



Annex

**A21.02 Sustainable
Workforce Strategy**

December 2019

As a part of the NGGT Business Plan Submission

Introduction

Despite being an asset management business at its heart, National Grid's most important assets are undoubtedly its people. Our success at delivering is built on our sustained ability to attract, recruit, train, motivate and engage people assets. Logically, therefore, to deliver the full commitments of our wider RIIO-2 business plan, we require an agile, resilient, capable, diverse, safe and healthy workforce.

It is through the strategy, processes and day-to-day support of our shared HR function that this commitment is executed. HR offers a common and consistent approach in supporting our UK businesses, whilst accounting for any of their differing needs or challenges.

Overall, our HR practices are representative of other leading organizations with a requirement for strong workforce talent and - even without Ofgem's requirements of our Business Plan - our aspirations have and continue to be to build and maintain best practice talent management approaches.

This annex to the wider Business Plan summarises the key workforce risks and issues anticipated in RIIO-2, along with our mitigations to these challenges and plans to measure their effectiveness.

This document has been created in accordance with Ofgem's guidance and informed through the following engagement activities with stakeholders:

Engagement activities	<ul style="list-style-type: none">• Feb-19 – NG Employee Engagement Survey (EES) 2019.• Mar 19 – EU Skills NSAP Working Committee on Workforce Resilience calls.• Apr 19 – Engagement session with GMB & Prospect.• Aug 19 – SUG9 Workforce Planning session.
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What are the key headlines we learned from these engagement activities? The EES runs annually so this is a continual process of listening and using the survey results to inform our People Strategy going forward. The SUG highlighted the facts that they want to understand our people strategy going forward, what we understand the key risks are and how we are responding to them, including how we manage the governance of these changes. Finally, from our sessions with GMB and Prospect, we learned that their key workforce interests lie around a) the need to consider the changing skills requirements of key roles in the face of technological change, b) gender pay parity and c) the importance of – and linkages between – employee engagement and wellbeing.

Description of our workforce

As of July 2019, the current Full-Time Equivalent (FTE) count for UK Core Business is 3,657, consisting of 3,253 permanent employees and a further 404 contingent workers. Figure 1 shows these numbers split by the relevant functional areas of the business.

Figure 1 – UK Core Business FTE (Sept 2019)

	Employees	Contingent workers	Total
Electricity Transmission	1,773	32	1,805
Capital Delivery/SSR	567	183	750
GSO	209	15	224
UK Regulation	86	18	104
Gas Transmission	615	156	771
UK Core Total	3,253	404	3,657

NB: contingent workers do not include Managed Service Partner headcount.

We can also cut the organisation *horizontally*, disregarding vertical functions, to look at the number of people that exist in our largest **organisational capabilities**. Unsurprisingly for the nature of the work we undertake, our largest organisational capabilities (job groups) are Engineering (29.9% of the population), then Electric Maintenance & Construction (14.5%), Capital Project Delivery (10%) and Gas Maintenance & Construction (8.7%). All remaining organisational capabilities (job groups) are significantly smaller, most representing significantly less than 5% (each) of the population. The full picture of organisational capabilities can be seen in Figure 2, below.

Figure 2 – UK Core Business split by organisational capability (job group), showing FTE and proportional % (Aug 2019)

Job group	ET		GT		GSO		Capital Delivery		UK Regulation		UK Core Total	
Administration	52	2.9%	32	4.2%	10	4.5%	44	6.0%	6	6.2%	145	4.0%
Business Change and Project Management	15	0.8%	49	6.5%	4	1.8%	17	2.3%	9	9.3%	94	2.6%
Business Process and Performance	5	0.3%	6	0.8%	4	1.8%	7	1.0%	4	4.1%	26	0.7%
Capital Project Delivery	1	0.1%	18	2.4%	1	0.4%	425	58.1%	0	0.0%	445	12.3%
Corporate Affairs and Communications	8	0.4%	5	0.7%	0	0.0%	9	1.2%	2	2.1%	24	0.7%
Customer Experience and Marketing	23	1.3%	2	0.3%	16	7.2%	0	0.0%	18	18.6%	60	1.7%
Data Analysis and Analytics	34	1.9%	14	1.8%	8	3.6%	2	0.3%	3	3.1%	61	1.7%
Development Programmes	90	5.0%	49	6.5%	5	2.2%	28	3.8%	0	0.0%	172	4.8%
Electric Maintenance and Construction	625	34.6%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	625	17.3%
Engineering	783	43.3%	104	13.7%	67	30.0%	21	2.9%	0	0.0%	975	26.9%
Finance and Risk	25	1.4%	12	1.6%	0	0.0%	4	0.5%	16	16.5%	57	1.6%
Gas Maintenance and Construction	0	0.0%	376	49.5%	0	0.0%	0	0.0%	0	0.0%	376	10.4%
Human Resources	11	0.6%	3	0.4%	0	0.0%	1	0.1%	0	0.0%	15	0.4%
Information Services	9	0.5%	6	0.8%	6	2.7%	5	0.7%	1	1.0%	27	0.7%
Land and Property	0	0.0%	3	0.4%	0	0.0%	6	0.8%	0	0.0%	9	0.2%
Leadership	6	0.3%	6	0.8%	1	0.4%	6	0.8%	8	8.2%	28	0.8%
Legal, Regulatory and Compliance	1	0.1%	10	1.3%	6	2.7%	46	6.3%	29	29.9%	92	2.5%
Metering Services	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Network Control	13	0.7%	0	0.0%	11	4.9%	0	0.0%	0	0.0%	24	0.7%
Power Plant Operations	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Procurement and Contract Management	1	0.1%	0	0.0%	2	0.9%	40	5.5%	0	0.0%	43	1.2%
Safety, Health, Environment and Resilience	5	0.3%	27	3.6%	3	1.3%	66	9.0%	0	0.0%	101	2.8%
Sales and Commercial	15	0.8%	4	0.5%	61	27.4%	2	0.3%	1	1.0%	83	2.3%
Strategy	10	0.6%	5	0.7%	15	6.7%	0	0.0%	0	0.0%	30	0.8%
Supply Chain, Logistics and Transport	4	0.2%	6	0.8%	0	0.0%	0	0.0%	0	0.0%	10	0.3%
Work Scheduling and Dispatch	71	3.9%	22	2.9%	3	1.3%	2	0.3%	0	0.0%	98	2.7%
Total	1807		759		223		731		97		3620	

The workforce can be segmented through several other lenses. Our **average age** is 41 years old. Our **female representation** is 20.1% of the total workforce, though this edges higher (29.8%) in management roles. Our **BAME (Black, Asian & Minority Ethnic) representation** is 13.9% of the total, though slightly

lower (10.9%) in management roles. For both female and BAME management representation, we have ambitions at Executive level to further increase the diversity of our workforce in this financial year (FY20), as was the case in FY19.

We also track attrition (leaver) rates across our organisation. In the last financial year (FY19) ending in March 2019, our **resignation rate** was 5%, with an additional 1.4% retirement rate. In FY18, the resignation rate was lower at 3.6%, with another 1.4% leaving through retirement. These are low turnover figures compared to our industry (typically circa 10% per annum) and the UK workforce more generally (15% per annum). Such low rates are beneficial to National Grid both in terms of the stability of our workforce and knowledge retention, but the lack of churn also presents a challenge in terms of our ability to seed new skills and perspectives from outside of our organisation. Encouragingly, proportionately we experience fewer female/BAME leaving than we do starting, meaning we are seeing an overall modest but consistent uptick in the diverse representation in our workforce.

Since 2010 we have measured the **engagement** levels of our people through our Employee Engagement Survey (EES). The survey tracks different dimensions of engagement (the intent to perform) and enablement (the ability to perform) and helps us to compare with high performing companies and identify opportunities for improvement, as well as measuring whether we are improving over time. Our survey results show that our workforce engagement is consistently close to or above the High Performing Norm benchmark for other external organisations. It is from these results, and from the results of other historical EES surveys, that targeted actions are driven out as initiatives – locally or at an enterprise-level – to tackle any negative trends.

Overall, our **People Analytics Centre of Excellence (COE)** in HR track and report on key measures and metrics which keep us abreast of trending in – amongst other things - our workforce demographics, performance and talent. It is this focus on the importance of workforce data and insight which allows us to smartly set our HR strategy and measure our progress against its realisation.

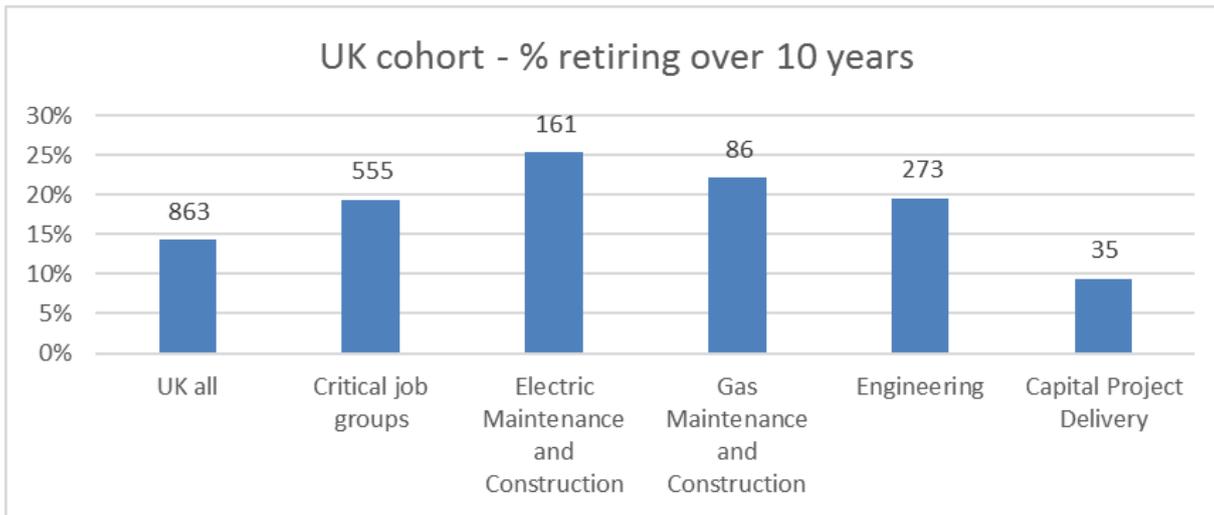
A summary of key RIIO-2 workforce trends and risks

Through a combination of a) our experiences in RIIO-1, b) continued strategic workforce planning, c) external horizon-scanning and d) specific HR strategy research and formulation, we have identified certain key workforce issues/risks that we will need to address in RIIO-2. Perhaps unsurprisingly, most are a continuation of similar focus areas of RIIO-1, and would likely be similarly identified as challenges by other large organisations with ambitions like ours in terms of impactful People practices.

Capacity risk management in critical operational roles

The Energy and Utilities sector faces a retirement challenge. EU Skills predict that 100,000 workers are set to retire from the sector over the next decade. National Grid is no different. 14% of our total UK workforce will retire by the end of 2029, and for our **critical role cohort** this figure is higher at 19%.

Figure 3 – Retirement risk 2020-2029 in our critical workforce cohort



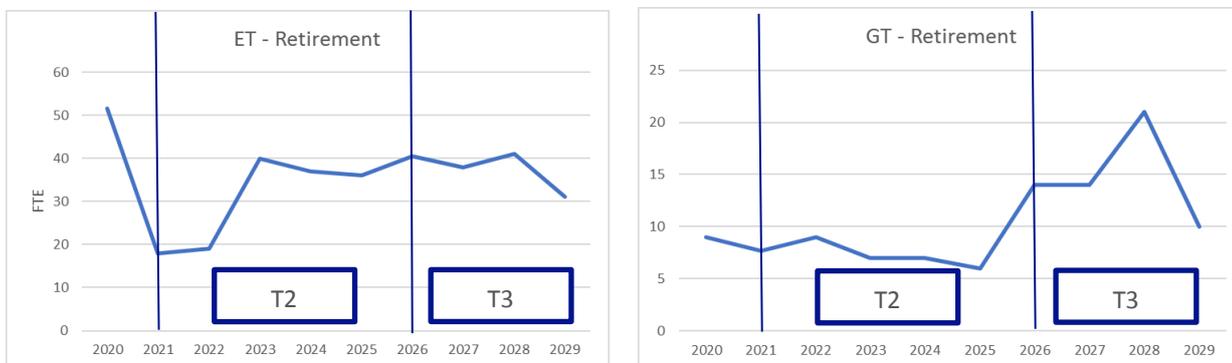
Note that we define our critical workforce cohort as shown in Figure 4 below.

Figure 4 – defining our Critical Workforce

NG UK Core critical workforce = Job groups meeting the definition of field-based technical skills
 All roles in Engineering, Electric Maintenance, Gas Maintenance and Construction and Development Programmes job groups, plus the following roles:
 Construction Interface Engineers
 Capital Delivery Project Managers
 Capital Delivery Project Engineers
 Quantity Surveyors

We forecast peak retirement from critical roles to be the early years of the RIIO-3 period (see Figure 5, below).

Figure 5 – increasing retirement through RIIO-2 period with spike in RIIO-3



Competition for STEM skills

STEM talent is in short supply – it's an increasingly competitive marketplace. EU Skills predict a demand over the next decade of 221,000 STEM qualified entrants into the sector, to support the National Infrastructure Plan.

In parallel, UK education system changes are having an impact on the talent pipeline and points of engagement. UCAS have reported a fall in University applications by 4.7% in 2017 and another 1% in 2018. In parallel, the number of apprenticeships being offered have fallen by one third in the academic year 17/18. This has been driven by the introduction of the government's levy scheme.

STEM (Science, Technology, Engineering and Mathematics) are clearly important skills for our business and the service we supply to UK customers and stakeholders. Therefore, our challenge in RIIO-2 is to continue our strategic activities regarding the future pipeline of such skills coming into National Grid, with the acknowledgement that our approaches adopted in RIIO-1 (albeit successful) may need to be expanded, iterated or significantly adapted to work in an increasingly competitive market.

Predicting and then sourcing future skills

National Grid invests heavily in the **development of its people**, because of – aside from the obvious need to maintain the necessary technical skills that allow us to fulfil our responsibilities to customers and stakeholders - the strong resulting business benefits such as improved employee performance, improved morale and satisfaction, increased productivity and reduced employee turnover. In our Financial Year 2018/19, UK National Grid employees received an average of 5.3 days of training. The opportunity to learn and develop is a key strength for National Grid in the eyes of its employees, as we score 5% above the High Performing Norm on this in our Employee Engagement Survey (EES) – it is one of the 5 key drivers of our overall engagement, meaning this investment has a significant positive impact on our workforce beyond simply an uplift in skill.

Furthermore, our **UK Academy** is rated as 'Outstanding' by Ofsted. We are an Energy Utility Skills and National Skills Academy for Power Board Member, where we advocate for sector-wide STEM analysis, quality Apprenticeships and supply chain apprenticeships as a requirement.

National Grid's commitment to learning and development is significant, but this is an area where we need to stay alert: the pace of change in technology not only means required future skills are changing, but also *how* learning is deployed to learners (remote learning, virtual reality etc.).

Our attention must remain on understanding and articulating the key business skills/capabilities we need for the future, but also the wider leadership qualities that are essential in any successful organisation.

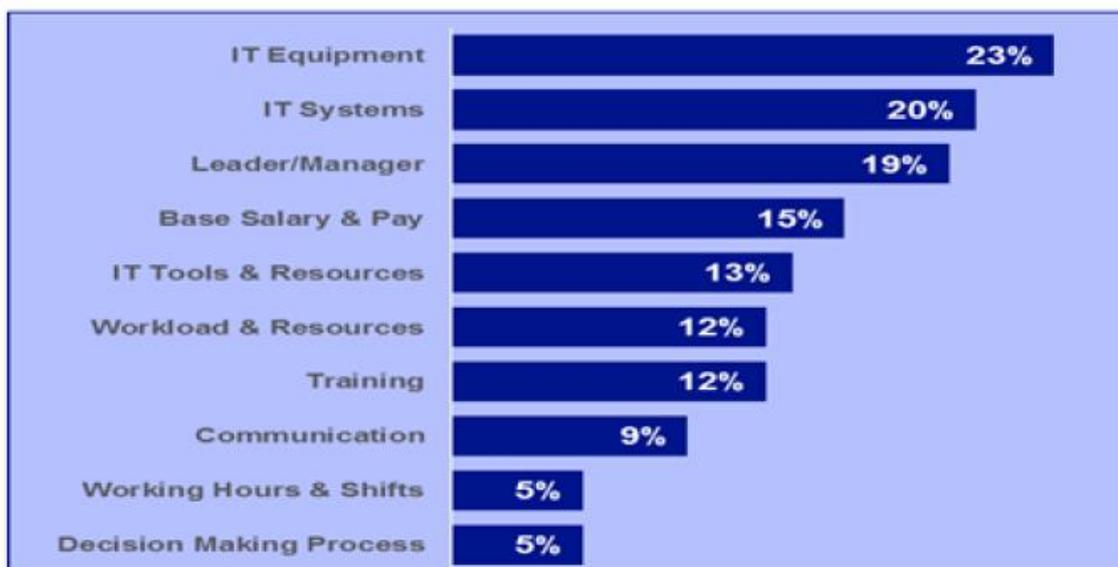
Workforce enablement

In our last organisational Employee Engagement Survey (February 2019), overall National Grid scored particularly favourably on Company Values, Aligning to Company Goals and being Proud to Work here. However, we score more negatively in the UK on enablement i.e. the barriers people face within their role, sometimes because of IT, tools and support issues.

The UK enablement index stands at 57%, which is 4% lower than last year (2018) and is 16% below the High Performing Norm (HPN), which is our external benchmark of quality which we aspire to. We first started measuring Enablement in 2016 where the percentage favourable score was 68% (11 points higher than in 2011).

Both productivity issues and the barriers people face within their role are driving the lower scores and it appears to be at the staff levels, particularly levels 6-8, where these issues are felt most acutely. We have seen a 5% drop overall in the Productive Work Environment index and it is now our lowest scoring index at 52% favourable with 56% of the comments related to IT and a further 12% related to workload and resources.

Figure 6 – Themes from the 2019 EES comments to the question ‘Please provide 1-2 practical ways in which National Grid could help you be more productive’:



Inclusion and Diversity

As with other leading organisations, we understand the clearly-evidenced linkage between improving inclusion and diversity (I&D) in our workforce and the delivery of our strategic business priorities. There is significant evidence to show the competitive advantage of fostering diversity perspectives, such as improved creativity, innovation, problem solving, decision making, attraction, engagement and – ultimately – profitability. But ultimately, in line with our National Grid value of ‘Doing the right thing’, we believe that focusing on improving workforce I&D is ethically the right thing to do.

Around 14% of UK workers are from a Black, Asian and Minority Ethnic (BAME) background. By 2030 it is expected that the proportion will be closer to 20% (CIPD, 2017). Currently the UK worker gender split is 51:49 females to males. However, under 10% of the UK engineering workforce is female, while those from minority ethnic backgrounds make up just 6%.

Here in National Grid, for ET, GT and CD, 13% of the workforce is female, BAME is 10%. So, though we are overall outperforming wider external diverse representation in the UK engineering workforce, our ambitions are to go further. Ultimately, we want our workforce to be more representative of the communities we serve

in all aspects of diversity. Also, beyond diverse representation, we want to ensure an inclusive culture where everybody who works at National Grid has an equal opportunity to develop and progress, and leaders think and operate inclusively to realise the potential of everyone who works with us.

Health and safety / employee wellbeing

The UK has arguably the most well-constructed, progressive and mature **health and safety** legislation and regulation globally. This legislation deliberately puts broad goal-setting duties on the organisations that are accountable for the people and the risk and holds those organisations to account for ensuring the health and safety of the workforce and others affected by the works 'so far as is reasonably practicable'. The legislation is deliberately not overly specific, which would put the burden of foreseeing and predicting how to control risks on the persons writing such legislation and not on the duty-holding organisations where it belongs. As well as being goal setting, the UK legislation is enforced by a regulator with strong statutory powers, the HSE, backed up by a legal system which deliberately uses financial penalties to incentivise organisations executives and Boards to take their duties seriously. This can be evidenced as the overall safety of workplaces in the UK is amongst the best in the EU, and by extension amongst the best globally. We want National Grid to be one of those best-performing organisations for ensuring the safety of our people.

Nested within a wider consideration of employee health and safety, there is an emerging groundswell of energy and activity in leading organisations around a consideration of holistic **employee wellbeing**. This perhaps is not surprising: fostering employee wellbeing is obviously good for people and their organisations. Promoting wellbeing can help prevent stress and create positive working environments where individuals and organisations can thrive. Overall, good health and wellbeing can be a core enabler of employee engagement and organisational performance. In National Grid, we have a responsibility to consider and improve Employee Wellbeing strategically, both as a moral responsibility (Do The Right Thing) and because we know it will be an enabler for wider business performance in RIIO-2.

Our strategic response to workforce risks and issues in RIIO-2

Capacity risk management in critical operational roles

Since 2016, we have invested in a strategic workforce planning (SWP) capability in our HR function and in the business. Each year the HR team drives a process to forecast our workforce over a 10-year period so that we can understand how changes in our workforce and the evolving needs of the business will interact, helping us to plan ahead and ensure we will have enough roles to run a safe and resilient network in the future.

Leaver rates (voluntary attrition A.K.A. resignations and retirements) are low in our critical workforce compared to the non-critical workforce. However, as more of our workforce retires and are replaced by workers enrolled in the Defined Contribution (DC) pension scheme, we expect to see increased leaver rates because the pension scheme becomes less of a retention driver.

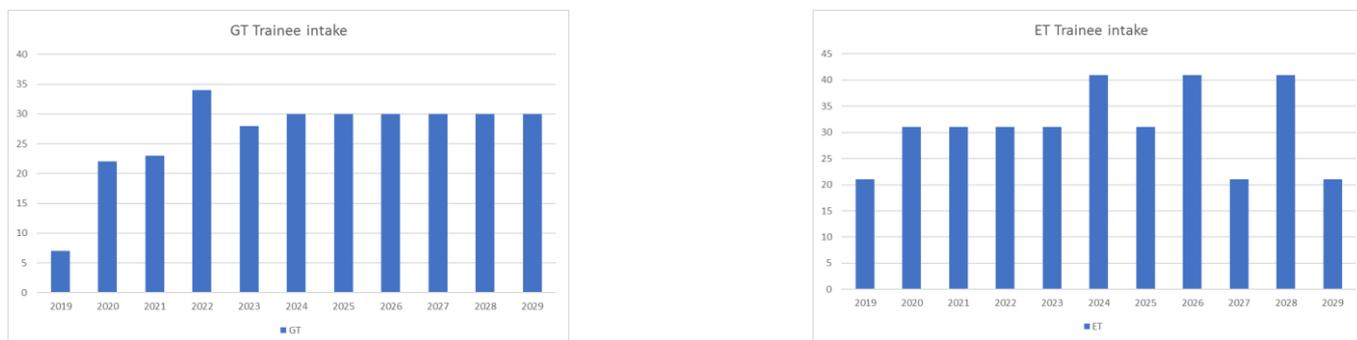
Our proactive SWP planning to manage emerging future workforce gaps has meant that we have been able to attract and retain a resilient workforce, whilst keeping our pay and remuneration at the median average

levels for the industry. In May of each year we sign off trainees to be hired 16 months later (September after the sign off year). We determine the volume and apprenticeship scheme levels through SWP: the process of analysing long term workforce supply and demand, to plan-ahead, with relevant lead times, in a manner that ensures we have staff qualifying to replace retirees and leavers. ET currently has 99 trainees (7 for every 100 critical workers) and GT has 53 (10 for every 100 critical workers). This ratio is changing, over time, in line with future expected changes in retirement and attrition.

Our workforce modelling also considers an increase in non-retirement attrition driven by a shift from workforce membership of our DB pension schemes to our DC scheme, which has a lower retention strength because the employer pension contributions are closer to those of competing employers. We are expecting non-retirement attrition to increase as membership in our DB pension scheme decreases, albeit from a low starting position of 3.1% ET and 6.2% GT, attrition per annum (to year end Dec-18).

However, through annual SWP analysis, we are confident that the ‘gap’ can be met through a timely phased uplift of trainees (see Figure 7, below) and – where necessary - direct hires.

Figure 7 – SWP-forecasted trainee intake volumes

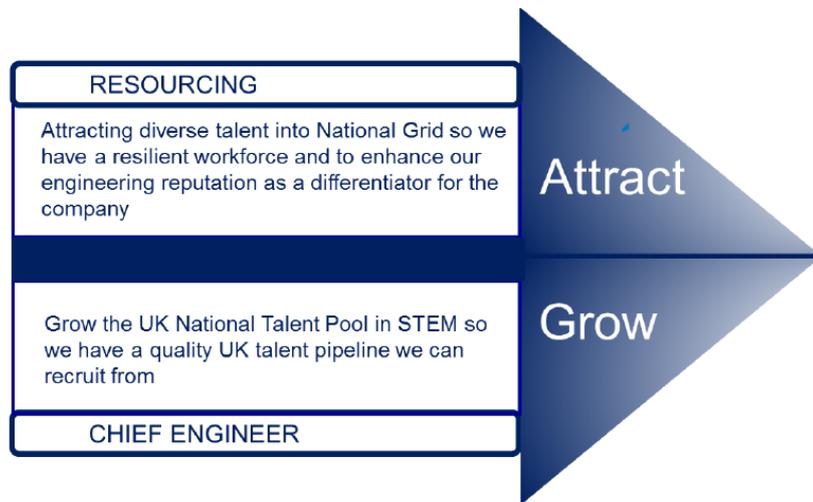


Competition for STEM skills

In 2019 we have refreshed our **STEM strategy**. In our previous strategy, our definition of STEM was very broad ranging and incorporated not only the promotion of young people into STEM subjects and ultimately marketing National Grid, but also encompassed our Corporate Social Responsibility (CSR) agenda in terms of social mobility and our impact on local areas due to our capital projects. The new STEM strategy is designed to deliver more focussed outcomes: working in the external environment to ensure there is a consistent pipeline of STEM qualified young people and internally ensuring we are attractive and recruit a diverse cohort from this pipeline to National Grid.

To make an impact within the STEM landscape, a coordinated and cross-business approach is required and partnerships with key industry bodies are critical. National Grid has rationalised the partnerships it sponsors with the key ones being the Royal Academy of Engineering where we have sponsored their “This is Engineering” Campaign to inform and engage young people in the opportunities offered by a career in engineering. We also partner with Energy & Utility Skills who work across the utility companies to ensure a workforce for tomorrow. Additionally, partnering with Smallpeice Trust and Tomorrow’s Engineers to deliver an ambition outreach for school STEM days and work experience opportunities.

The new STEM strategy can be summarised as follows:



Attract - an internal lens led by UK HR Resourcing:

- We will further enhance our reputation as a great engineering organisation.
- We will have top quality entry programmes and ensure our engineers are professionally accredited.

Grow - an external lens led by our UK Chief Engineer:

- To make an impact in the STEM landscape, a coordinated and cross-business approach and key partnerships with Industry bodies are critical.
- NG has rationalized the partnerships it sponsors, key one being Royal Academy of Engineering where we have sponsored their 'This IS Engineering' campaign to inform and engage young people. We also partner with EU Skills.
- Keeping NG's sound presence and reputation in STEM events is essential to attracting talent at all stages of education system is important.
- We may also need to withdraw from some partnerships and take a more focused approach.

Predicting and then sourcing future skills & capabilities

All National Grid employees are encouraged to have a live **development plan**, one that:

- Is aligned to their current role as well as supporting the achievement of objectives.
- Has development activities which support their future career aspirations.
- Has a balanced ratio of 70:20:10 development activities, meaning 70% of development should be experiential 'on the job' activities, 20% as informal learning (through a network of peers, mentors and communities of practice) and 10% formal learning.
- Is SMART i.e. Specific, Measurable, Achievable, Realistic and Time-bound.

The business has developed 9 key **business capabilities** that are deemed critical to business performance now and in the future. They are: Contract Management, Commerciality, Project Management, Stakeholder Engagement, Customer, Performance Excellence, Data Management, Asset Management and Advanced Analytics. All roles in National Grid have at least one of these business capabilities aligned to them, and through this alignment we set out target levels of proficiency for the role in question. Annually individuals have their actual proficiency assessed against the relevant targets, and any proficiency 'gap' then feeds as a

requirement into the development plan. Courses are then available online through our Learning Management System (LMS) to help the individual develop and close any capability gaps.

Beyond these business capabilities that have broad general relevance across our business, we have identified certain selective skills and capabilities that are of importance to certain business areas, and where currently we exhibit gaps. For example, in GSO these critical 'gap' capabilities are advanced data & analytics modelling and stakeholder management. Of interest for GT are Cyber Security (both in terms of a small Central COE and Instrumentation technicians with specific Cyber responsibilities), Data Science and other capabilities relating to the role of Hydrogen in the future energy system.

National Grid recognises that strong, effective leadership is integral to both individual and company success. Providing **leadership development** opportunities, therefore, can improve engagement, loyalty and productivity. We provide some simple but powerful tools for leaders to build engagement, deepen relationships and drive performance in their teams (the High Performing Teams Toolkit). But also, we have carefully defined the customer-centric **Leadership Qualities** we expect from our leaders, aligned to the Purpose, Vision and Values of National Grid. Those leadership qualities are:

1. Start and Finish with the Customer in Mind
2. Deliver Excellent Performance
3. Lead through Ambiguity and Change
4. Coach and Challenge your Team
5. Think and Act Commercially

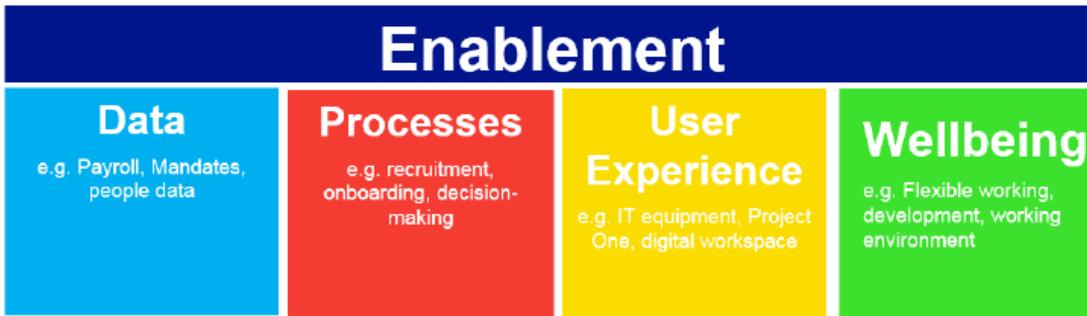
The 5 qualities are structured across a **Levels of Leadership** framework that helps each of our leaders understand what is expected across National Grid and how they can lead to be their best. If someone wants to progress to a more senior leadership role they can use the Levels of Leadership to understand what the behaviours required and which development interventions will prepare them for the next step.

It is through the combination of our agile learning processes (development plan, compliance training etc.) and the ongoing application and review of business capabilities and learning qualities that we will believe we can respond to any future skills gap challenge.

Workforce enablement

The UK Executive have committed to making FY 2019/20 our 'Year of Enablement'. Using data from the EES, Colleague Net Promoter Survey (CNPS) and feedback from the Employee Champions network, we have established four key pillars of activity to address ongoing issues focusing on data, process, user experience and employee wellbeing.

Figure 8 – UK Year of Enablement's Four Key Pillars of Activity



Each pillar of activity has a single accountable owner who will lead the activity to fix the critical hygiene factors impacting employees today and develop more sustainable solutions to stop the issues re-appearing in the future.

The target for the UK business for the 2020 EES is to achieve an Enablement score of 62 with a stretch target of 67. These are very challenging targets, requiring a statistically significant shift in scores, but the UK Executive are committed to driving a step change in employee enablement over the coming year and beyond into RIIO-2.

Inclusion and diversity

To date, National Grid can boast impressive achievements in the I&D space. We are recognised as a good employer: we take our responsibilities seriously and have worked strenuously to drive progress. This has been shown by increased external recognition such as the Best UK Employers for Race (Business in the Community), Top UK Employers for Social Mobility and The Times Top 50 Employers for Women. National Grid's mean gender pay gap is comparatively low at 2.8% NGET and 5.6% NGG. However, we recognise that further steps need to be taken to achieve parity, which is our ambition.

Internally we support 6 employee resource groups to drive diversity in our organisation, covering women in National Grid, LGBT employees, Race/Ethnicity, Faith/Religions, disability and new starters. These groups also provide valuable feedback that enables us to change policies or practices that serve to unlock and fulfil potential of the workforce. Without this investment, we would not be maximising the internal and external 'reach' of our I&D story. Our diversity mission is to positively impact the engagement and productivity of our existing diverse groups, as well as improve our employer brand to a competitively critical external talent pool. We are also showing improvement in the diversity of our new talent schemes.

We now want to build on these solid foundational achievements and, in a recently established new Group I&D Strategy, we have reset our ambition: we will have an inclusive culture and diverse team which is more representative of the communities we serve. This ambition recognises that to date we have focused on diversity representation rather than inclusion – and now we aim to be an inclusive employer to appeal to all current and future employees rather than solely focusing on specific diverse groups.

Health and safety / workforce wellbeing

The SHE performance of National Grid is consistent with that of the best performers in the UK, and by extension globally.

Consequently, National Grid's approach is to ensure the health and safety of its employees, contractors and affected parties, including the public at large. We have a **SHE management system** that comprises 4 group-wide BMS standards (Occupational Safety, Process Safety, Wellbeing & Health and Environmental Sustainability). Each of these follows the widely-recognised principles of 'plan-do-check-act' and can be mapped on the requirements of ISO standard best practice. Each also requires that we take a risk-based approach to managing our operations. Our SHE Strategy is reviewed annually and approved by the Group Executive. For example, for **occupational safety**, our strategy is:

- i) to complete implementation and compliance with the BMS standard;
- ii) to simplify our SHE procedures; and,
- iii) to work towards the highest level of safety cultural maturity.

It is recognised that this strategy is ambitious and will be multi-year in nature, extending into RIIO-2, in particular, the safety culture element, known as 'Our Safety Ambition' in employee communications.

In the UK, we then have a suite of **SHE standards** that explain what our UK businesses must do to deliver both what is required by the group BMS standards and what is required by UK law. Where relevant, each business then has its own business and technology specific suite of safety and engineering policies, procedures and specifications that implement these requirements in a coordinated way in that part of the business. These would include, for example, how to safely isolate the electricity or gas systems to enable work, specifying roles and responsibilities for the safety management of work and how we manage the technical competence of our workforce.

Our SHE performance is monitored by an agreed scorecard of leading and lagging indicators, consistent with good practice, and assured by implementing the widely-recognised good practice of the 'three lines of defence' assurance model. Leaders are incentivised and targeted on a mix of targets driven by leading and some lagging indicators. For example, for safety our leaders have targets on delivering effective and engaging safety leadership visits, on delivering good quality investigations into incidents and events and on closing the agreed action points from these investigations on time. These targets are intended to incentivise the positive effort we put in to safety management, rather than penalise the negative instances of injury or harm. There is an annual planning cycle of refreshing our view of what our key risks are, evaluating what opportunities there are for further risk mitigation and continuous improvement, and the development of SHE plans to implement initiatives to improve. These initiatives are owned by the central SHE function and each business and function in National Grid.

Finally, the success of SHE management is wholly dependent on the engagement and conscious effort from all of our employees who can effect safety, in particular our field-based employees and contractors. Therefore, we have a forward-looking plan of SHE engagement and communications which spans group-wide, UK-wide and business specific SHE information to engage our workforce and to encourage their participation in keeping themselves, their colleagues, our network and the public at large safe, well and sustainable. Additionally, we annually run a safety culture survey to assess the opinions of our employees and get feedback. Specific actions to address this feedback are built in to our annual SHE plans owned by each business.

National Grid is well regarded by our peers and supply chain for our proactive management of SHE. We actively and openly share performance data, initiatives, ideas and issues in relevant peer groups, industry forums and with our key supply chain partners to seek opportunities to continuously improve.

Wellbeing is an important part of our SHE strategies and practices. We have a **UK Wellbeing Strategy** through which we look to achieve the following:

- I. Create and embed a culture that enables everyone to perform to the best of their abilities knowing they are well cared for and can talk openly about their health and wellbeing.
- II. Build a workforce where healthy, engaged and supportive employees can succeed and thrive.
- III. We are recognised as an employer that leads in employee wellbeing and this enables us to attract and retain the best talent.

We believe that our employees' physical and mental health are paramount to us succeeding as a business. We know that a holistic approach to health helps to keep our employees healthier, and engaged, for longer. We offer many levels of service to support with work and home life concerns. Alongside the emotional support offered through our Employee Assistance Program partners, we offer physiotherapy sessions, occupational therapy as well as our legal obligation towards occupational health. Our services support employees to return to work more quickly than dependence on an overstretched NHS, with occupational therapy that focuses on both the physical and psychological aspects of prolonged or chronic ill health. We know we aren't obliged to do this, however it shows our employees the care and concern that we have for them, and it mirrors that every aspect of who our employees are is important to us.

We take a risk-based approach, understanding and managing our key wellbeing and health risks. We use internal and external data to focus on specific areas, and our immediate risk profile is mental wellbeing, musculoskeletal injury prevention and occupational health risk exposure mitigation. We are also focusing on the WHO defined chronic diseases, to support our employees towards a healthier lifestyle.

To help us meet our ambition as being recognised as a leading organisation within wellbeing and health, we are members of many groups and organisations, supporting Government to create policy on wellbeing initiatives, or offering our support and services to help raise the profile and reduce the risk for smaller organisations. These groups include Business in the Community (BiTC), The Inclusive Economy Partnership (IEP) and Thriving at Work. We offer support to these organisations from Chairperson, through Board Sponsor, down to Specialist level.

Under the aegis of our Wellbeing team, NG's Employee Assistance Programme is a confidential service which provides emotional support and advice to employees and managers on a wide range of issues at any time 24/7, 365 days per year whenever life's ups and downs become a challenge. The EAP service includes an emotional support line, face to face or telephone counselling, access to mental health rehabilitation, personal debt advice, personal legal advice and wellbeing advice. Our commitment to the EAP is appreciated by our employees and by the unions representing our workforce. Most of the calls to our EAP service are with regards to home needs, and as an organisation we are grateful that we can support our employees in every aspect of their lives.

Our actions to improve retention are supported by the major trade unions (Unison, Unite, GMB and Prospect), who have emphasised that "skills shortages, excessive workloads, high levels of stress and a lack of diversity are contributing to a serious workforce crisis".

Conclusion

Overall, the key workforce risks and issues, along with our proposed activities for mitigation, can be summarized as follows:

Figure 9 – A concluding summary of key workforce risks/issues for RIIO-2, along with mitigating activities

Key workforce risks/issues	Strategies / activities to mitigate
1. Capacity risk management in critical operational roles	a. Annual Strategic Workforce Planning b. Planned trainee pipeline
2. Competition for STEM skills	a. UK STEM Strategy
3. Essential business and leadership capabilities	a. NG business capabilities b. NG leadership qualities
4. Workforce enablement issues	a. 2019/20 Year of Enablement b. Annual Employee Engagement Survey and Action-Planning response
c. Inclusion and Diversity	a. Group I&D Strategy
d. Health and safety / employee wellbeing	a. NG SHE Management System b. UK Employee Wellbeing Strategy

Our progress against these risks will be regularly tracked, reported and governed through the UK Executive, with key measures and metrics (e.g. representation of diverse groups, gender pay gap progress) often reported publicly through our Annual Report and Accounts.