



**National Grid – United Nations Global Compact**  
**Update 2017**

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## Chief Executive's letter

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**nationalgrid**

Antonio Guterres  
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[www.nationalgrid.com](http://www.nationalgrid.com)

Dear Mr Secretary-General

I am pleased to reconfirm National Grid's support of the ten principles of the Global Compact on human rights, labour, environment and anti-corruption. With this communication, we express our continued intent to advance these principles within our sphere of influence.

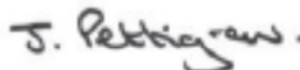
Examples of advancing these principles over the past year include the improvements made to our Modern Slavery Statement which is published on our company website and the work we are undertaking in support of this statement. We have also updated and republished our Internal Code of Ethical Business Conduct providing employees with guidance on our key ethical policies that they must work to.

In 2017 we launched our new vision and values which places our purpose, bring energy to life, central to what we do and how we work. It drives our desire to serve our customers and makes us proud about the work we do. Along with our values of doing the right thing and finding a better way, it helps shape our spirit, attitude and guides us in everything we do.

Our commitment to ethical standards and practices has been acknowledged by Ethisphere who have once again awarded us World's Most Ethical Company status. We also received a score of 93% in the Business in the Community 2017 Corporate Responsibility Index.

A key requirement for participation in the Global Compact is the annual submission of a Communication on Progress describing our work in support of the Compact. Our website, [www2.nationalgrid.com/Responsibility](http://www2.nationalgrid.com/Responsibility), meets this requirement by setting out our approach to ensuring that our everyday operations meet and exceed the expectations of the communities we serve. It demonstrates how we are creating shared value by undertaking activities that are good for our business and have a positive social, economic and/or environmental impact on those around us.

Yours sincerely



John Pettigrew  
Chief Executive

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## **Human Rights**

### **Policies and goals**

National Grid does not operate in countries of concern with respect to human rights. As a result, National Grid does not have a specific policy relating to human rights, but respect for human rights is incorporated into our employment practices and our values, which include respecting others and valuing diversity.

The way in which we conduct ourselves allows us to build trust with the people we work with. We earn this trust by doing things in the right way, building our reputation as an ethical company that our stakeholders want to do business with and our employees want to work for. We have refreshed and republished our Code of Ethical Business Conduct providing employees with guidance on key ethical policies.

Our procurement policies integrate sustainability into the way we do business throughout our supply chain, so that we create value, preserve natural resources and respect the interests of the communities we serve and procure goods and services from.

Additionally, through our supplier code of conduct, we expect our suppliers to keep to all laws relating to their business, as well as the principles of the United Nations Global Compact, the United Nations Declaration of Human Rights and the International Labour Organization (ILO).

In 2017 we further improved our Modern Slavery Statement (published on our website) and the work we are undertaking to support the statement. It outlines our policy and ongoing commitment to make sure this awful crime isn't taking place in our business or in our supply chain.

We are also committed to complying with section 1502 of the Dodd-Frank Act – “Conflict Mineral Rule” – through our policy of not using products containing conflict minerals. This is covered in our Suppliers Code of Conduct.

In the UK we are a proud accredited Living Wage employer. We have taken it one step further than the accreditation requires. Our apprentices, higher apprentices, undergraduate students and graduates are also included in our Living Wage commitment. Additionally, we are working with our contractors to make sure that for new and renewed contracts our supply chain will be working to the provisions required by the Living Wage Foundation.

We publish gender pay gap data and a written statement in-line with UK Government requirements on our UK website.

We aim to develop and operate our business with an inclusive and diverse culture, with equal opportunities for all in recruitment, career development, training and reward. This applies to all employees regardless of race, gender, nationality, age, disability, sexual orientation, gender identity, religion and background. Where existing employees become disabled, our policy is to provide continued employment and training wherever practical. Our policies support the attraction and retention of the best people, improve effectiveness, deliver superior performance and enhance our success.

Link to Inclusion and Diversity / Human Resources policy: <http://www2.nationalgrid.com/About-us/Inclusion-diversity/>

Link to Code of Ethical Business Conduct  
<http://www2.nationalgrid.com/WorkArea/DownloadAsset.aspx?id=32767>

Link to Modern Slavery Act Statement <http://www2.nationalgrid.com/UK/Modern-Slavery-Act-Statement/>

Link to Supplier Code of Conduct: <http://www2.nationalgrid.com/UK/Industry-information/Suppliers/>

## **Implementation**

The following links provide information on the various activities we have in place to promote gender equality and encourage women to take up engineering as a career.

The links also highlight what we are doing to support education, in particular to promote Science, Technology, English and Maths (STEM) in schools in the regions in which we operate.

<http://www2.nationalgrid.com/responsibility/Connecting-for-tomorrow/Inspiring-for-the-future/>

<http://www2.nationalgrid.com/responsibility/>

The safety of the public in the communities we serve is of prime importance to us. We provide a range of material aimed at educating the public about how to use gas and electricity safely, as well as what to do in the event of an emergency. Example of this information can be found at:

<http://www2.nationalgrid.com/UK/Safety/Safety-in-the-home/>

<https://www.nationalgridus.com/Upstate-NY-Business/Safety/>

## **Measurement of outcomes**

As at 31 March 2017, 24.1% of our 22,132 employees were female and 17.3% were from ethnic minority groups. This compares with 23.1% and 14.3% respectively on 31 March 2016.

Around 28.9% of our management team are female; around 7.1% are from ethnic minority groups.

As at 1 July 2017, 33.3% of our Board members are female; 14.3% are ethnic minorities.

In 2016/17, 14 members of the public were injured as a result of our activities, compared with 19 in 2015/16. This improvement reflects our continued work to protect the public around our work sites. The principal causes of injury continue to be slips, trips and falls around our street works and road traffic collisions with our vehicles.

Our performance in these areas for the past five years is reported on our website:

Inclusion and Diversity: <http://www2.nationalgrid.com/Responsibility/How-were-doing/Grid-data-centre/Employees/>

Public safety: <http://www2.nationalgrid.com/responsibility/how-were-doing/grid-data-centre/Safety-and-wellbeing/> (second tab)

Reference is also made to our Global Reporting Initiative (GRI) map, which links the various metrics used by GRI to pages and documents on our website where supporting information can be found: <http://www2.nationalgrid.com/responsibility/how-were-doing/How-we-report/>(fifth tab)

## **Labour**

### **Policies and goals**

Our Human Resources and Safety and Wellbeing policies set out our approach to labour rights.

Our Procurement policies integrate sustainability into the way we do business throughout our supply chain, so that we create value, preserve natural resources and respect the interests of the communities we serve and procure goods and services from. Also, through our supplier code of conduct, we expect our suppliers to keep to all laws relating to their business, as well as the principles of the United Nations Global Compact, the United Nations Declaration of Human Rights and the International Labour Organization (ILO).

Safety and Wellbeing: <http://www2.nationalgrid.com/About-us/Corporate-governance/Documents-and-policies/> (third tab)

Human Resources: <http://www2.nationalgrid.com/About-us/Inclusion-diversity/>

Link to Supplier code of Conduct: <http://www2.nationalgrid.com/UK/Industry-information/Suppliers/>

### **Implementation**

Our company-wide injury frequency rate (IFR) of 0.10 (equal to our IFR for last year) means we are operating at world-class levels of safety.

Among our programmes for 2016/17 we have continued to work to address the stigma and discrimination associated with mental ill health through a number of our employee wellbeing programmes.

In the UK our employees voted the Alzheimer's Society, as our Employee Chosen Charity, and employees are attending dementia awareness training. In the US our colleagues support the American Cancer Society. Our employee engagement survey continues to show our employees have a growing awareness of our wellbeing programmes.

We operate separate UK and US employee helplines, which provide advice and guidance on a wide range of issues, such as debt advice, living well, bereavement, caring for sick relatives and consumer rights. In the UK from April 2016 to March 2017 14.7% of our employees used these services and this related to 562 cases being opened. These 562 cases accessed 1,196 services. In the US in the same period, 14.59% of our employees used the service. Included in this figure are 724 cases for individuals who accessed 2,103 services. These helplines are open to family members but we find the majority of cases are for employees themselves.

Further information on the benefits we offer our employees, education and training opportunities, community volunteering opportunities and employee support groups can be found in the careers section of our website: <http://careers.nationalgrid.com/working-here/>

## Measurement of outcomes

We report our employee lost time injury frequency rate (IFR), expressed as lost time injuries per 100,000 hours worked, as a key measure that can be compared with other companies.

In 2016/17, our employee IFR was 0.10, equalling that of 2015/16 and meeting our target of 0.10. The number of employee lost time injuries in 2016/17 was 61, eight more than in 2015/16.

Sadly this year we were all reminded of the importance of safety following a tragic incident in which one of our UK employees lost his life. We take safety very seriously at National Grid – it remains a fundamental priority – and we will do everything we can to learn from incidents, so we can continually improve our performance.

We identified 94 high potential incidents, compared with 126 the previous year. High potential incidents are any incidents that had the potential for one or more serious injuries or fatalities.

We believe everyone who works for us is entitled to high levels of safety, whether they are a direct employee or employed by one of our contract partners. During 2016/17 there were 34 contractor lost time injuries, down 14 on 2015/16.

During 2016/17, we provided over 1.2 million hours of training for our employees. This equates to around 45.75 hours per employee.

We measure how engaged our people are through our employee engagement index, calculated from certain questions in our employee engagement survey. Our 2017 survey was completed by 90% of our UK and US employees. It has seen a 4% improvement when compared with last year's result; our engagement index this year was 77%. This is our highest engagement score since we started conducting the group-wide employee surveys.

Performance in these areas can be found on our website:

Safety: <http://www2.nationalgrid.com/responsibility/how-were-doing/grid-data-centre/Safety-and-wellbeing/>

Employee training: <http://www2.nationalgrid.com/responsibility/how-were-doing/grid-data-centre/Employees/>

Reference is also made to our GRI map, which links the various metrics used by GRI to pages and documents on our website where supporting information can be found:

<http://www2.nationalgrid.com/responsibility/how-were-doing/How-we-report/> (fifth tab)



## **Environment**

### **Policies and goals**

Our ambition is to embed the principles of the circular economy to protect and preserve natural resources and benefit the communities in which we operate.

Our approach to the environment is set out in our Environment Policy:

[http://www2.nationalgrid.com/uploadedFiles/SharePoint\\_Documents/Corporate/Responsibility/shared\\_env\\_policy.pdf](http://www2.nationalgrid.com/uploadedFiles/SharePoint_Documents/Corporate/Responsibility/shared_env_policy.pdf)

This is supported by 'Our Contribution', which sets out National Grid's ambition to transform the way we do business and provide a sustainable legacy as a result of our operations.

Our Contribution

<http://www2.nationalgrid.com/Responsibility/Preserving/Environmental-Sustainability/Our-Contribution/>

### **Implementation**

We continue to implement environmental management systems certified to the international standard ISO 14001. 100% of our material operations are covered by ISO 14001 environmental management systems.

The way in which we are implementing our environment policy and 'Our contribution', is set out on our website at: <http://www2.nationalgrid.com/responsibility/Connecting-for-tomorrow/Preserving-for-the-future/sustainability/>

### **Measurement of outcomes**

100% of our material operations are covered by ISO 14001 environmental management systems. At 31 March 2017, approximately 93% of our employees worked to certified ISO 14001 environmental management systems, the same level as last year. The remaining 7% are mainly office based employees in the US.

Our Scope 1 and 2 greenhouse gas emissions (GHG) are reported in line with the WRI/WBCSD Greenhouse Gas Protocol Corporate Standard for all six Kyoto gases and using the operational control approach for emissions accounting.

Prior to 2012/13, we reported greenhouse gas emissions attributable to electricity transmission line losses as a Scope 3 emission. On the advice of our GHG emission data verifier, we have now reclassified this emission source as Scope 2.

Our Scope 1 and 2 emission reduction targets exclude line losses, so we report our Scope 1 and 2 emissions both including and excluding this emission source.

These Scope 1 and 2 emissions are independently assured against the international standard ISO14064-3 Greenhouse Gas Assurance Protocol.

We forecast that we will continue to significantly exceed (better) the 45% by 2020 reduction target. We expect the 2050 target (against our 1990 baseline) to be extremely challenging.

Our total Scope 1 and 2 emissions (excluding line losses) for 2016/17 were around 7.2 million tonnes carbon dioxide equivalent. This represents a 63% reduction on our 1990 base line.

Our total Scope 1 and 2 emissions (including line losses) were around 10.3 million tonnes carbon dioxide equivalent (2016/16: 10.7 million tonnes).

We also measure our carbon intensity. For 2016/17, excluding line losses this was 424 tonnes carbon dioxide equivalent per £ million of revenue, compared with 496 tonnes in 2015/16.

Performance data on climate change, water use, waste management, SO<sub>x</sub> and NO<sub>x</sub> emissions, and environmental incidents for the last five years can be found on our website:

Climate change: <http://www2.nationalgrid.com/responsibility/how-were-doing/grid-data-centre/climate-change/>

Other environmental impacts: <http://www2.nationalgrid.com/responsibility/how-were-doing/grid-data-centre/environmental-impacts/>

Reference is also made to our GRI map, which links the various metrics used by GRI to pages and documents on our website where supporting information can be found:

<http://www2.nationalgrid.com/responsibility/how-were-doing/How-we-report/>(fifth tab)

## **Anti-corruption**

### **Policy and goals**

National Grid's approach to business ethics, including anti-corruption, is set out in our Code of Business Ethics at: <http://www2.nationalgrid.com/WorkArea/DownloadAsset.aspx?id=32767>

It is supported by other group policies covering such issues as bribery and anti-fraud and whistleblower protection that can be found at: <http://www2.nationalgrid.com/About-us/Corporate-governance/Documents-and-policies/> (third tab)

### **Implementation**

Our Code of Ethical Business Conduct for all National Grid employees sets out specific actions to address various ethical issues.

All employees are required to complete annual basic ethics training and employees at risk carry out additional training covering issues such as UK bribery act, anti-fraud, competition law, and US lobbying requirements.

We have anonymous whistle blower and ethics helplines for all employees.

### **Measurement of outcomes**

In 2016/17, there were 73 substantiated breaches of our Standards of Ethical Business Conduct. This equates to 2.8 substantiated breaches of the Standards per 1,000 employees compared with 5.4 in 2015/16.

We take all breaches very seriously and disciplinary action can range from a verbal warning to dismissal. In 2016/17, there were 31 terminations of employment (2015/16: 40) resulting from substantiated breaches for offences such as fraud and theft, drugs and alcohol abuse, safety violations and misuse of company assets.

During 2016/17, around 99% of our US and 93% of our UK employees completed ethics training.

Performance in this area for the past five years is reported on our website:

<http://www2.nationalgrid.com/Responsibility/How-were-doing/Grid-data-centre/Employees/> (fifth tab 'Doing the Right Thing')

Reference is also made to our GRI map, which links the various metrics used by GRI to pages and documents on our website where supporting information can be found:

<http://www2.nationalgrid.com/responsibility/how-were-doing/How-we-report/> (fifth tab).