

Responsible Business Executive Summary



Above all else, it is our actions which show our commitment to operating as a responsible business. In the following pages, you will find an update on how we're performing across a number of key areas: our environment; our communities; our people; the economy; our governance.

In each area, we are committed to being transparent: to showing you where we have made good progress, and to acknowledging where we have more to do.

As we move energy from where it's generated to where it's needed, we want to do so with as limited impact on the planet as possible. We are making progress here: our environmental data this year shows an 7.5% reduction in our Scope 1 and 2 emissions.

For many organisations, particularly those in this sector, geo-political events have meant that delivering a year-on-year reduction in emissions has not been easy. For us, this is shown with a 1.4% rise in our Scope 3 emissions. This does not mean collective progress has halted. It means instead that progress is likely to come fastest at the point that the system is ready for a significant switch to electricity. Gradual change is possible

but lasting and truly impactful change is something we continue to work hard to deliver. We have not lost sight of this goal – we will push harder than ever before to innovate, mitigate and think outside the box in order to reduce emissions.

Our people are the lifeblood of our business. The health, safety and wellbeing of employees and contractors is our primary concern and a key priority for everyone at National Grid. Sadly, in May 2022 we had a fatality; we lost a colleague in Massachusetts. He was electrocuted while working on live equipment keeping power to a residential building. This loss has had a profound effect on the whole organisation. Since then, we have completed a thorough investigation, shared what happened with colleagues, changed our Group-wide approach to safety through the establishment of a new policy and safety strategy called 'Stand Up For Safety'. A second fatality occurred in September 2022 when a vegetation contractor in our New York business died following an allergic reaction to a bee sting. Everyone should return home safely at the end of their working day and following these tragedies we are redoubling our efforts to ensure this is the case for all who work on our assets.

We remain very proud of the work National Grid does to reduce our impact on the environment and serve our people and communities in a responsible way. And we are ambitious as we look ahead. We will continue to report our progress with transparency.

Paula Rosput Reynolds
Chair

John Pettigrew
Chief Executive



Gradual change is possible, but lasting and truly impactful change is something we continue to work hard to deliver.



Key highlights in 2022/23

The environment	Our communities	Our people	The economy	Our governance
7.5% reduction in Scope 1 and 2 emissions	£65m energy support fund in the UK and US	49.1% diversity of our senior leadership group	£7.7bn investment in energy infrastructure	50% diversity of our Board

The environment

We have started to deliver a clean energy future

686 MW

Renewable energy connections in the UK and US during 2022/23

70%

reduction in Scope 1 and 2 emissions (on our 1990/91 baseline)

5%

electric vehicle fleet (light-duty only)

CDP Climate Change 'A list'
rating for seven consecutive years



Further reading can be found in the following RBR case studies:

Pg 11 – New York 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 National Grid's environmental achievement

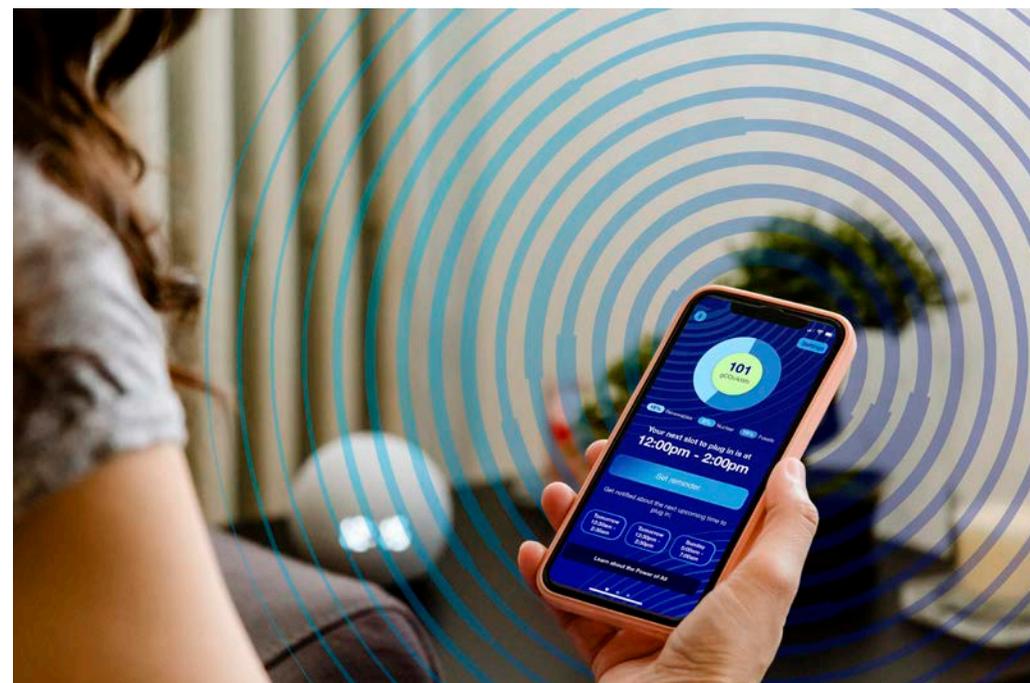
Pg 20 – Gowanus Canal clean-up

While continuing to manage our environmental performance responsibly, in the last year we have focused on how we facilitate the transition to a clean energy system, achieve net zero by 2050 for our Scope 1, 2 and 3 emissions and continue to improve the biodiversity of land that we own.

Highlights:

We are accelerating the development of the clean energy future:

- We have connected 686 MW of renewable energy in the UK and US.
- We have a portfolio of projects in development to support the decarbonisation of the power sector, both in the UK and US. For example, in December 2022, the UK regulator Ofgem confirmed that UK Electricity Transmission will be responsible for the delivery of 17 major projects to connect low-carbon power to our networks. These projects, known as Accelerated Strategic Transmission Investment (ASTI) projects, will be delivered by our new UK Strategic Infrastructure business unit, within UK Electricity Transmission, and are vital to the government's ambition for 50 GW of offshore wind by 2030. The investment is fundamental to the decarbonisation of the electricity system, as well as improved security of supply and affordability for customers in the long run.
- We recognise that we need to work with government and regulators to ensure the continued development of policies and regulation. In the US, in April 2022, we announced our Clean Energy Vision which is our plan to fully eliminate fossil fuels from both our gas and electric systems by 2050, if not sooner, setting clear and measurable milestones along the way. Underscoring our vision is a sincere belief that the net zero path we take must leave no customer behind, and that our actions must be bold, smart and practical to build our shared clean energy future.
- We are supporting the decarbonisation of transport and adding EVs to our fleet.



We are making progress against our GHG emissions targets:

- Our Scope 1 and 2 emissions have reduced by 7.5% this year, compared with 2021/22, due to a reduction in emissions from our Long Island Power Generation business combined with our continued leak-prone pipe replacement programme, focus on SF₆ leakage and EV replacement programme.
- We have reduced SF₆ emissions across our UK and US networks by 21% since 2019, against our target of a 50% reduction by 2030.
- Scope 3 emissions have increased by 1.4% in 2022/23 compared with 2021/22 and are higher than the 2% decrease we projected in the Climate Transition Plan due to higher than projected energy usage and electricity carbon intensity in our US regions.

- Our air travel has reduced by 23% from pre-pandemic levels, which is below the target of 50% we set ourselves. We have seen a significant increase in air travel post-pandemic. We continue to explore how we can further reduce our air travel through virtual meetings, consolidating meetings when travelling and using alternative forms of travel where possible, while recognising the benefit of face-to-face engagement.
- National Grid is a CDP supply chain partner on climate change. We engage 250 suppliers annually on decarbonisation, the current goal is to have 75% with active carbon reduction targets by 2030.

Impact on our operations:

- We have amended local site management plans to increase biodiversity and natural capital
- To adapt to climate change, we are updating our climate vulnerability plans

Our communities

We will support a fair and affordable transition for our communities and customers for the future

£65m

Energy support fund pledged in the UK and US

£47.7m

Combined Group-wide community investment in 2022/23 (a contribution towards this is from our energy support fund)

60,096 hours

Number of colleague volunteering hours

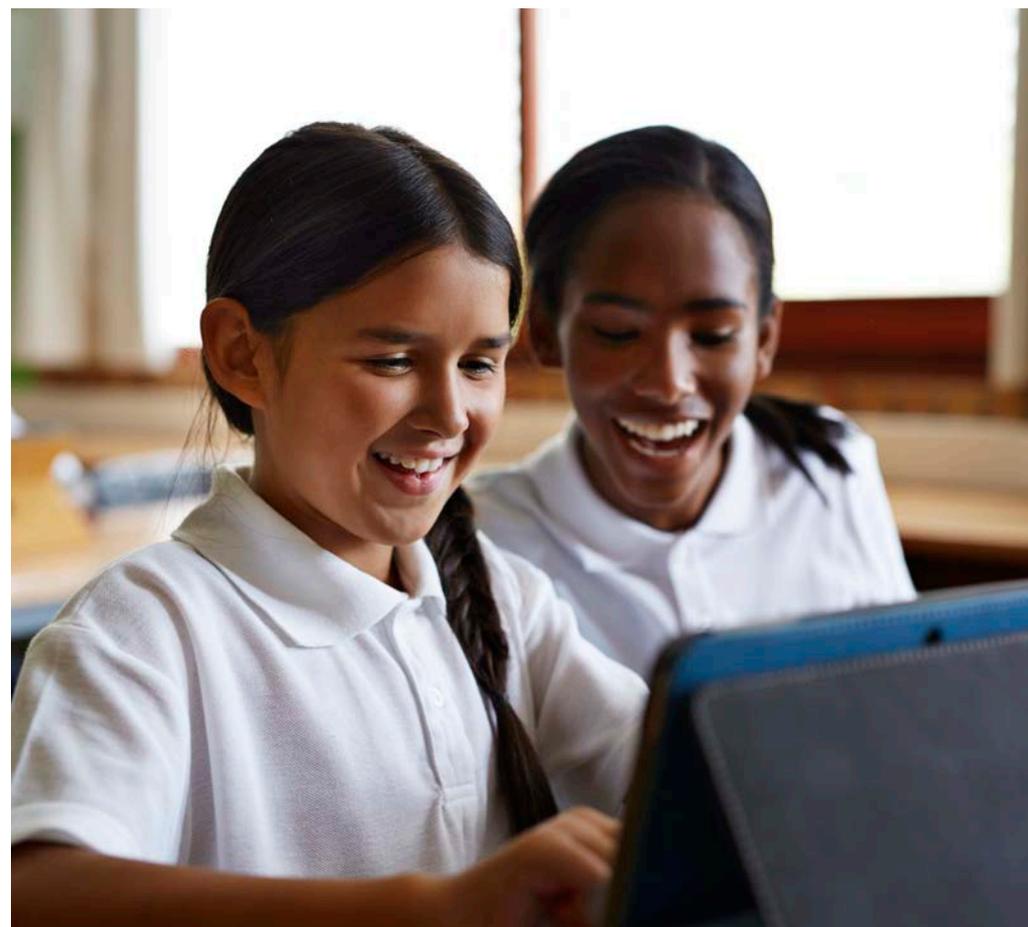
6,590 people

upskilled this year

While continuing to place public safety and network reliability and resilience as top priorities, we are focusing in particular on the affordability and fairness of our service to the community and developing the skills of people from some of the more deprived communities where we operate to help us in the clean energy transition.

Highlights:

- To support increasing energy costs, we have pledged a £65 million energy support fund in the UK and US.
- This winter has been one of our most reliable to date, with over 99.9% reliability. We continue to focus on building resilience and reliability across networks.
- Against our 10-year commitment to develop skills for the future for 45,000 people in our communities, our target in 2022/23 was to upskill 4,976 people. As of 31 March 2023, 6,590 people have been meaningfully upskilled, made up of 2,502 in the UK and 4,088 in the US. Through our Grid for Good skills and employability programmes, we have positively impacted the lives of 11,823 people, with 124 going on to apply for roles in National Grid and 19 people securing employment, bringing the total since launch to 29.
- During 2022/23, across National Grid, we have contributed £47.7 million in community investment to support local communities across our energy affordability, skills and employability, environmental and colleague-driven initiatives. A contribution towards this is from our £65 million energy support fund. In the UK, this year we also enhanced our support for communities in areas close to our major infrastructure projects. Where there is a close link to the capital project in question, applicants can request up to £20,000. Where this link is less strong, the maximum amount is £10,000. In 2022/23, we approved grants to the value of £870,357, supporting 57 beneficiaries.
- We have enabled more colleagues across the UK and US to feel directly connected to our communities, giving them an opportunity to make a difference. This year, National Grid colleagues have logged 60,096 volunteering hours, bringing our total to 76,236 volunteering hours.
- In the UK, our employees donated their time to support one or more of the 92 programmes we have mobilised to benefit local communities. We currently have three employees undertaking 12-month voluntary secondments at Citizens Advice to provide holistic telephone and in-person advice to people struggling with the impacts of the cost of living crisis.



Further reading can be found in the following RBR case studies:

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

Our people

We are supporting our colleagues to play a pivotal role in delivering net zero, while living our values

36.1%

of our workforce are diverse

81%

Employee engagement index score

71%

of colleagues believe
'Where I work, it is safe to say what I think'

37.1

training hours per employee

While continuing to ensure our people are kept safe and healthy and that work conditions meet their expectations, we are stepping up our efforts in relation to diversity and inclusion – focusing on fairness in pay and opportunity, transparency, and training around issues of gender and ethnicity.

Highlights:

- The safety and wellbeing of our people is a top priority for every one of us at National Grid, as well as creating a truly diverse, equitable and inclusive culture, where all our colleagues feel that they belong and can achieve their full potential. We see our culture as how we live our values. They underpin everything we do at National Grid – to do the right thing, find a better way and make it happen. We regularly check in on these values and how we articulate the behaviours that guide them, and in 2022 we made some changes. By doing so we've increased our focus on:
 - customers – putting our customers at the heart of what we do;
 - results and progress – evolving to be smarter and more agile;
 - safety – ensuring that safety stays core to our values and the way we work; and
 - diversity – supporting our aim to be one of the most diverse and inclusive companies of the 21st century. Continuous improvement and adapting, particularly in response to colleague feedback, is critical for our success as a responsible business.
- The health, safety and wellbeing of employees and contractors is our primary concern and a key priority for everyone at National Grid; we have a fundamental duty of care to ensure that our colleagues are kept safe at work and that their health is not impacted as a result of



their employment. Any safety incident is one too many and we continually work to improve our performance through effective policies, standards, procedures and training. We liaise regularly with the Health and Safety Executive in the UK and the Occupational Safety and Health Administration in the US, along with the relevant state regulators.

for the business and our stakeholders, and we seek to attract and retain the best people by striving to be recognised as an employer of choice. We are focused on streamlining our recruitment processes, investing in best-in-class HR technology, 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 a workforce of our customers.

- Sadly, in May 2022 we had a fatality, we lost a colleague in Massachusetts. He was electrocuted whilst working on live equipment keeping power to a residential building. This loss has had a profound effect on the whole organisation. Since then, we have completed a thorough investigation, have shared learning with all of our colleagues. A second fatality occurred in September 2022 when a vegetation contractor in our New York business tragically died following an allergic reaction to a bee sting. Everyone should return home safely at the end of their working day and following these tragedies we are re-doubling our efforts to ensure this is the case for all who work on our assets. In the last year, we established a new Group-wide policy and safety strategy called 'Stand Up For Safety' which is being rolled out across the Company over a 12 month period.
- We employ 29,440 people (2021/22: 24,104), located in both the UK (12,562) and the US (16,878). We are reliant on our colleagues to deliver success
- We aim for our workforce to reflect the diversity of the communities we serve. We are committed to providing an inclusive, equal and fair working environment by driving inclusion and promoting equal opportunities for all, and ensuring our workforce, whether part-time, full-time or temporary, is treated fairly and with respect. We are working to eliminate discrimination and ensure that selection for employment, promotion, training, development, benefit and reward is equitable and accessible to everyone. We want to create a culture of inclusion where everyone can bring their authentic selves to work, are encouraged to speak up and can freely express any concerns that do not align with our Company values. We are delighted to be named one of The Times Top 50 Employers for Women 2022.



Further reading can be found in the following RBR case studies:

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

The economy

We endeavour to do the right thing in the wider economy

£7.7bn

Total investment in energy infrastructure

75%

EU Taxonomy aligned Group turnover

£1.1bn

in green bonds

62%

of supplier with carbon reduction targets



Further reading can be found in the following RBR case study:

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

We are continuing to develop our infrastructure, invest in innovation that benefits our customers and wider society and pay the right tax, as well as working to influence our supply chain to focus on diversity and responsible behaviour.

Highlights:

- In our commitment to be a trusted, value-driven leader in the energy transition, we have voluntarily elected to publish disclosures based on our eligibility and alignment to the EU Taxonomy Delegated Acts on Climate Change Mitigation and Adaptation. The EU Taxonomy Delegated Acts objectives have been developed to align with the Paris Agreement, consistent with our own net zero by 2050 commitment.
- National Grid published its Green Financing Framework (the 'Framework') in November 2019, under which National Grid plc and its subsidiaries can issue Green Financing Instruments to fund our efforts towards a cleaner energy system. This year, we have issued two more green bonds to advance our commitment to preparing the electricity grids in the UK and Northeast US for a decarbonised future, and expand our development of renewable generation in the US. The first green bond of \$500 million was issued in September 2022 by Niagara Mohawk Power Corporation (NMPC) and the second was a National Grid plc issuance of €750 million in January 2023.
- Our returns are heavily influenced by the regulatory arrangements in place for each of our regulated businesses. In setting these arrangements, we work with regulators to ensure the strong performance will deliver value for our customers and a fair return on investments we make. We have invested £7,740 million in energy infrastructure this year. The direct, indirect and induced economic impact of our operations and investments in 2022/23 supported 247,000 jobs in our regions.



- We work with 18,165 suppliers, spending over £9 billion per annum with them. National Grid's operations, payments to suppliers and payments of wages to workers supported £29 billion in gross value added contributions to GDP in the US and the UK in 2022/23.
- Our Supplier Code of Conduct (SCoC) is aligned to our Responsible Business Charter pillars and includes specific language on responsible business and sustainability. We embed the document into our strategic sourcing process and require all suppliers to acknowledge our SCoC as a condition of doing business.

Our governance

We have put the governance in place to hold ourselves to account

50%
diversity at Board level

97%
of employees completed
Code of Ethics training

98%
of employees completed anti-bribery and
corruption training

Supplier Code of Conduct (SCoC)

integrates human rights into the way we interact with our supply chain

We will hold ourselves accountable on our commitments and ensure that stakeholder voices continue to be heard at the highest level, and that they influence our approach. We will ensure we maintain the highest standards of ethical conduct.

Highlights:

- From transparency and culture to making sure we have a diverse leadership team, we are committed to the highest standards of corporate governance and making sure we apply best practices. The National Grid plc Board is collectively responsible for the effective oversight of the Company and its businesses.
 - In order to be effective, we believe our Board needs to have the diversity of ethnicity, gender and experience to make the decisions which will enable us to fulfil our purpose and deliver our strategy. We currently have 50% diversity on the Board, which is defined in this context as female and individuals from a minority ethnic background.
 - Our governance framework is aligned with our purpose, vision and values. Executive and senior leadership pay is now linked to our responsible business commitments, across a number of metrics, to strengthen alignment of performance and our responsible business activities.
 - A foundational component of our approach is our Code of Ethics (Code). The Code applies to all employees, directly employed contractors and Board members.
 - Our Code is issued to all colleagues and provides guidance on how to assess if an action is 'right' and how to raise concerns that arise properly and safely. The Code is supported by a global communication and training programme to promote a strong ethical culture.
- We also have an e-learning course for all management employees on conflicts of interest and how to identify and mitigate them. During the year, 97% of colleagues completed training on the Code, which requires them to affirm that they have read and understood the Code. 42% of reported Code of Ethics breaches were substantiated and resulted in various disciplinary actions.

