Electricity Transmission

nationalgrid

April 2024

Our 2021–2026 Environmental Action Plan

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Who we are

We are National Grid Electricity Transmission plc (NGET). We own and maintain the high-voltage electricity network in England and Wales. That includes c.4,400 miles of overhead line, 440 miles of underground cable and over 300 substations.

Serving England and Wales
We move electricity from where it is generated, down the superhighway of the electricity system, to our direct customers and to the distribution companies that deliver power to homes and businesses.

Welcome from our President

"I am delighted to welcome you to the refresh of our Environmental Action Plan."

In 2021, we launched our Environmental Action Plan (EAP) with firm targets for our five-year regulatory period (2021-2026), charting a course to build a sustainable electricity network. It has been our handbook to reduce our carbon emissions, reduce our resource use, improve our natural environment and demonstrate leadership for change.

Our progress

We are three years into this regulatory period, and I'm very proud of the progress we have made on our sustainability journey thus far. To date we have made a reduction of 19.1% in our scope 1 and 2 emissions from 2018/19 levels. We are doing this by reducing the emissions from SF_6 and eliminating it from any new projects where technically and commercially possible. We have signed our Powered Purchase Agreement for 100% Renewable Energy and are collaborating with our supply chain to reduce our capital carbon and deliver low-carbon concrete in our construction projects.

All our construction projects that have an impact on the natural environment have made commitments and developed plans that will deliver a measurable improvement to biodiversity by at least 10 per cent and we are targeting even greater gains as we develop our approach in partnership with other organisations.

We are achieving zero waste to landfill on our construction projects and have obtained ISO14001 certification for our ET stand alone business. We also continue to actively contribute and shape discussions in external working groups to lead the way in the energy industry.

Our 2024 refresh

Since agreeing our plan in 2021, we have seen changes to our internal and external landscapes. In 2023, we had the go-ahead for 17 major new projects to connect low-carbon power to our network. These projects are a vital part of achieving the government's ambition of connecting 50 GW of offshore wind by 2030. To achieve this, we created a new business unit within National Grid Electricity Transmission (NGET), Strategic Infrastructure (SI), which is responsible for delivering these major new projects. International conferences such as the 2021 Climate Change Conference (COP26) and the 2022 UN Biodiversity Conference (COP15) have been critical in encouraging worldwide climate action.

As a result of these changes, we have refined our plan along the way, retiring targets we have achieved and adding others in line with our strategic direction and public expectations. We thought it was time to re-publish our Environmental Action Plan to show how we have refreshed our environmental commitments.

What comes next

We will continue to work hard to build a cleaner, fairer and affordable energy system that serves everyone.

We are firmly focused on achieving all our commitments as set out by our EAP. We will report back on our progress against our commitments in our Annual Environmental Report 2023/2024.

Alice Delahunty

Alice Delahunty
President, Electricity Transmission

Our environmental vision

We have a unique position at the heart of Britain's energy system, connecting people to the energy they use, safely and reliably. We keep the lights on, so people can go about their daily lives. And we are working to build a cleaner, fairer and affordable energy system that serves everyone. **Our environmental vision is to build a sustainable electricity network, which makes a positive contribution to the environment.**

Our Environmental Action Plan

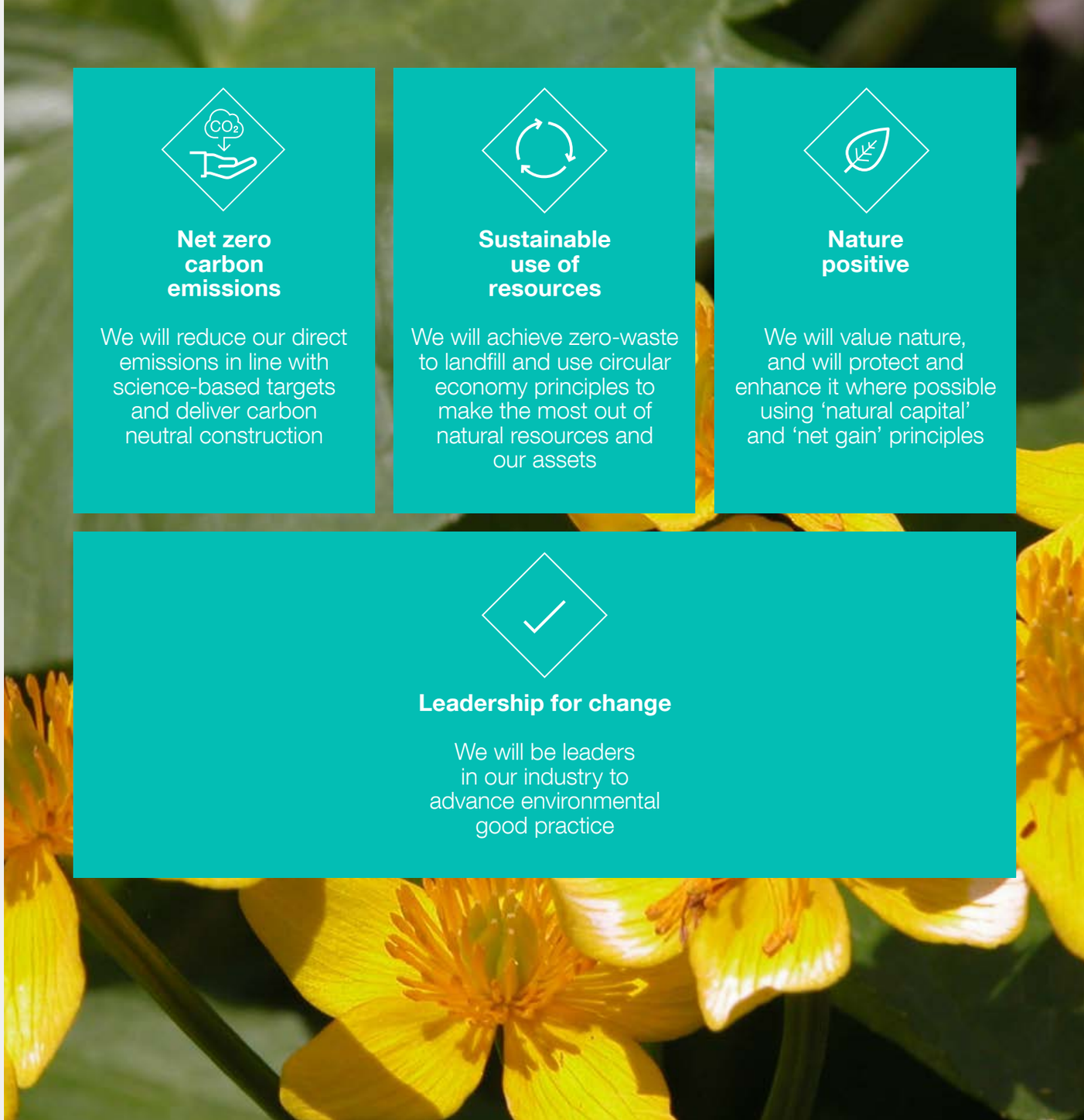
We play a dual role in the transition to a low-carbon economy and in achieving net zero.

As a transmission owner, we connect low-carbon energy sources and are influencing a whole system approach to creating the UK's net zero infrastructure. As an infrastructure business, our day-to-day activities in maintaining and constructing assets also have an environmental impact. Our Environmental Action Plan focuses on the latter. It centres on our transition to a sustainable, low-carbon business.

Our Environmental Action Plan concentrates on the areas where we can make the greatest contribution to a more sustainable future, aligned to the United Nations' Sustainable Development Goals (UN SDGs). It responds to – and is driven by – environmental issues which are most significant to our stakeholders and our business. We have reviewed our plan annually and updated our commitments in line with wider landscape changes.

More details on our materiality assessment are on page 24.

To deliver on our vision, we will focus on four environmental priorities:



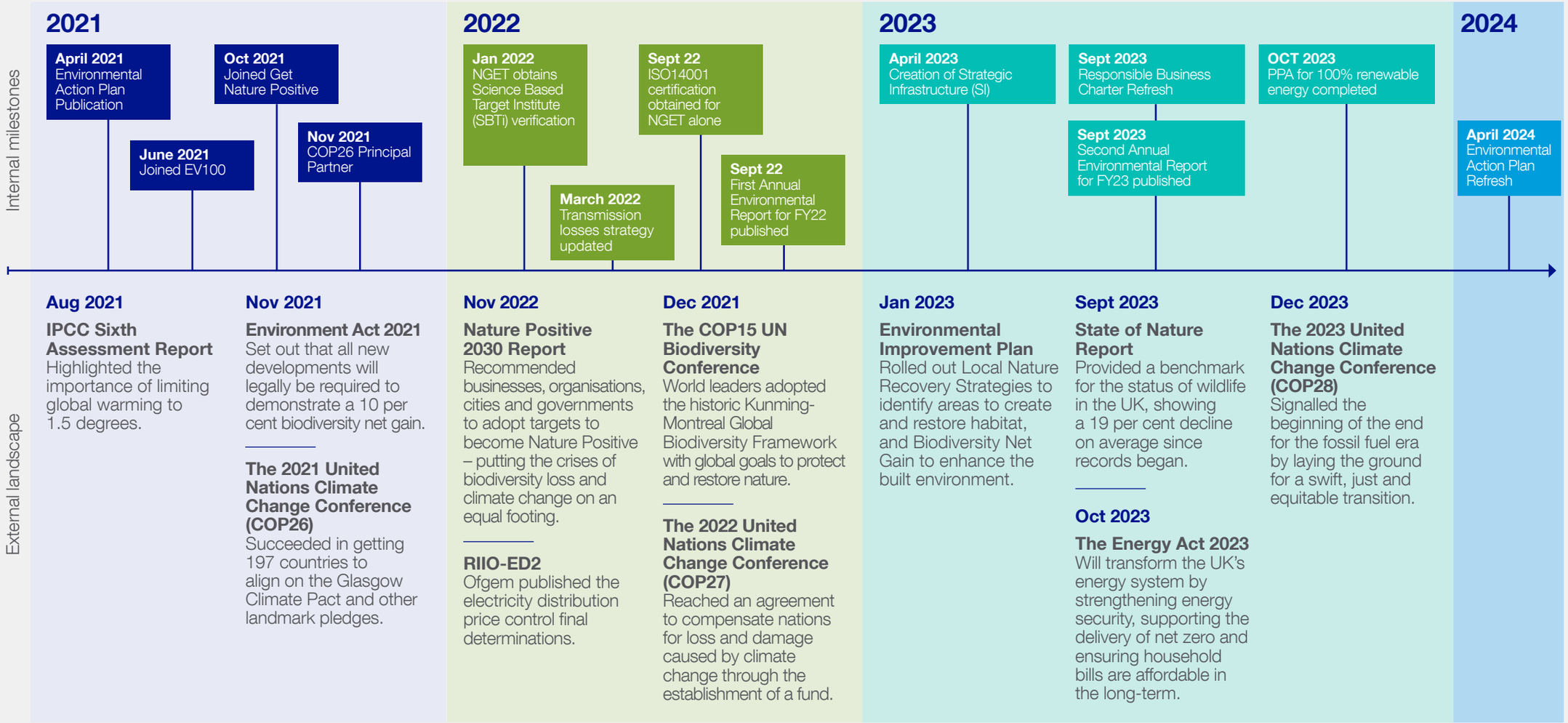
2021–2026 original commitments

Priorities	Net zero carbon emissions	Minimise waste and sustainable use of materials	Caring for the natural environment	Leading the way
Ambitions	**We will reduce our direct emissions in line with science-based targets and deliver carbon neutral construction**	**We will achieve zero-waste to landfill and use circular economy principles to make the most out of natural resources and our assets**	**We will value nature, and will protect and enhance it where possible using 'natural capital' and 'net gain' principles**	**We will be leaders in our industry to advance environmental good practice**
Commitments	**By 2026, we will:** • Achieve 34% reduction in controllable scope 1 and 2 emissions from a 2018/19 baseline, with additional targets of: 50% reduction by 2030 and net zero by 2050 • Replace 60% of our fleet with alternative fuel vehicles (AFVs) • Reduce carbon emissions for our business transport by 10% on 2013–2020 averages • Purchase 100% of electricity we use from renewables • Create a transmission losses strategy • Create a substation energy efficiency programme • Deliver carbon neutral construction • Focus on an efficiency-first approach to reduce energy use by 20% from a 2019/20 baseline • Encourage 75% of National Grid's UK top 250 suppliers (by category/spend) will have carbon reduction targets.	**By 2026, we will:** • Achieve zero-waste to landfill across our construction projects • Reduce the waste tonnage (from a 2018/19 baseline) and water use (from a 2018/19 baseline) at our offices by 20% • Reduce the waste intensity of our construction projects year on year • Pilot and implement circular economy principles by aligning our business to internationally recognised standards, e.g. BS 8001– circular economy standards • Increase our construction recycling and composting rates and set a target from a 2021/22 baseline • Align our Procurement Strategy to internationally recognised standards, e.g. ISO20400 Sustainable Sourcing Standard • Increase our operational and office recycling rates from 45% and 46% (respectively) to 60% • Maintain our high standards of oil containment and pollution management.	**By 2026, we will:** • Increase environmental value of non-operational land by 10% against a natural capital and biodiversity baseline • Deliver net gain by at least 10% or greater in environmental value (including biodiversity) on all construction projects (including those delivered by third parties building on our land).	**By 2026, we will:** • Have senior leadership accountability which reflects our corporate focus on the environment • Work collaboratively with the other transmission owners to develop a consistent approach to capital carbon management • Have an engaged workforce on environmental issues that lead by example • Work collaboratively with the other transmission owners to develop and pilot a common and robust methodology for assessing natural capital Impacts and opportunities (associated with Electricity Transmission activities) • Take bold steps to tackle our SF_6 emissions and stimulate the market to more rapidly meet our stakeholders' needs • Be an environmental leader for the energy industry by actively contributing and shaping the discussions in external working groups.
Sustainable Development Goals	13	12	15	7, 12, 13, 15

Pages 7, 8 and 9 explain our landscape, the changes we made, and what our most up to date commitments are.

Our progress

We have reviewed our commitments in line with both the external landscape and internal milestones and maturities. The timeline below shows some of the influences on our commitment changes.



Changes to our EAP over the years

RAG

- Commitment achieved and retired
- Commitment updated
- Commitment added

In FY24 we achieved and retired two commitments:

- Create a transmission losses strategy
- Have senior leadership accountability which reflects our corporate focus on the environment

In FY24 we updated four commitments:

- All construction projects to report on waste avoidance opportunities
- Maintain an 80% recycling rate on construction
- Replace 60% of our fleet with Zero Emissions Vehicles (ZEVs)
- Encourage 75% of National Grid's top 250 suppliers (by category/spend) to have carbon reduction targets and for 80% (by emissions) of these to have science based targets

In FY24 we added two commitments:

- Maintain a certified Environmental Management System
- Work collaboratively with other transmission owners to agree a consistent approach to measure biodiversity impact and dependencies in the supply chain (inc. water)

FY22 EAP launch — **FY23** — **FY24** EAP review — **FY25**

In FY23 we added three new commitments:

- Install 1,430 ac EV charging bays and 40 dc EV chargersin support of the commercial fleet electrification programme
- All band A-C company cars to be Zero Emissions Vehicles (ZEVs)
- Phase out the use of diesel generators where commercially and technically viable

In FY25 we achieved and retired three commitments:

- Purchase 100% of electricity we use from renewables
- Work collaboratively with the other Transmission Owners to develop and pilot a common and robust methodology for assessing Natural Capital Impacts and opportunities (associated with Electricity Transmission activities)
- Work collaboratively with the other Transmission Owners to develop a consistent approach to capital carbon management

In FY25 we added two commitments:

- Identify species-focused initiatives aligned with local priorities as part of construction delivery
- Work collaboratively with the other Transmission Owners to find common solutions and develop a consistent approach to sustainability issues

2021–2026 updated environmental commitments

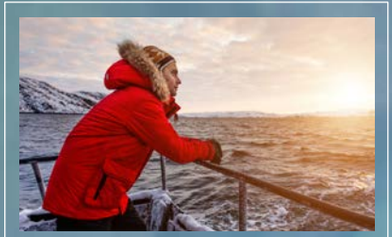
Priorities	Net zero carbon emissions	Sustainable use of resources	Nature positive	Leadership for change
Ambitions	**We will reduce our direct emissions in line with science based targets and deliver carbon neutral construction**	**We will achieve zero waste to landfill and use circular economy principles to make the most out of natural resources and our assets**	**We will value nature, and will protect and enhance it where possible using 'natural capital' and 'net gain' principles**	**We will be leaders in our industry to advance environmental good practice**
Commitments	**By 2026, will:** • Achieve 34% reduction in controllable scope 1 and 2 emissions from a 2018/19 baseline, with additional targets of: 50% reduction by 2030 and net zero by 2050 • Create a substation energy efficiency programme • Focus on an efficiency-first approach to decrease the carbon emissions from our office energy use by 20% from a 2019/20 baseline • Replace 60% of our fleet with Zero Emissions Vehicles (ZEVs) • Install 1,430 ac EV charging bays and 40 dc EV chargers in support of the commercial fleet electrification programme • All band A-C company cars to be Zero Emissions Vehicles (ZEVs • Deliver carbon neutral construction • Encourage 75% of National Grid's top 250 suppliers (by category/spend) to have carbon reduction targets and for 80% (by emissions) of these to have science based targets • Reduce carbon emissions for our business transport by 10% on 2013-2020 averages • Phase out the use of diesel generators where commercially and technically viable.	**By 2026, will:** • Achieve zero waste to landfill across our construction projects • All construction projects to report on waste avoidance opportunities • Maintain an 80% recycling rate in construction • Increase our operational and office recycling rates from 45% and 46% (respectively) to 60% • Reduce the waste tonnage (from a 2018/19 baseline) and water use (from a 2019/20 baseline) at our offices by 20% • Pilot and implement circular economy principles by aligning our business to international recognised standards, e.g. BS 8001 – circular economy standards • Align our Procurement Strategy to international recognised standards, e.g. ISO20400 Sustainable Sourcing Standard • Maintain our high standards of oil containment and pollution management.	**By 2026, will:** • Increase environmental value of non-operational land by 10% against a natural capital/ biodiversity baseline • Deliver Net Gain by at least 10% or greater in environmental value (including biodiversity) on all construction projects (including those delivered by third parties building on our land) • Work collaboratively with other transmission owners to agree a consistent approach to measure biodiversity impact and dependencies in the supply chain (inc. water) • Identify species-focused initiatives aligned with local priorities as part of construction delivery.	**By 2026, will:** • Have an engaged workforce on environmental issues that lead by example • Be an environmental leader for the energy industry by actively contributing and shaping the discussions in external working groups • Take bold steps to tackle our SF_6 emissions and stimulate the market to more rapidly meet our stakeholders needs • Maintain a certified Environmental Management System • Work collaboratively with the other Transmission Owners to find common solutions and develop a consistent approach to sustainability issues.
Sustainable Development Goals	13	12	15	7, 12, 13, 15

Net zero carbon emissions

“Managing our emissions from SF_6 leaks is critical in our journey to reach net zero emissions by 2050.”

Paul De Jong
Head of Environment, Sustainability and Energy

Net zero carbon emissions



Overview

We will reduce our direct emissions in line with science-based targets and deliver carbon neutral construction

External context

Climate change is the greatest challenge of our generation, and the next 10 years will be crucial to addressing it. World leading scientists have made it clear that we are now facing a 'climate emergency'.

The science is clear – to avert the worst effects of the rapidly changing climate, the world needs to transition to a net zero carbon emissions economy by 2050.

Our commitments

Direct emissions

By 2026, we will:

34%

Achieve 34% reduction in controllable scope 1 and 2 emissions from a 2018/19 baseline, with additional targets of:

- **50%** reduction by 2030 and
- **net zero** by 2050.

Replace **60%** of our fleet with Zero Emissions Vehicles (ZEVs).

Create a substation energy efficiency programme.

Focus on an efficiency-first approach to reduce energy use by 20% from a 2019/20 baseline.

ZEVs

All band A-C company cars to be Zero Emissions Vehicles (ZEVs).

Install 1,430 AC EV charging bays and 40 DC EV chargers in support of the commercial fleet electrification programme.

Phase out the use of diesel generators where commercially and technically viable.

Reduce carbon emissions for our business transport by 10% on 2013–2020 averages.

Indirect emissions

By 2026, we will:

Deliver carbon neutral construction.

Top 250

Encourage **75%** of National Grid's top 250 suppliers (by category/ spend) to have carbon reduction targets and for 80% (by emissions) of these to have science based targets.

Primary UN Sustainability Development Goal: 13 CLIMATE ACTION

Net zero carbon emissions

Our approach

Responding to climate change is a key priority for us. We are fully committed to making tangible progress in reducing carbon emissions, mitigating climate change and being a key facilitator in the transition to a net zero economy.

Scope 1 and 2 emissions

Electricity transmission losses

The largest source of our carbon emissions is transmission line losses. Losses are an inevitable consequence of transmitting electricity to consumers, as energy is lost as heat from power flows though electrical equipment such as cables, overhead lines, and transformers. There is a limited amount we can do to reduce losses because they are mostly driven by the generation source and the distance over which electricity is transmitted.

As electricity generation continues to decarbonise, the carbon emissions from the losses will decrease. We have created a transmission losses strategy to focus our efforts in the areas where we do have control, such as how we factor losses into our investment decisions.

Use of insulating gases

Our biggest contributor to climate change under our direct control is leakage of sulphur hexafluoride (SF_6) used as an insulating gas in high-voltage equipment. SF_6 is a very potent greenhouse gas with a global warming potential (GWP) of 23,900TCO_2e*.

To achieve net zero we are undertaking a targeted investment programme funded by our regulator to reduce SF_6 emissions, alongside application of innovative SF_6 leak repairs to address additional leaking assets.

We will also continue to explore alternative gases and capture techniques. We are at the forefront of the global development of low-carbon alternatives to SF_6. In 2019 we stated our position to minimise the amount of new SF_6 added to the system and we will use alternative technologies where commercially viable.

Energy use

Our third key contributor is energy use. To reduce our impact, we have purchased 100 per cent renewable electricity for our own use, we will increase energy efficiency by 20 per cent for our offices and we will create an energy efficiency programme for our substations.

We are working with AECOM to undertake 150 energy audits in our substation estate to develop a programme that will deliver a reduction in carbon and energy use, whilst also delivering cost savings.

Also within our ambition to support a sustainable and clean energy transition, and assist in the phase-out of fossil fuels, we have made a commitment to phase out the use of diesel generators where commercially and technically available.

Operational travel

Our fourth key contributor is operational travel. We will replace 60 per cent of our fleet with Zero Emissions Vehicles, that is 537 vehicles by 2026.

We will also install 1,430 AC EV charging bays and 40 DC EV chargers in support of the commercial fleet electrification programme.

All senior leadership company cars will be Zero Emissions Vehicles (ZEVs).

*Source: Greenhouse Gas Protocol, 2020

Net zero carbon emissions

Scope 3 emissions

Capital carbon

The infrastructure we provide and services that we deliver to support a lower carbon future are critical to the delivery of national and regional climate change targets. Our target is to deliver net zero construction.

We will reduce emissions as much as is feasibly possible in line with internationally recognised industry standard PAS2080 Carbon Management in Infrastructure, and only offset residual emissions that cannot be avoided.

We already have tools in place to measure carbon emissions from construction right through to the end of an asset's life. This approach has helped us achieve a 30 per cent reduction in carbon intensity from a 2015/16 baseline.

Supply chain emissions

Environmental sustainability is a collective responsibility and our supply chain is critical to help us turn our visions for a sustainable future into reality.

Our commitment is to encourage 75 per cent of National Grid's top 250 suppliers (by category/spend) to have carbon reduction targets and for 80 per cent (by emissions) of these to have science based targets.

We will step up our level of ambition from asking suppliers to disclose their emissions, and will now ask for ambitious carbon targets.

Scopes explained

Scope 1

Direct emissions created by our activities.

These types of emissions come from:

- our operational travel (approx. 0.4 per cent of our scope 1 and 2 emissions)
- the leakage from insulating gases we use for high-voltage equipment, SF_6 (approx. 15.9 per cent of our scope 1 and 2 emissions).

Scope 2

Indirect emissions from production of the electricity and heat we use.

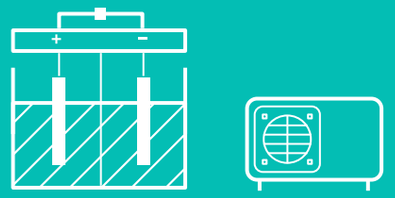
These types of emissions come from:

- the energy sources that power our substations and buildings (approx. 0.8 per cent of our scope 1 and 2 emissions)
- electricity transmission losses from our network (approx. 82.9 per cent of our scope 1 and 2 emissions).

Scope 3

Indirect emissions from all other activities in which we are engaged.

These emission sources can be extensive. They cover all parts of our supply chain, from materials in buildings to business travel, all the way to carbon emissions from the waste we dispose of.



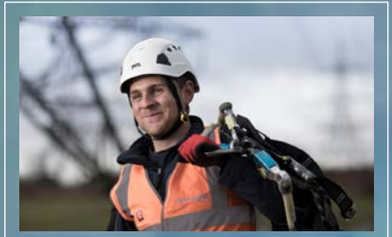
*Source: Greenhouse Gas Protocol, 2020

Sustainable use of resources

“Minimising our own waste is essential to preserving natural resources and reducing carbon emissions.”

Carolyn Helm
Sustainability Manager

Sustainable use of resources



Overview

We will achieve zero-waste to landfill and use circular economy principles to make the most out of natural resources and our assets.

External context

Every year, the world collects 11 billion tonnes of waste, according to the United Nations, Environment Programme. Waste is choking our oceans, spoiling our landscapes, as well as contributing to landfill and greenhouse gas emissions. There is an urgent need to use resources more wisely to reduce the strain we are putting on our planet as the global population grows.

Moreover, there are incredible economic and environmental benefits to taking a circular approach to materials management, which reduces waste and keeps products and materials in use.

Our commitments

By 2026, we will:

Zero

Achieve zero-waste to landfill across our construction projects.

All construction projects to report on waste avoidance opportunities.

Maintain an 80% recycling rate in construction.

60%

Increase our operational and office recycling rates from **45%** and **46%** (respectively) to **60%**.

20%

Reduce the waste tonnage and water use (from a 2019/20 baseline) at our offices by **20%**.

Pilot and implement circular economy principles by aligning our business to internationally recognised standards, e.g. BS 8001 – circular economy standards.

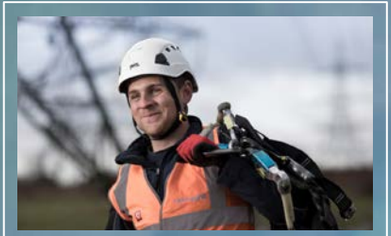
Align our Procurement Strategy to internationally recognised standards, e.g. ISO20400 Sustainable Sourcing Standard.

Maintain our high standards of oil containment and pollution management.

Primary UN Sustainability Development Goal

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Sustainable use of resources



Our approach

To build and maintain energy networks that perform safely and reliably, we need to use finite – or non-renewable – resources, such as steel for pylons and aluminium for overhead lines. We have an important role to play in ensuring we source our materials responsibly and manage them appropriately at end of life.

Minimising waste

Our principal goal is to produce minimal waste across our whole value chain – from our construction activities, our operations, to our offices. For that to happen, we must eliminate, reduce, reuse and recycle more than we do now.

Most of the waste we create comes from our construction activities. To develop new infrastructure sustainably, we need to continue to drive down waste throughout the lifecycle of our projects.

We will achieve zero avoidable waste to landfill across our construction projects, maintain an 80 per cent construction recycling rate, and encourage all construction projects to report on waste avoidance opportunities.

We will continue encouraging our suppliers to play their part.

By asking suppliers to consider end-of-life processes at the design stage of infrastructure projects, they are building our assets with sustainability in mind and designing components that will be easier to disassemble, reuse and remanufacture. This reduces our need for raw materials and energy during construction and ensures our assets hold their value. Ensuring we procure items that have recycled content or can be recycled at the end of life is likewise vital.

In addition, we will focus on improving resource use within our operations and our offices. We will increase recycling rates in our substations and reduce the amount of waste we create and water we use in our offices. We will do this by changing the behaviour of our employees, and across our supply chain and contractors.

Circular economy principles

The most effective way to reduce waste is to not create it in the first place. We will adopt the principles of the circular economy using internationally recognised standards such as the BS8001 – Circular Economy Standard and ISO20400 Sustainable Sourcing Guidance.

By adopting the principles of the circular economy, we will design assets that can be recycled, refurbished and reused.

High standards of environmental management

We will maintain our high standards of oil containment and pollution management. We actively work to prevent pollution that may result from our activities and continually improve our environmental management system (accredited to ISO14001:2015) to protect the environment and reduce risks of environmental incidents.

“The most effective way to reduce waste is to not create it in the first place.”

Nature positive

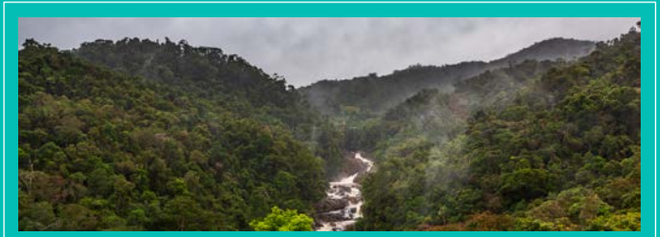
“Recognising the value of our natural assets – the natural environment around our operational and non-operational sites – is helping us to identify and focus on managing them in ways that deliver the greatest value to stakeholders and nature.”

Matthew Pearce
Head of UK Core Land
Portfolio Development

Nature positive

Overview

We will value nature, and will protect and enhance it where possible using 'natural capital' and 'net gain' principles.



External context

One of the most important challenges facing humanity, alongside the climate emergency, is the global biodiversity crisis. There is a severe decline in the natural ecosystems that underpin our global economies, regulate the climate and provide raw materials and essentials fundamental to life itself.

Alarming statistics forecast the number of species at risk of extinction within the near future, and without appropriate action to prevent further loss and fragmentation of habitats across the globe, the negative impacts will have ramifications for this and future generations.

The UK Government's primary goal for environmental policy over the last few years has been the overarching ambition to "leave the environment in a better state for the next generation", rightly emphasising the need to deliver environmental net gain.

Our commitments

By 2026, we will:

10%

Increase environmental value of non-operational land by 10% against a natural capital and biodiveristy baseline.

10%

Deliver net gain of least 10% or greater in environmental value (including biodiversity) on all construction projects (including those delivered by third parties building on our land).

Work collaboratively with other transmission owners to agree a consistent approach to measure biodiversity impact and dependencies in the supply chain (inc. water).

Identify species-focused initiatives aligned with local priorities as part of construction delivery.

Primary UN Sustainability Development Goal

Our approach

We own around 1,800 hectares of non-operational land, including a rich variety of habitats from ancient woodland to peatbogs. It is therefore important, and it gives us a great opportunity, to manage the land we own in ways that recognise, preserve and create the most value for stakeholders and nature.

Increasing environmental value in our non-operational land

As a major landowner, our activities have an impact on the natural environment at our sites. We are adopting best practice methods, such as the 'natural capital' approach, so we create the most benefit. We have developed a bespoke natural capital tool that utilises third party data to provide indicative financial values associated with the provision of the ecosystem services. These help us place a value on the benefits and services our natural assets provide, taking into consideration the surrounding environment.

In the next five years, we will find new opportunities, in partnership with local environmental organisations, to make the best of our natural assets and efficiently manage them in ways that benefit local communities and nature. Natural assets – such as trees, water sources and green spaces – are important for society and provide essential services that help to mitigate the impacts of climatic change, from carbon capture and storage to temperature regulation, flood control and air quality.

Our approach seeks to increase environmental value in our non-operational land by 10 per cent by 2026. The increase in environmental value may include replanting of wildflower meadows and native trees, installing beehives and other habitats and many more – each serving a specific purpose to the chosen site.

Delivering environmental net gain (including biodiversity) in all construction projects

As we build and maintain our electricity assets, we have an impact on the land and local habitats. It is essential that we do so in ways that seek to reduce the fragmentation of our habitats and species, prevent permanent habitat loss, and deliver new opportunities to reconnect the landscape and enhance the natural environment.

We will minimise the impact of our construction projects and deliver at least 10 per cent 'environmental net gain' as a result of our works. We are going further than 'not net loss'.

Each scheme will engage with stakeholders to develop an approach that is tailored to mitigate impacts and design enhancements that can deliver a range of benefits to people and biodiversity (for example heathland and woodland restoration and enhancement, control of non-native species and improving footpath access).

Teams in our network development process (design of projects and construction of projects) as well as specialist environmental contractors will use the latest version of the Department for Environment, Food and Rural Affairs (DEFRA) Biodiversity Metric calculator, in parallel with natural capital tools, to quantify the potential impacts of our capital works to habitats, biodiversity and the services they provide.

The outputs from the tools are used to inform our mitigation and enhancement strategies.

Work collaboratively with other transmission owners to agree a consistent approach to measure biodiversity impact and dependencies in the supply chain (inc. water).

The Kunming-Montreal Global Biodiversity Framework has 23 action-oriented global targets for urgent action over the decade to 2030. Target 15 aims for businesses to assess, disclose and reduce biodiversity related risks and negative impacts.

The recent launch of the Taskforce on Nature-related Financial Disclosures (TNFD) and Science Based Targets for Nature (SBTN) aims to improve transparency and accountability around an organisation's impacts and dependencies on nature.

We have initiated an innovation project to look at the nature Impacts and dependencies across NG, SPEN and SSE (T&D) business and we will start to study this in more depth to identify priority areas of opportunities.

Identify species-focused initiatives aligned with local priorities as part of construction delivery.

The UK is widely considered to be one of the most nature-depleted countries in the world. Following the UK Government's launch of the Local Nature Recovery Strategies, we will work with partners and other organisations to identify species initiatives that are aligned with these local strategies and that can be delivered as part of our construction activities. Our aim is to support delivery of actions to protect and restore priority species in local areas.

Leadership for change

“We are committed to shaping a sustainable economy for all, in partnership with others in our industry and beyond.”

Alice Delahunty
President, Electricity Transmission

Leadership for change

Overview

We will be leaders in our industry to advance environmental good practice.

External context

The role of business in a society battling with environmental and social crises like never before is changing. Businesses have a duty to lead the way and deliver change across industry.

Business leadership in sustainable development is central to developing and maintaining the kind of markets and economies that the environment and society need to thrive.

Our commitments

By 2026, we will:

Have a workforce engaged on environmental issues which leads by example.

Be an environmental leader for the energy industry by actively contributing and shaping the discussions in external working groups.

Work collaboratively with the other transmission owners to find common solutions and develop a consistent approach to sustainability issues.

Take bold steps to tackle our SF_6 emissions and stimulate the market to more rapidly meet our stakeholders' needs.

Maintain a certified Environmental Management System.

Primary UN Sustainability Development Goal

Our approach

Society's expectations of business and the role business plays in the world are changing. We share the belief that business needs to stand for something more than profitability. Now, more than ever, we have a responsibility to demonstrate our contribution to society in tackling a wide range of environmental issues, and lead by example.

Internal accountability

For us, leading the way means, firstly, having our senior leadership take accountability for our environmental performance.

It also means having a workforce that are engaged on environmental issues and lead by example.

We will deliver a comprehensive employee engagement programme, increasing employee confidence and knowledge on a wide range of environmental issues, including the climate crisis. We will measure engagement via attendance at events, and views on the company's environmental performance appraised using our Employee Engagement Survey.

External engagement

Leading the way also means looking outside of our organisation. For us, that means being bold and stimulating the market for cleaner and greener alternatives, such as alternatives for SF_6. We have been at the forefront of the global development of low-carbon alternatives to SF_6, and we will continue to be at the forefront within the next five years. It means driving forward industry in areas where we are leading by example and thus sharing our expertise, data and tools.

We will work collaboratively with the other transmission owners to develop a consistent approach to capital carbon management, and to develop and pilot a common and robust methodology for assessing natural capital impacts and opportunities.

Most importantly, it means being an environmental leader in our industry by actively contributing and shaping the discussion in external working groups, even international climate negotiations.

We were a principal partner for the 26th UN Climate Change Conference of the Parties (COP26). Alongside our fellow principal partners and many others, we supported the UK Government in the delivery of a successful COP26. Over the next year we'll be working hard to help progress our collective journey to a clean energy future as part of tackling climate change.

We will be joining new networks such as CO_2nstructZero, ConcreteZero and SteelZero to support the delivery of our carbon neutral construction target and send a clear market signal on the transition towards net zero.

Collaborating for a sustainable future

We understand the importance of collaboration and partnership for scaling positive impact. Long-term partnerships are instrumental to delivering our environmental sustainability agenda. We are members of organisations, such as:

- Business in the Community (BITC)
- Contaminated Land Applications in Real Environment (CL:AIRE)
- Natural Capital Taskforce
- Net Zero Infrastructure Coalition
- The Aldersgate Group
- The Institute of Environmental Management and Assessment (IEMA)
- UK business Biodiversity Forum (UKBBF)
- Supply Chain Sustainability School
- Valuing Nature Network.

Materiality – identifying what matters

Understanding our footprint

Our Environmental Action Plan focuses on how we will operate in an environmentally sustainable way. However, we know that helping society to decarbonise is the biggest contribution we can make to the environment. We will support the decarbonisation of the communities we serve and fully decarbonise our electricity grid, connecting renewables quickly and efficiently.

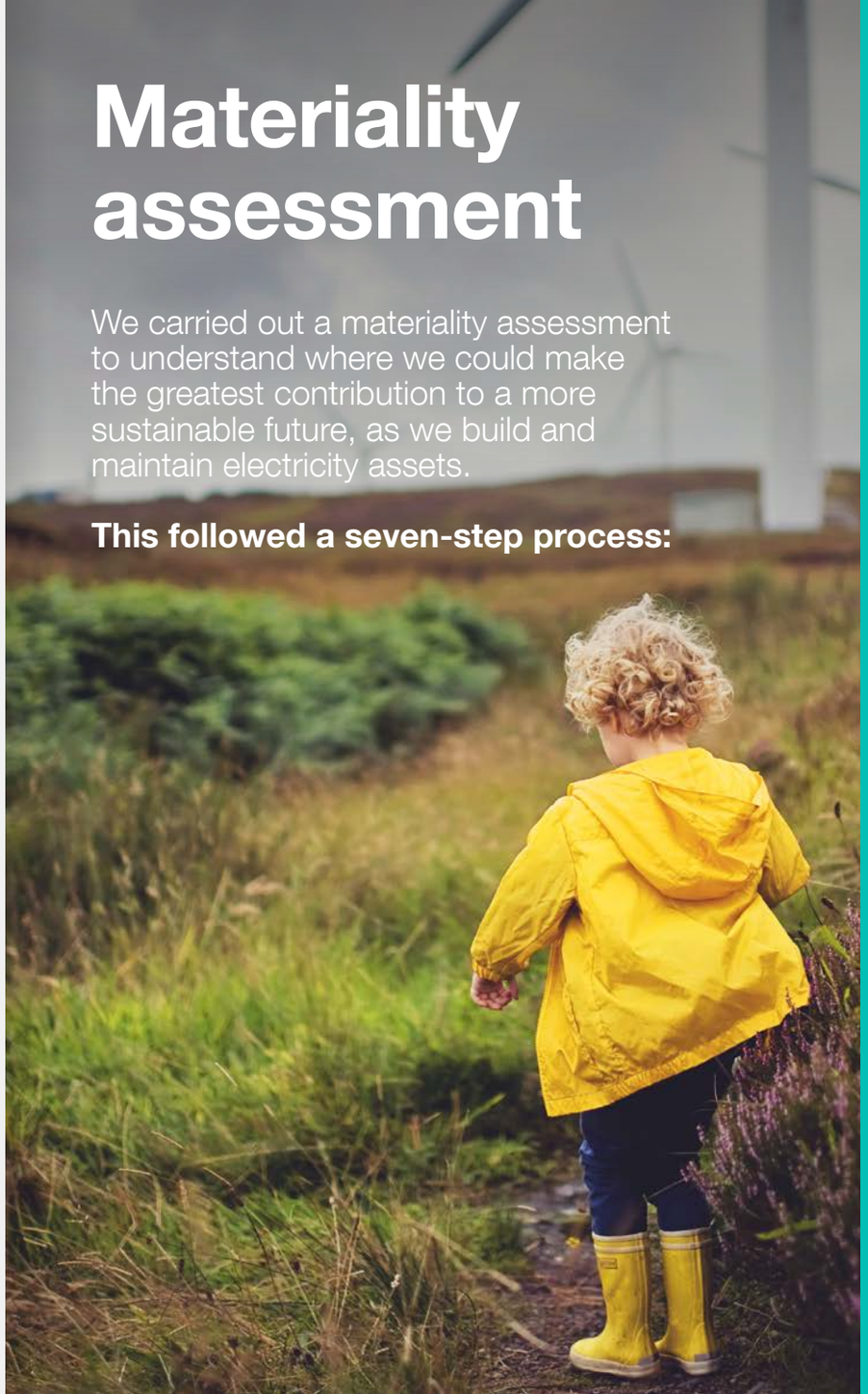
For more information on how we are facilitating the low-carbon transition, please read our **Responsible Business Charter**. We also recognise that a sustainable approach can benefit from innovative thinking, so 'leading innovation' is an essential part of our strategy to improve performance.

You can find more details in our **Innovation Strategy.**

Materiality assessment

We carried out a materiality assessment to understand where we could make the greatest contribution to a more sustainable future, as we build and maintain electricity assets.

This followed a seven-step process:



Step 1: Identifying issues

We initiated our materiality assessment by carrying out a comprehensive review of the significant environmental impacts created by our network.

This involved a review of the environmental aspects that relate to our activities, products and services, to identify which we can control and those we can influence. This ensured that all our significant risks and opportunities had been considered.

Step 2: Defining materiality

The second step involved defining material impact areas. An issue was considered material if it met one of these three conditions:

1. It is important to our stakeholders or a concern has been voiced in the scientific community or policy circles.
2. It is an environmental aspect that is considered high risk/high opportunity for our business.
3. It is required by the energy regulator, Ofgem, for inclusion in the plan.

Step 3: Assessing the external landscape

Next, we reviewed material issues against upcoming legislation, consideration of macro trends, using global sustainable frameworks such as the 2030 United Nations' Sustainable Development Goals (UN SDGs) and internationally recognised environmental standards.

Step 4: Target setting

We then assessed what targets to apply for our material areas. We followed two approaches:

1. **What to (target oriented)**
   We followed this approach when there was a direct policy or scientific target that we should be aiming for, or the industry was clear on what the target should be.
2. **What if (scenario oriented)**
   We followed this approach when there was little policy or scientific guidance. We looked at our performance to date and what we could achieve within five years.

Step 5: Understanding external stakeholder perspectives

The fifth step entailed obtaining stakeholder feedback. This was an integral part of the process to ensure we were focusing on the right areas, and were setting challenging targets, in line with stakeholder expectations. Expert bodies were engaged to confirm targets and measures.

Step 6: Validating targets

This step has consisted of revising our targets based on what stakeholders told us and approving these targets internally.

Step 7: Annual review of targets

On an annual basis, we have reviewed our commitments in line with our external landscape and internal maturity levels. This is to ensure our Environmental Action Plan continues to be ambitious and aligned to stakeholder expectations.

Stakeholder engagement

Since 2017, we have engaged extensively with our stakeholders over what our approach to the environment should be in the five-year period and beyond.

We carried out engagement with over 1,000 individuals covering all our main stakeholder groups. We have also listened to over 11,000 households and over 750 business consumers via webinars, bilateral meetings, focus groups, surveys and consultations.

We will continue to engage with our stakeholders regularly to ensure we are constantly challenged on our commitments and performance.

Please read our stakeholder engagement log for more information on our stakeholder engagement approach to the environment.

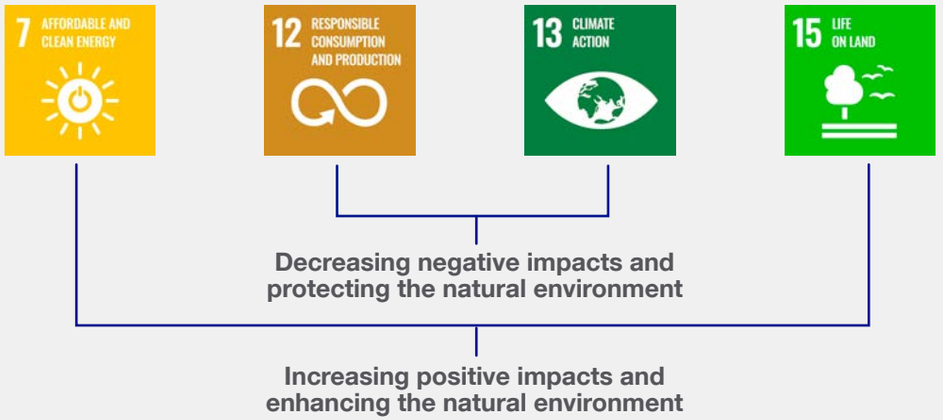
United Nations' Sustainable Development Goals (UN SDGs)

In 2016, the United Nations' 17 Sustainable Development Goals (SDGs) to 'transform our world' officially came into force. These goals promote prosperity while protecting the planet.

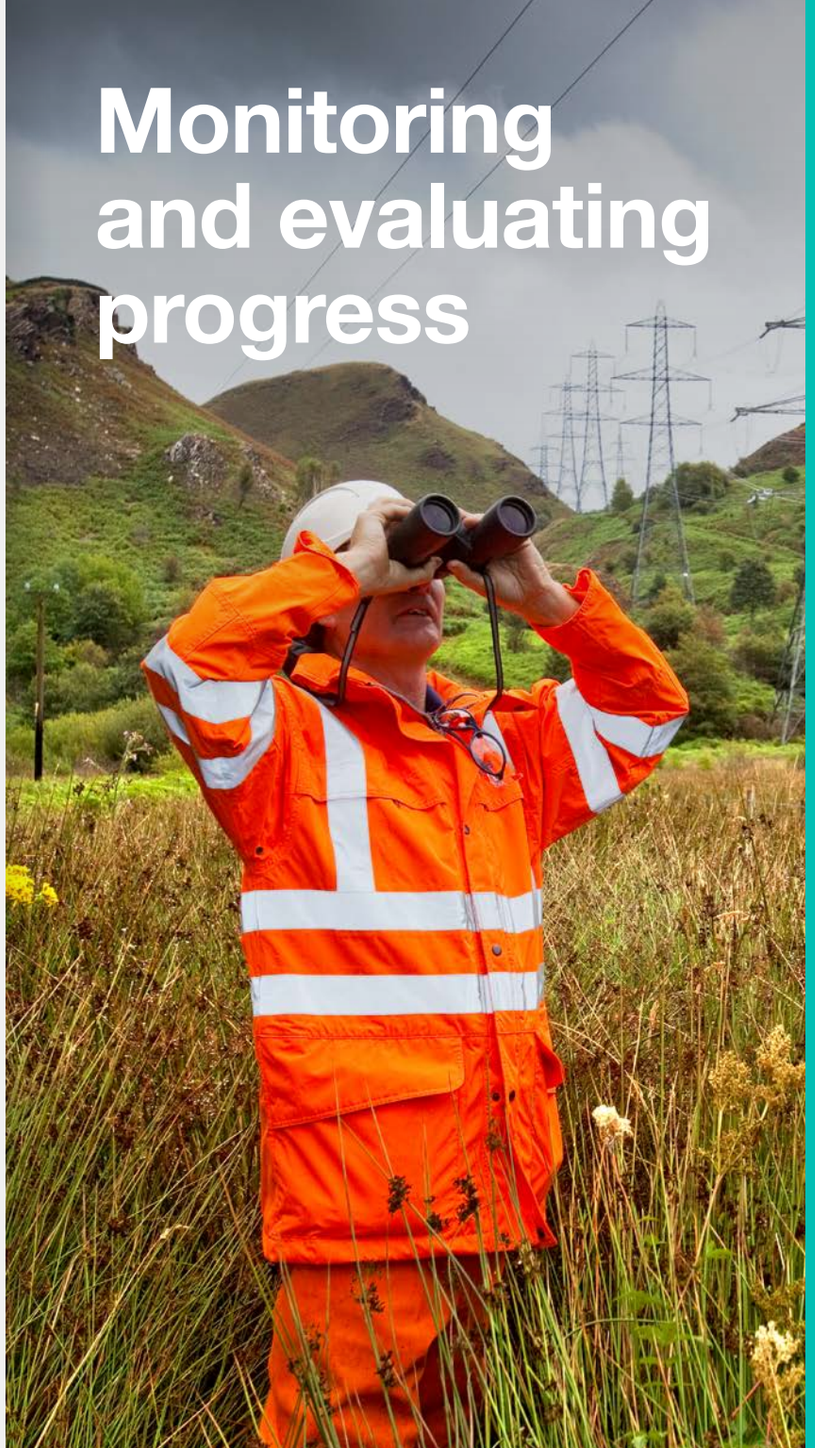
Business has an important role to play in helping to achieve these goals. We have reviewed the goals to see how we can best support them.

All the goals are vitally important to the future social and environmental wellbeing of people and the planet. However, listening to what stakeholders have told us and combining this with the areas where we have the most impact and/or opportunity to improve, we are focusing on four specific SDGs related to our Environmental Action Plan focus areas. These are:

- Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all.
- Goal 12: Ensure sustainable consumption and production patterns.
- Goal 13: Take urgent action to combat climate change and its impacts.
- Goal 15: Sustainably manage forests; combat desertification; halt and reverse land degradation; and halt biodiversity loss.



Monitoring and evaluating progress



We are committed to tracking our progress and both monitoring and sharing the changes we are making:

- We have developed a suite of annual milestones which we will use to assess our progress.
- We will produce an annual environmental report. This will be available on our website on 1 October each financial year, starting in 2022.
- We will share our progress and seek regular feedback from key stakeholders.
- We will continue to refine and improve our strategy if there are new policy changes, or if the science tells us we need to act faster.
- Where we are failing, we will reassess how to get back on track.

Contact us

We will share updates, successes and insights along the way on our **website**.

We would also like to hear from you – our communities, customers, employees, investors and suppliers. Our Environmental Action Plan is a collaborative programme, so we need your feedback to make sure we are focusing on the right areas and delivering the right results.

If you would like to contact us about any aspect of our Environmental Action Plan, please email **.box.ET.Environmental@nationalgrid.com**.

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