

**nationalgrid**

A photograph showing three people riding bicycles on a paved path. They are wearing helmets and jackets, suggesting a cool day. In the background, several large white wind turbines are visible against a cloudy sky. The overall scene conveys a sense of clean energy and outdoor activity.

**Our commitment to  
a clean, fair and  
affordable energy future**

Responsible Business Charter 2023

# Chief Executive's review



**“... now is the right time to simplify our approach to responsible business and ensure greater clarity on what is important to us and our stakeholders.”**

**At National Grid, our role as a responsible business is at the heart of everything we do. It is enshrined in our purpose – Bring Energy to Life.**

We ensure that our customers and communities have the electricity and gas that they rely on for their homes and businesses today. We do this reliably, efficiently and safely. We want to continue to play our part as a responsible business. This is defined in our vision: to be at the heart of a **clean, fair and affordable energy future**.

**Clean**, because we have a critical role to play in tackling climate change, leading the way to net zero.  
**Fair**, because we want to enable the energy transition for all, making sure that no one gets left behind.  
**Affordable**, because everyone should be able to pay for all their essential energy needs.

### Our progress

In 2020, we launched our first Responsible Business Charter, articulating what ‘responsibility’ means for us. Since then, we have used that charter to shape our actions as a responsible business.

We launched our Climate Transition Plan, which sets out the concept of ‘real zero’ – our aim to achieve zero emissions by 2050, or very close to this, without using offsets to achieve our net zero commitment. Our Climate Transition Plan was put to an advisory shareholder vote at the organisation’s 2022 AGM, receiving 98% approval.

We have increased our ambition by updating our near-term emissions reduction targets to align them with a 1.5°C pathway, with these targets validated by the Science Based Targets initiative (SBTi). These new targets will mean greater emissions reductions across our Scope 1, 2 and 3 emissions, which are aligned to our strategy and investment programmes.

We have incorporated emissions reduction performance and actions, to enable the energy transition, into executive and senior leadership remuneration policies. This will strengthen the alignment between our performance and our responsible business activities.

We have funded programmes that help support growth, diversity, opportunity and nature in the communities we serve. In 2022, we launched a

### Our 2023 charter

To ensure we address the evolving demands of a clean, fair and affordable energy future, we believe now is the right time to simplify our approach to responsible business and ensure greater clarity on what is important to us and our stakeholders.

Our focus for responsible business is on three core pillars: **our environment, our customers and communities, our people**. These are underpinned by our responsible business fundamentals which include governance and activities that are essential to day-to-day business.

We are committed to delivering a clean energy future while building the net zero workforce to enable a fair and affordable transition for all.



commitment for \$17 million in the US and £50 million in the UK to help alleviate financial distress caused by rising energy costs. These funds will help support organisations working on the front line of the energy crisis to continue to help and support those in need, particularly during the winters.

We have worked with partners internationally to drive ambitious change towards a clean energy future, participating in global climate events such as COP26 and COP27, demonstrating that action is being taken to tackle climate change, and sharing best practice to accelerate the decarbonisation of electricity networks worldwide.

Our people are important to us. We welcome colleagues from all backgrounds and continue to create an open and supportive working environment. We acknowledge that we can do more to ensure everyone at National Grid stays safe. Our Group-wide Stand Up for Safety campaign aims to encourage all colleagues to get behind the new safety principles and the behaviours we want to see in colleagues’ everyday actions.

There is still work to be done, including reducing our Scope 1, 2 and 3 emissions further. It is important to note that progress towards our targets will likely be variable and non-linear. We may need to adapt our approach to respond to external circumstances while remaining focused on our aim of achieving net zero emissions by 2050. Continuing to deliver the infrastructure to enable the clean energy transition is core to our ambitions, with this also helping us reduce our greenhouse gas emissions.

We need to build on the work we are doing with our suppliers to further emissions reductions in our value chain, supporting them to set their own emissions reduction targets where they have not done so. We also need to continue to engage with policymakers and regulators to ensure the continued development of policies and regulation that support enabling the energy transition for all and which will be needed to enable us to meet our ambitious emissions reduction targets.

### Social expectations

We have always believed that businesses such as ours need to stand for something more than profitability. We have a responsibility to ensure the whole of society shares in the benefits of a fair transition to a net zero future and that nobody is left behind, whether that is helping the young people of today to become the energy problem-solvers of tomorrow, supporting our customers to use energy more efficiently or tackling climate change by targeting net zero for our own emissions by 2050.

Creating a clean, fair and affordable energy future is what society demands and what we demand of ourselves.

### What comes next

We will report back on our progress against this charter annually in our Responsible Business Report, from 2023/24.

**John Pettigrew**  
Chief Executive

# Our approach to Responsible Business

**We understand that consumers and the general public expect businesses to operate responsibly, are looking for high standards of sustainability, and employees want to work for businesses with a high quality of work and a clear moral purpose. Regulators and policymakers expect businesses to play a role in helping them solve social problems and we have also seen increased investor interest in long-term, sustainable investments.**

## Business strategy and recent changes

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.

## United Nations Sustainable Development Goals

We 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. The SDGs which are most material to our Responsible Business Charter commitments are SDG 5: gender equality, SDG 7: affordable and clean energy, SDG 8: decent work and economic growth, and SDG 13: climate action.

## Delivering a fair transition

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.

Through engagement with stakeholders, we are working to understand what a fair transition means for National Grid and our communities, what our role is in supporting a fair transition and where we can work with others, what actions we can take, and how we will be held to account on delivery. The commitments in this Charter support to ensure a fair transition.

## Understanding what is material

Materiality is the principle that determines which responsible business issues are sufficiently important that it is essential for us to report on them and ensure the emphasis within our report reflects their relative priority.

As part of our charter refresh and in conjunction with stakeholders, we have undertaken a new environmental, social and governance (ESG) materiality assessment. This process defined, assessed and validated the most important responsible business topics to our key stakeholders (investors, colleagues, customers, contractors and suppliers, communities and governments, regulators), and then contrasted these with the view of the company and financial value.

Our top six identified material topics are:

1. Greenhouse gas emissions
2. Decarbonisation and clean energy transition
3. Affordability
4. Natural capital and biodiversity
5. Network reliability
6. Diversity, equity and inclusion.

The material topics were identified and assessed in line with the Global Reporting Initiative's (GRI) standard on materiality (GRI 3).

We have also incorporated a financial materiality perspective to future proof our reporting, based on the International Sustainability Standards Board (ISSB), the European Sustainability Reporting Standards (ESRS) and the Sustainability Disclosure Requirements (SDR) as per UK government plans. Financial materiality was identified and assessed by National Grid management based on future cash flows, performance, assets and liabilities, other capitals and timings & likelihood.

For more detail on our full materiality assessment, please see our [website](#).

## We have refreshed our charter

In order to make it clear which topics are material for us and our stakeholders we have simplified our approach to responsible business focusing on three pillars (our environment, our customers and communities, our people) underpinned by our responsible business fundamentals. Our previous pillars on economy and governance have been incorporated into this new simplified approach.

## How we will report on our Responsible Business Charter

Our annual Responsible Business Report details our progress against our commitments within our pillars and showcases the activities we have underway across the business to help to deliver against them.

The reporting against our refreshed Responsible Business Charter, this document, and the commitments within will commence from our 2023/24 Responsible Business Report. For more information on our reporting suite, please see page 12.

## Managing performance against our charter

The Board delegates to management responsibility for implementation of the net zero strategy and overseeing the development and achievement of RBC commitments and targets. Sustainability-focused roles have been embedded across the Group to ensure that in addition to the top-down focus, there is also a bottom-up approach to addressing climate-related issues. Our governance structure is detailed on page 11.

We are working towards embedding performance management of our Responsible Business Charter commitments throughout each business unit, as part of their monthly business performance reviews and a detailed review is completed through a quarterly responsible business deep dive. Information about our business units can be found in our Annual Report and Accounts.

## Our core pillars

### Our environment

#### Deliver a clean energy future

 **Further reading**  
Read more on pages 3 to 5

### Our customers and communities

#### Support a fair and affordable transition

 **Further reading**  
Read more on pages 6 and 7

### Our people

#### Build the net zero workforce

 **Further reading**  
Read more on pages 8 and 9

## Underpinned by

### Responsible Business fundamentals

#### Be a responsible business in our operations

 **Further reading**  
Read more on pages 10 and 11

## Our environment

# Deliver a clean energy future



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

#### 60% reduction

Reduce Scope 1 and 2 greenhouse gas emissions 60% by 2030 (from a 2018/19 baseline)

#### 37.5% reduction

Reduce Scope 3 greenhouse gas emissions 37.5% by 2034 (from a 2018/19 baseline)

#### 100% electric light-duty vehicles

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

#### 50% reduction

Reduce SF<sub>6</sub> emissions from our operations by 50% by 2030, from a 2018/19 baseline

#### 20% reduction

Reduce energy consumption in our flagship offices by 20% by 2030, from a 2019/20 baseline

#### 50% annual reduction

Reduce our annual air travel emissions by at least 50% by 2025/26, from a 2019/20 baseline, and offset any remaining emissions responsibly

#### 50% US suppliers will commit to setting a Science Based Target roadmap

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

#### 80% UK suppliers will commit to setting a formal Science Based Target

The top 80% of our UK suppliers by emissions will have formally committed to set a Science Based Target by 2025/26

### Commitment 2: Protect our natural environment

#### 10% improvement

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

### Commitment 3: Invest in the decarbonisation of the future of energy

#### £29 billion

Invest at least £29 billion in green infrastructure and projects in the five years to March 2026

### Commitment 4: Adapt to a changing climate

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

### Commitment 5: Use resources responsibly

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

#### Linked SDGs



Affordable and clean energy



Climate action

#### Our material topics

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

# Our environment

## Progress to date



- Our near-term targets are aligned to a 1.5°C pathway under SBTi and we are working towards net zero as a Group.



- We launched our Climate Transition Plan which sets out our actions to meet our Group greenhouse gas reduction targets by 2050.

**Climate change is the defining challenge of our time. As an essential part of energy systems in the UK and Northeast US, we are unwavering in our commitment to deliver a clean energy future. Our greenhouse gas emissions are clearly linked to the decarbonisation of energy systems and therefore our overall business strategy.**

**Beyond emissions reductions, there are other areas where we can have a positive material impact on the environment, including managing the impact of the delivery of energy infrastructure on our communities and the natural environment, along with using our significant non-operational landholding to deliver benefits to the natural environment.**

Since publishing our net zero commitment, we have made progress on our environmental goals, including emissions reductions, investments in nature and more. As part of this 2023 charter, we are renewing and enhancing our environmental commitments, ensuring alignment to climate science and industry best practice, pushing us to accelerate the pace of, and broaden the scope of, our work toward a sustainable future.

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

We believe decisive action is required to limit the rise in global average temperatures to 1.5°C. We are committed to serving as a leader in the energy transition, working with others across the sector and around the world to come together to deliver clean, fair, and affordable energy.

We are working with the Science Based Targets initiative (SBTi) with a view to achieving validation of a 1.5°C aligned long-term net zero target. We currently anticipate this may be hard to achieve as SBTi has not yet finalised its gas sector specific pathway. However, in the meantime we have increased our ambition by updating our near-term emissions reductions targets to align them with a 1.5°C pathway, with these targets validated by the SBTi. Our previous near-term targets were aligned to a well below 2°C pathway. These updated near-term targets will mean greater emissions reductions across our Scope 1, 2 and 3 emissions, and are aligned to our strategy and investment programmes.

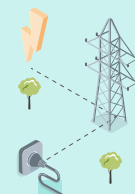
Our commitment to net zero starts with our own operations. We are making strides in reducing our emissions, such as by limiting both leaks and the use of the potent greenhouse gas sulphur hexafluoride (SF<sub>6</sub>) from our electric equipment, adopting electric vehicles into our fleet, and driving energy efficiency at our workplaces. Achieving net zero also requires emissions reductions across our supply chain; to achieve this we continue to work closely with our suppliers to establish action plans and adopt science-based decarbonisation targets.

A significant proportion of our emissions within the scope of our targets 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.

For our electric businesses, this means supporting the adoption of clean energy by interconnecting renewables onto our networks in an efficient and effective way, along with designing and managing our networks to meet the growing needs of electric heat and transportation. For our Electricity System Operator in the UK, this means achieving our ambition

## Greenhouse gas emissions

### Scope 2: Indirect



#### Upstream

- Line losses for 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

### Scope 1: Direct



#### Our operations

- Long Island Power Authority electricity generation
- Leaks and venting from our gas distribution systems
- SF<sub>6</sub> leaks from our electric equipment
- Fleet fuel use
- LNG venting and fuel

### Scope 3: Indirect



#### Downstream

- Use of the gas we provide to our customers

of operating a zero-carbon system by 2025. Our competitive business, National Grid Ventures, will continue to advance and manage clean energy projects, including electricity interconnectors in the UK, and solar, wind, and battery storage in the US.

We know that achieving our emission reduction targets is dependent on the development and evolution of policy, regulatory frameworks and planning systems which support the decarbonisation of the wider energy sector.

Our understanding of what measures are needed is evolving over time, and we will continue to assess the policy and regulatory landscape and advocate for those actions we believe are needed to support delivery of our targets.

In the UK, our Delivering for 2035 document sets out the priority actions needed to ensure the networks sector can help make a decarbonised power system a reality and to support delivery of our targets.

In the US, our Clean Energy Vision published in early 2022 set out the actions we believe are critical to ensure that we are collectively on the path to meeting decarbonisation goals in Massachusetts and New York.

Internationally, we are also driving ambition and action towards the clean energy transition. We are working with our peers in countries that are looking to develop green grids regionally and nationally, sharing learning and experiences to encourage the rapid scale-up of renewable energy. We engage with stakeholders in our sector and others to demonstrate that action is being taken and share best practice and innovation to enable businesses and governments to go further and faster.

# Our environment continued

## Protect our natural environment

The natural environment is in decline globally, despite society needing healthy, functioning ecosystems to survive and economic prosperity being inextricably linked to natural resources.

We are committed to developing a more ambitious nature strategy and understanding how external drivers will influence our future plans; such as the COP15 Post-2020 Global Biodiversity Framework commitments, Science-Based Targets for Nature and the Taskforce on Nature-Related Financial Disclosures (TNFD).

There are significant differences in the types of habitats and levels of biodiversity present across the geographies where we operate. Therefore, we will align our approach to regional priorities. This means for our UK operations, we will focus on restoring the natural environment, and for our US operations, we will focus on preserving the natural environment. We will build on the progress we have already made by focusing on the areas of our business where we have the most material impact on nature: on the land that we own and through the delivery of our major infrastructure projects, both onshore and offshore, as part of the energy transition. Where we have an impact, we will leave nature in a more positive state than we found it, while ensuring alignment with the requirements of our regulators.

## Invest in the decarbonisation of the future of energy

Our commitment to investing in green infrastructure and projects has been aligned to the EU Taxonomy climate change mitigation and adaptation objectives to enhance comparability for our stakeholders. Both objectives have been developed to align with the Paris Agreement, consistent with our own net zero by 2050 commitment. Our green investment target aligns to the five-year outlook (2021/22–2025/26) that we announced in November 2022, where we plan to invest up to £40 billion of capital investment, of which c.£29 billion, or c.70%, is aligned to the EU Taxonomy. This makes National Grid one of the FTSE's biggest investors in the delivery of net zero.

## Adapt to changing climate

We are seeing an increasing frequency and intensity of climate-related hazards affecting all parts of our business, and it's critical we continue to deliver on and evolve our plans to adapt to the changing climate. We must ensure

our energy infrastructure is resilient, the risk of climate hazards is managed, and we continue to provide reliable energy to our customers. We recognise the need to develop a consistent, holistic approach to climate adaptation across the organisation.

We have developed an in-house Climate Change Risk Tool analysis to identify climate hazard risk to our energy infrastructure. We will use this to evolve our work on climate adaptation, developing a Climate Change Adaptation Plan, outlining adaptation solutions for our high-risk assets and confirm the strategic approach to managing that risk.

## Use resources responsibly

We understand that all our work towards net zero and delivering our sustainability targets is underpinned by a foundation of compliance and strong environmental management. We continue to follow the best practice of Plan-Do-Check-Act which drives continual improvement to minimise pollution, waste, and our water use impacts.

To facilitate this, our businesses operate environmental management systems aligned to the internationally recognised ISO14001 standard, and support the principles of efficiency and environmentally responsible operation.

**“We have announced that at least £29 billion, around 70% of our £40 billion five-year investment programme, will be invested in the decarbonisation of energy networks, aligned to the EU Taxonomy principles.”**



## Our customers and communities

# Support a fair and affordable transition

**Commitment 1:**  
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

**Commitment 3:**  
Engage directly in our communities through volunteering

**500,000 hours**

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

**Commitment 2:**  
Accelerate social mobility in the communities we serve

**45,000 people**

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

**Commitment 4:**  
Act on feedback we receive from our customers on the service we provide

Report back on customer satisfaction scores across our key business areas



**Linked SDGs**



**Affordable and clean energy**



**Decent work and economic growth**

**Our material topics**

- Affordability
- Social impact
- Customer satisfaction

# Our customers and communities



## Progress to date



• We have created an energy support fund of £50 million in the UK and \$17 million in the US for our most vulnerable customers and communities to help alleviate financial distress caused by rising energy costs.



• Since the launch of our Grid for Good skills and employability programmes, we have employed 29 people from underrepresented groups in our communities.

## Grid for Good

Grid for Good is our Group-wide flagship programme providing training and employment opportunities for young people, aged 16-25, who come from disadvantage backgrounds.

In order to create positive societal impact and the skills we need both now and in the coming years, we will work to source from within our communities.

We understand the importance of measurement and are working hard to capture new data sets to report the social value created by our business, and our supply chain, for our customers and communities.

**In leading the energy transition, we will ensure a fair transition where no one is left behind and in doing so that we create social value and impact for our customers and communities.**

### Support an affordable energy transition

We are committed to help ease the pressures on society, where we can. We will address this by mobilising hardship funds and energy efficiency measures which we will deliver through partnerships with organisations working on the front line. We want to ensure that the technological and environmental benefits the clean energy transition will bring are felt by all. We will continue to make grants and innovation schemes available in the areas where we operate, for communities and small businesses to take advantage of.

### Accelerate social mobility in the communities we serve

We will work alongside and collaborate with our peers, partners and educators and lead the way in building programmes to accelerate social mobility in the communities we serve, with a focus on those with lower incomes. By providing meaningful skills development we are focused on activities that require learning and participation or becoming a hire. Through upskilling, we aspire to positively impact lives and help to grow the future net zero workforce needed to enable the energy transition. We also monitor other light touch activities which include career fairs and insight talks for example, however, these will not count towards our skills development target.



### Engage directly in our communities through volunteering

To forge meaningful connections and benefits between our employees and communities, we will deliver employee volunteering through a range of partnerships across our UK and US businesses. Of our volunteering activities, 80% will align with our community commitments and 20% will be reserved for discretionary volunteering in response to local community needs. In addition to donations made by National Grid, our employees will also have access to matched funding schemes to raise money for their chosen charities and to make donations to community organisations through payroll giving.

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

We value our customers, and we will continually seek to act on feedback on the service we provide. From transmission and distribution to interconnectors and access to renewables, our customer feedback enables us to retain and improve our standards.



## Our people

# Build the net zero workforce



**Commitment 1:**  
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 fulfil their potential and develop the skills and capabilities required for the net zero workforce

**Commitment 2:**  
Reflect the communities we serve, with heightened attention to increasing ethnic and female representation in our workforce

**35% female  
20% ethnicity**

Aim for 35% female representation and 20% ethnicity in our management population by 2025

**50% female  
40% ethnicity**

Aim for 50% female representation and 40% ethnicity in our new talent population by 2025

**50% leadership diversity**

Aim for 50% diversity of our Group Executive by 2025 including but not limited to a focus on gender and ethnicity

Aim for 50% diversity of our Board by 2025

**Commitment 3:**  
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

**Commitment 4:**  
Lead the industry on colleague health and wellbeing

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

**Commitment 5:**  
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

### Linked SDGs



**Gender equality**



**Decent work and economic growth**



**Climate action**

### Our material topics

- Diversity, equity and inclusion
- Skills and employability
- Workforce development
- Culture

# Our people

## Progress to date



- 81% Group-wide employee engagement score, six points higher than external benchmarks.



National Grid's partnership with its Employee Resource Groups has driven real impact:

- The Times Top 50 employers for women
- Top 10 outstanding employer for race at the Ethnicity Awards
- LGBTQ+ Trailblazer at the British LGBT awards

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

We are committed to providing learning solutions that are accessible to all colleagues, accommodate different learning styles and encourage self-service learning. By using high-impact and engaging approaches, we will foster an environment where all colleagues can learn from and with others. Creating a culture where people feel safe to learn will empower our colleagues to perform at their best and fulfil their potential. This culture will also enable National Grid to attract and retain the talent we need to achieve net zero in the communities we serve.

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

National Grid aspires to be among the most diverse, equitable, and inclusive organisations of the 21st century. Our business benefits from a diverse workforce, 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.

We want representation at all levels of the organisation and across all ethnic groups so colleagues can see clear career pathways wherever they work. During the pandemic, we have seen an impact on gender diversity as a disproportionate number of women have left the workforce across all industries. Our aim is to reverse that and get back to a positive trend of female representation in leadership and non-traditional roles, particularly in field and operational areas. National Grid is also a company that welcomes LGBTQ+ colleagues and colleagues with disabilities, and we are continuing to increase our focus on these areas to ensure the right representation and support.

## 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

We pride ourselves on being an organisation where our colleagues feel it is safe to speak up and challenge where something does not feel right, and our ambition is to continue our leadership in this space for the energy industry. We want to be an inclusive company and our Group Executive leaders are committed to regularly engaging with, listening and responding to the needs of our people. Our Board members also lead listening sessions with colleagues so that they are well placed to represent their needs and promote the success of the company, in line with section 172 of the Companies Act 2006.

## Lead the industry on colleague health and wellbeing

Protecting and enhancing the physical and mental health of our colleagues is a priority at National Grid. We have an extensive range of industry-leading health and wellbeing resources available to individuals and their managers to ensure the right level of support for all who need it. This helps us proactively manage health and wellbeing issues and facilitate effective return-to-work strategies where they are needed. We are also committed to 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.



## Ensure all colleagues receive fair and equitable pay

We are committed to ensuring there is no material pay gap in either our UK or US businesses. We have a statutory duty to report on gender pay gap in the UK, and we are industry leading at 2.4% compared with 22.8% for the wider energy sector (source: Office for National Statistics). While we are not required by law to

report on gender pay gap in the US, we provide data for the US alongside the UK in our annual Responsible Business Report. We also report on ethnicity pay gap in the UK and US to increase transparency in this area. Our commitment is to ensure there is no bias or inequity in pay, regardless of location, ethnicity, gender or disability.

## Responsible Business fundamentals

# Be a responsible business in our operations

### Our 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, 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.

### Linked SDGs



**Gender equality**



**Affordable and clean energy**



**Decent work and economic growth**

### Our material topics

- Network reliability
- Health and safety
- Digitalisation and innovative technology
- Supply chain engagement
- Cyber security and data protection
- Compliance and ethics



## Responsible Business fundamentals

**Our Responsible Business fundamentals underpin our Responsible Business Charter. Here we cover those areas which are expected of us, in how we run the business and how we engage with our supply chains.**

### **We are committed to safely, reliably and efficiently connecting millions of people to the energy they use**

We play a vital role in society, making sure energy reaches homes and businesses of the customers and communities we serve in a safe, reliable and efficient way. This is embedded throughout our strategic priorities and values, and delivered by our business units through network projects.

### **We are building resilience into our operations**

We have an acute focus on maintaining the safe and reliable operations of our networks. To adapt our networks to a changing climate, we take a strategic approach to build resilience into everything we do, to better anticipate, adapt and respond to the risks from increased frequency of extreme weather incidents and changing long-term climate trends.

### **We are continuing to influence our supply chain to operate as responsible businesses**

We recognise that our supply chain is an extension of our own direct operations, and this relationship is fundamental to delivering on our commitments. Our Supplier Code of Conduct sets out our expectations, values and fundamental principles and we work with our supply chain to extend this into their businesses and their own supply chain. This includes the promotion of human rights and decent work as well as actively promoting diversity, equity and inclusion across our sector in our Global Supplier Diversity Policy.

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

National Grid has demonstrated its commitment to the fair treatment of our suppliers by signing up to the Prompt Payment Code. We are an accredited Living Wage employer and set expectations on employment agency partners to uphold the same standards of employment that we offer to our direct employees. These principles are expected of our suppliers and in their own supply chains, as set out in our Supplier Code of Conduct.

### **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**

For our colleagues we have an Ethics helpline and clearly signposted reporting processes, and for suppliers we have screening tools in place. We are also working with peer companies across the energy industry to agree common standards for human rights. We are working to have robust approaches in place to identify potential human rights violations and then ensuring those are well understood by our colleagues and suppliers.

### **We are committed to being a compliant and ethical business in everything we do**

Our Code of Ethics applies to all our employees; it is shaped by our values and outlines behavioural expectations. It is intended to help protect our reputation as an ethical organisation and maintain the trust of everyone we do business with. Our Code is supported by mandatory training to enhance employee knowledge and understanding of key areas such as fraud and bribery, speak-up channels and where to find additional guidance and support.

### **We are continuing to invest in developing technologies and innovations that benefit our customers and wider society**

Our innovation and Research and Development portfolio, including our Deeside Centre for Innovation, ensures we are prepared for, and play a pivotal role in, the decarbonisation of energy for power, heat, transport and industry.

We continue to progress investments in emerging technologies and embedded these innovations across our US and UK core operations.

### **We will ensure we have appropriate governance in place to deliver our responsible business commitments**

We have a number of working groups focused on our material topics to support the delivery of our commitments. Responsible Business as a whole is governed by our Sustainability Steering Committee, Group Executive Safety, Health & Sustainability Committee and the Board Safety & Sustainability Committee.



Underneath this, senior leaders ensure progress against our commitments through a Sustainability Steering Committee, and we have a number of working groups focused on our material topics to support the delivery of our commitments.

Governance of specific topics is also managed in a range of other committees, including Remuneration, People & Governance, and Audit & Risk Committees.

### **We are ensuring security and risks, cyber and physical, are appropriately monitored**

We protect and enhance our reputation and assets, while safeguarding the interest of our shareholders. Risk management and internal controls systems are overseen by the Board.

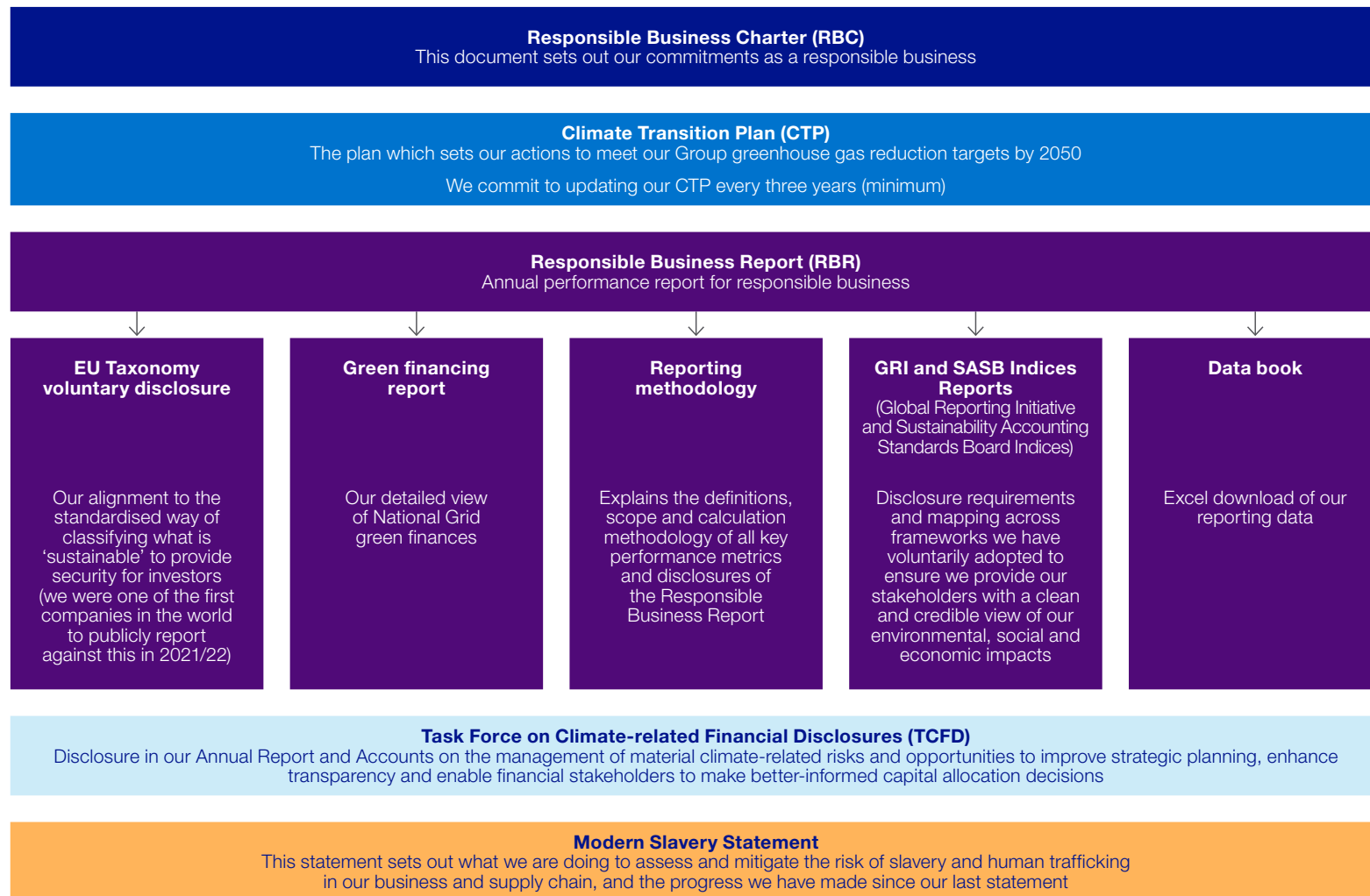
### **We are committed to working with stakeholders and the wider industry to advocate for action and broader influence on responsible business topics**

Collaborating across the industry plays a crucial role in our ability to share expertise, generate ideas and solve the challenges we see ahead of us. We work with technical organisations, academia and suppliers in the energy sector that align with our goals and objectives to deliver value to our stakeholders. Our Global Corporate Policy on Responsible Lobbying and Political Engagement defines our commitment in this space and ensures that we regularly review those bodies that we are a member of and their alignment with our decarbonisation targets.

# Transparent reporting

Our reporting suite of documents detail our responsible business journey. As ESG reporting standards evolve, we will adapt the way we report in line with what is required to ensure transparency in our reporting.

Our reporting suite of documents and all relevant policies can be found on our [website](#).



## Reporting Challenges

In preparing the ESG-related information contained in this report, National Grid has made a number of key judgements, estimations and assumptions. The processes, methodologies and issues involved are complex. The information in this report includes non-financial metrics, estimates or other information that are subject to significant uncertainties, which may include the methodology, collection and verification of data, various estimates and assumptions, and underlying data that is obtained from third parties.

The ESG data, models and methodologies are often relatively new, are rapidly evolving and are not of the same standard as those available for financial and other information, nor are they subject to the same or equivalent disclosure standards, historical reference points, benchmarks, or globally accepted accounting principles. 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. 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, standards, market practice and regulations in this field to continue to evolve.

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, information and targets discussed in this Charter carry an additional degree of inherent risk and uncertainty.

In light of this, particularly in relation to the nature of future policy and market response to climate change and other ESG-related issues, including between regions, and the effectiveness of any such response, and as market practice and data quality and availability develops, National Grid may have to update models and/or methodologies, or alter our approach to ESG analysis which may require amendments, updates and recalculations to our ESG disclosures and assessments in the future, its ESG ambitions, goals, commitments and/or targets or its evaluation of its progress towards its ESG ambitions, goals, commitments and/or targets.

ESG information will have not been independently verified or assured, unless clearly marked in the relevant disclosure.

Further information can be found on our [website](#).