 2030 with a focus on communities facing socio-economic disadvantage and report on the progress of our Grid for Good employability programmes

### Engage directly in our communities through volunteering:

- Deliver 500,000 employee volunteering hours in our communities by 2030

### Act on feedback we receive from our customers on the service we provide:

- Report back on customer satisfaction scores across our key business areas

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

- Ensure all colleagues have access to engaging learning solutions to fulfill their potential and develop the skills and capabilities required for the net zero workforce

### Reflect the communities we serve, with heightened attention to increasing ethnic and female representation in our workforce:

- Aim for 35% female representation and 20% ethnicity in our management population by 2025
- Aim for 50% female representation and 40% ethnicity in our new talent population by 2025
- Aim for 50% diversity of our Group Executive by 2025 including but not limited to a focus on gender & ethnicity
- Aim for 50% diversity of our Board by 2025

### 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:

- Aim for our colleague engagement and 'safe to say' metrics to remain at or above the high performing norm (Korn Ferry benchmark)
- Our Group Executive and Board will conduct regular listening sessions with colleagues to shape decision-making in their best interests

### Lead the industry on colleague health and wellbeing:

- Aim for our colleague wellbeing metrics to remain at or above the previous year

### Ensure all colleagues receive fair and equitable pay:

- 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

# Our refreshed charter

## Responsible Business fundamentals

Our Responsible Business fundamentals underpin our Responsible Business Charter. Here we cover areas such as governance and activities that are essential to day-to-day business, such as network reliability, health and safety, cyber security and compliance and ethics.

### Responsible Business fundamentals commitments:

- We are committed to safely, reliably and efficiently connecting millions of people to the energy they use.
- We are building resilience into our operations.
- We are continuing to influence our supply chain to operate as responsible businesses.
- We are fair to our suppliers and committed to paying them promptly.
- We are 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.
- We are committed to being a compliant and ethical business in everything we do.
- We are continuing to invest in developing technologies and innovations that benefit our customers and wider society.
- We are ensuring we have appropriate governance in place to deliver our responsible business commitments.
- We are ensuring security and risks, cyber and physical, are appropriately monitored
- We are committed to working with stakeholders and the wider industry to advocate for action and broader influence on responsible business topics.

<sup>1</sup> Near-term target approved by SBTi and aligned to the Paris Agreement and a 1.5°C pathway

<sup>2</sup> Near-term target approved by SBTi and aligned to a well below 2°C pathway

<sup>3</sup> Aligned to EU Taxonomy, directly invested into the decarbonisation of energy networks. Information as at 23 May 2024. Please refer to the investor section of our website for our latest investor guidance

## Case Studies

### Our environment

#### Case studies used in RBR:

- Pg 11 – NY Community Offshore Wind
- Pg 12 – Enabling EVs and modernising our networks in Massachusetts
- Pg 12 – UK Electricity Distribution EV transformation
- Pg 14 – Networked geothermal pilot
- Pg 18 – Sir David Attenborough praises NG environmental achievement
- Pg 20 – Gowanus Canal clean-up

#### Other case studies:

- Food, fiber, energy: solar grazing pilot highlights on 'CBS Saturday Morning' - <https://gridhome.nationalgrid.com/news/162880/solar-grazing>
- 'The Clean Energy Revolution' podcasts - [The Clean Energy Revolution podcast | National Grid Group](https://gridhome.nationalgrid.com/news/162880/solar-grazing)
- Living our Values winner story – Peak East Team

### Our customer and communities

#### Case studies used in RBR:

- Pg 22 – Our £65 million energy support fund
- Pg 23 – Winter Storm Elliott response
- Pg 26 – Supporting women in the UK to return to STEM careers
- Pg 26 – US Northland Workforce Training Center graduate is able to give back to his community

#### Other case studies:

- Citizen's Advice secondments - <https://gridhome.nationalgrid.com/advocacyvideo/160942/citizens-advice-how-our-colleagues-are-helping-our-communities>

### Our people

#### Case studies used in RBR:

- Pg 32 – 'Stand Up For Safety' campaign
- Pg 37 – We are supporting period dignity at work
- Pg 38 – Our response to external events - Buffalo, New York
- Pg 39 – ERG Summit

#### Other case studies:

- EmployAbility celebrates 10 years – <https://gridhome.nationalgrid.com/advocacynews/162049/employability-our-supported-internship-programme-celebrates-10-years>
- A top employer for gender equality – Times Top 50 Employers for Gender Equality 2023 <https://gridhome.nationalgrid.com/news/162427/a-top-employer-for-gender-equality>

### Responsible Business fundamentals

#### Case studies used in RBR:

- Pg 42 – Increasing certified minority and women-owned business enterprises

#### Other case studies:

- How we're making a difference in Ukraine – <https://gridhome.nationalgrid.com/news/162716/how-we-re-making-a-difference-in-ukraine>

