



# United Nations Global Compact

Communication of Progress

Update: December 2020

**nationalgrid**

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# Chief Executive's Letter

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**nationalgrid**

Antonio Guterres  
Secretary-General  
United Nations  
New York, NY 10017  
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December 2020

Dear Mr Secretary-General,

## **UN Global Compact Communication of Progress**

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

Examples of advancing these principles include our release of our Responsible Business Charter in October this year, which outlines what we stand for as a business and the commitments and ambitions we are making to positively impact society. We continue to review and update our policies relating to human rights, anti-corruption, anti-bribery and preventing modern slavery, which are detailed in our refreshed Code of Ethics and published on our company website. In addition, we continue to promote our commitment to an inclusive, equal and fair working environment through our Discrimination, Harassment and Bullying Policy, our Equal Employment Opportunities and Affirmative Action Policy, and support diversification in our supply chain through our Global Supplier Diversity Policy.

Each year we update our modern slavery statement, which is independently reviewed by the Business & Human Right Resource Center alongside other FTSE 100 companies; in 2018 we were positioned 12th. The Transparency In Supply Chains (TISC) report assessed our latest modern slavery statement and passed all technical compliance. National Grid was considered in the top 6% of companies meeting the minimum criteria of 2020 and our statement was published in the TSIC list of exemplar statements.

We are a signatory to the UK Construction Protocol, focused on eradicating modern slavery and exploitation in the building industry; and are also a founding signatory member of the People Matter Charter, which was created to help organisations up and down the supply chain bring together decent work challenges into one workforce strategy. We continue to be an accredited member of the Living Wage Foundation and use our position as a client organisation to promote the principles of a fair wage and decent work through our supply chain.

We were delighted to be named by the global non-profit CDP on the 'A list' for tackling climate change in December, for the fifth year running. National Grid was recognised for our actions to cut emissions, mitigate climate risks and develop a low-carbon economy.

A key requirement for participation in the UN Global Compact is the annual submission of a Communication on Progress describing our work in support of the Compact. We also support this requirement on our website by setting out our commitment to being a responsible business in everything we do: <https://www.nationalgrid.com/responsibility>.

Responsible business is how we do business. Over the next year, we will be driving progress on the commitments and ambitions of our Responsible Business Charter and reporting on them in our new annual Responsible Business Report from 2021 onwards.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'J. Pettigrew', with a large, sweeping flourish at the end.

John Pettigrew  
Chief Executive

# Responsible Business

At National Grid we're committed to being a responsible business in everything we do. It's enshrined in our purpose – to Bring Energy to Life. In October 2020 we published our [Responsible Business Charter](#), which outlines what we stand for as a business and the commitments and ambitions we are making to positively impact society. We apply responsibility as a principle every day, by doing the right thing, finding a better way and making it happen.

Within our Responsible Business Charter, we have identified where we can have the most impact on society: the environment, the communities we serve, our people, the economy, and our governance. For each, we have set out our commitments and ambitions and how we will achieve them.

## The Environment

We will enable a fair and affordable transition to a clean energy economy and reduce our own emissions.

## Our Communities

We will deliver sustainable energy safely, reliably and affordably, ensuring no one gets left behind.

## Our People

We will develop the right skills to enable and accelerate the energy transition and strive to build a diverse workforce and inclusive culture.

## The Economy

We will power and heat society, and partner with regulators, our business partners, suppliers and other key stakeholders.

## Our Governance

We will make sure our governance mechanisms reflect our commitments and that the principles of responsibility guide us in everything we do.

We support the United Nations Sustainable Development Goals (SDGs) across our focused programmes and actions for each area, as detailed in the charter.

We will be reporting our progress on these commitments and ambitions in our new annual Responsible Business Report from 2021, in conjunction with our Annual Report.

# Code of Ethics

Our [Code of Ethics](#) is a global document applicable to all our employees and sets out the expected behaviours that are aligned to our values of: Every day we do the right thing, find a better way, and make it happen. The code sets out the main principles related to key areas, including: Safety, Environment, Human Rights, Anti-Corruption and Transparency and Conflicts of Interest. The Code of Ethics is supported by a network of Ethics Champions/Liaisons alongside a programme of regular communications and relevant training.

A key element of the Code of Ethics is to provide avenues for reporting concerns. We have a confidential internal business conduct helpline, available during regular working hours, and an external whistleblowing helpline that is available 24/7 in all the regions where we operate. We publicise the contact information to our employees and on our external website, enabling concerns to be reported anonymously, if required. Our policies make it clear that we will support and protect any employee who speaks up, and we will not tolerate any form of retaliation.

As part of our annual employee engagement survey, we monitor questions relating to how confident our employees feel about raising concerns via these helplines and how safe it is to speak up.

Our ethical programmes are managed by regional Ethics and Compliance departments, who have responsibility for delivering the ethics programme and managing any business conduct cases. The ethics programmes are governed by our regional Ethics and Compliance Committees which are attended by senior leaders from across our organisation.

Our Code of Ethics is supported by our **Ethics Business Management System Standard** that sets out our commitment to:

- clearly communicate the personal responsibility for complying with policies, standards and procedures.
- promote an environment where everyone can do the right thing and feel comfortable raising any concerns about actions or decisions, they think are unethical.
- provide different avenues for employees and third parties to report concerns and investigate them thoroughly and fairly.
- promote a culture of integrity by integrating ethics-related practices into business activities; and
- provide the Group Executive Committee and other senior leaders, boards and associated committees with timely and accurate information that helps them evaluate the effectiveness of our programmes and monitor the ethical culture of our company.

# Human Rights

**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and

**Principle 2:** make sure that they are not complicit in human rights abuses.

## Assessment, policies and goals

National Grid does not have direct operations in countries of high concern with respect to human rights, therefore we do not have a specific policy relating to human rights. However, respect for human rights is incorporated into our employment practices and our values, which include respecting others and valuing inclusion and diversity. We acknowledge that there may be potential risks in our wider supply chain, and we outline expectations in our [Supplier Code of Conduct](#) relating to respecting, protecting and promoting human rights and proactively promote these. Furthermore, we expect our suppliers to carry out their business in line with the values and aspirations outlined in that document.

As a responsible, purpose-led company, the way we conduct ourselves allows us to build trust with the people we work with by doing things in the right way; complying with the laws of the countries in which we do business while building our reputation as a responsible and ethical company that our stakeholders want to do business with and our employees want to work for.

As part of regulatory commitments in the UK we have submitted a set of Responsible Procurement commitments to Ofgem for the business period from 2021-2026, which are already being embedded through procurement contracts. These include commitments on human rights and decent work in the supply chain.

## Implementation

We recognise that the relationship we have with our suppliers can influence how they support our commitment to acting responsibly. Our Supplier Code of Conduct is updated and communicated to our suppliers annually and clearly sets out our expectations to share our commitment to respecting, protecting and promoting human rights. This includes alignment to the UN Guiding Principles, the 10 principles of the United Nations Global Compact, the International Labour Organization (ILO) minimum standards, the Ethical Trading Initiative (ETI) Base Code, the UK Modern Slavery Act 2015, the US Trafficking and Violence Protection Act 2000, the US Department of State Principles Combatting Human Trafficking and, for our UK suppliers, the requirements of the Living Wage Foundation.

We strive to make sure the potential risk of modern slavery is understood and assessed in our own business and in our supply chain. Through our strategic sourcing process, we identify potentially high-risk suppliers based on location, category of spend and levels of sub-contracting; we use a framework of questions to assess their understanding of modern slavery and how they are addressing this, ensuring they have risk mitigation plans in place for any identified issues. We continue to engage with them to ensure that our human rights requirements are embedded within their own business and supply chains. We expect all suppliers to comply with the requirements of the Modern Slavery Act 2015 and we encourage them to publish a statement on modern slavery regardless of whether there is a legal obligation to do so. We expect suppliers to identify where there is a potential risk of exploitation including slavery and human trafficking taking place, outline the steps taken to assess and manage risk, and detail the training and awareness programs they have in place. Each year we take steps to evolve our modern slavery statement in line with best practice and publish this on our company website.

In addition, we are a signatory to the UK Construction Protocol, which is a joint agreement with many of the largest firms in the UK construction sector focused on eradicating modern slavery and exploitation in the building industry. We are also a founding signatory member of the People

Matter Charter, which was created to help organisations up and down the supply chain bring challenges related to decent work together into one workforce strategy. The charter has eight commitments that can apply to any organisation, of any size, including aspects supporting human rights.

In the UK, we are accredited by the Living Wage Foundation. Our commitment to our direct employees extends to our contractors and the work they do on behalf of National Grid and is actively promoted through our supply chain and embedded in our contract terms and conditions. We believe everyone should be appropriately rewarded for their time and effort. We also go above the Living Wage requirements and voluntarily pay our trainees the Living Wage. We undertake a Living Wage review each year to ensure continued alignment, and we increase individual salaries as required. We have a plan to verify the implementation of the real living wage in supply chain contracts, where low wages could be a risk including our catering and cleaning contracts.

## Measurement of outcomes

In 2018 we were recognised by the Business and Human Rights Resource Centre (BHRC) through their Modern Slavery Statement assessment report as being 'one of a small cluster of leaders standing out', positioned 12th in the FTSE 100 listing. This ranking has not been updated since then.

The TISC (Transparency In Supply Chains) report AI system assessed our latest modern slavery statement and it passed all the technical compliance checks. While the automated technical compliance check does not guarantee that the Home Office human audit agrees with an AI assessment, TISC considered it to place National Grid in the top 6% of companies in scope for Section 54 for meeting the minimum criteria this year (2020). They published a list of links to exemplar statements, which includes ours. This was released to the public press for Anti-Slavery Day, 18th October 2020, in order to mark the tenth anniversary of UK Anti-Slavery Month.

The Global Governance FTSE100 and RE100 League Tables shine a light on the issue of modern slavery, to bring about its earliest eradication. While most of the companies on the Global Governance FTSE 100 League Table are largely compliant with the 'Modern Slavery' disclosure requirements of the law, only 25 companies are 100% compliant, including National Grid.

In the last report in 2018 on compliance and conformance with the UK Modern Slavery Act and good practice in human rights, we were ranked 18th in the FTSE 100 listing, achieving 62/100 overall in the company scorecard. This ranking is being updated in 2020 and we have been involved in the consultation to enhance the guidance. Through our engagement with our supply chain we have raised awareness of human rights and decent work and used our influence as a client to drive change. In December 2019 we delivered a UK industry masterclass facilitated by Ardea International, and commissioned an updated company scorecard, achieving an improvement of 76/100 overall.



# Labour

**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

**Principle 4:** the elimination of all forms of forced and compulsory labour;

**Principle 5:** the effective abolition of child labour; and

**Principle 6:** the elimination of discrimination in respect of employment and occupation.

## Policies and goals

We are committed to providing a working environment where everyone feels equal, secure and able to thrive. Respect for human rights is incorporated into our employment practices and our core values, which are integral to our Code of Ethics. The way in which we conduct ourselves allows us to build trust with the people we work with.

Our policies and procedures reflect the International Labour Convention's eight fundamental Conventions and The United Nations Guiding Principles on Business and Human Rights.

Policies covering Rights at Work are transparent and easily accessible to all employees through our company portal and are negotiated via collective bargaining with the unions where appropriate. They cover basic rights and contracts, pay including the minimum and living wage, holidays and holiday pay, occupational sick pay, parental rights and flexible working.

Our procedures are similarly transparent and accessible, setting out how to raise concerns ("whistle blowing"), grievances or issues of discrimination in a way that protects an individual's rights and is befitting of our company values.

## Written company policies to uphold the freedom of association and collective bargaining and the elimination of forced labour, child labour and employment discrimination

We negotiate with recognised unions. It is our policy to maintain well developed communications and consultation programmes.

Section 8 (Employee and Labour Relations) of our **HR Business Management System Standard** outlines our performance standards for both individual and Collective Bargaining framework and agreements in the workplace, with an increasing emphasis on establishing trust-based relationships with employees. Specifically, each National Grid businesses must at a minimum:

- Work within the Collective Bargaining framework or agreements and leverage the correct level of engagement with all employee groups.
- Adhere to the agreed Employee Relations framework or Employee and Labour Relations agreements to manage both individual and collective bargaining relationships and ensure the effective engagement of our people in achieving business objectives.
- In the US, ensure managers act in accordance with National Grid policies and applicable federal, state or local laws and regulations to effectively address employee issues, ensuring fair and consistent decision-making at all times.

In 2020 our collective consultations with trade unions in the workplace have been strengthened to meet the challenges of the global pandemic and ensure we have a safe working environment for all employees.

This year we have embarked on the UN Global Compact Target Gender Equality programme to support our development of a clear plan of action on gender equality against a standard set of areas for action: Leadership and Strategy, Workplace, Marketplace and Community.

Our [Supplier Code of Conduct](#) shares our own expectations and fundamental principles with our supply chain and, in turn, their supply chain. In it we set out standards to be upheld as part of our business relationships, including expectations in business ethics standards: the health, safety and wellbeing of our employees, contractors and members of the public; and inclusion and diversity. Section 6 of the code addresses Human Rights and specifically calls out our expectations of suppliers to act in accordance with the highest ethical standards and comply with all the relevant laws, regulations and licences relating to their business, as well as adherence to other principles and standards.

We recognise that the markets in which we operate are multicultural and diverse. We understand the value of an inclusive supply chain that is richly diverse with ethnic, minority, women, veteran, LGBTQ, disabled, small and medium enterprises and other diverse businesses reflective of communities we serve across the globe. Expanding the diversity of suppliers in our supply chain is an important part of our procurement strategy. The Procurement department is committed to develop, administer and implement processes to address social inequalities and provide opportunities to diverse suppliers to ensure these businesses have an equal opportunity to participate in the procurement process at National Grid.

Our [Global Supplier Diversity Policy](#) outlines our commitments to diversity, equity, inclusion in the supply chain and within all aspects of our business units. As such, we expect our suppliers to extend the same in their own supply chains.

National Grid also depends on our vibrant partnerships with qualified small, minority, women and diverse businesses to provide products and services that contribute positive environmental, social and economic impacts to the supply chain. Our supplier diversity efforts create an inclusive and diverse supply chain that:

- Raise awareness around the existence and capabilities of diverse suppliers
- Increase diverse supplier participation in sourcing opportunities
- Identify subcontracting opportunities for diverse suppliers
- Track and support spend with diverse suppliers
- Mentor and strategise with diverse suppliers
- Invest in skills training to prepare diverse suppliers to support and participate in today's and tomorrow energy and utility sector

We identify the following as diverse categories:

- Minority business enterprise
- Women business enterprise
- Small business enterprise
- HubZone small business
- Disadvantaged business enterprise
- LGBTQ owned business
- Veteran-owned business
- Service-disabled veteran-owned small business
- Historically black colleges and universities

- Small disadvantage business
- Green certified

National Grid also invests in mentoring programmes to develop strong economies and a sustainable environment for our communities. These programmes provide suppliers with an opportunity to increase their capability and build meaningful business relationships. We foster partnerships between companies through sharing best practices, enhancing supplier diversity efforts and building momentum around supplier development.

Mentoring programmes include:

- Boston Chamber of Commerce – Pacesetters Mentorship Programme
- New York New Jersey Minority Supplier Development Council – Supplier Development
- National Minority Business Council – Mentoring Programme
- National Utility Diversity Council – Supplier Development

In the coming year, our areas of focus for Labour, Safety, Health and Wellbeing include COVID-19 impact on our customers, employees and contractors, Safety performance and culture, inclusion and diversity and in the broader supply chain and our employee engagement activities such as “Employee Voice on Board” activities.

## Implementation

To ensure adherence to our minimum standard requirements on standards outlined in our Business Management System (BMS), we set (and achieved) clear goals for all our businesses to reach compliance by April 2020. Assessment of each of our businesses against these standards was conducted and verified globally by our internal, but independent, BMS team.

### How we ensure the health and safety of all employees

As COVID-19 changed the global context and ways of working, we have provided a bolstered provision for our employee health and wellbeing programme, which has included access to a digital GP service, a dedicated employee assistance helpline (for health and general advisory matters) and leadership coaching for managing teams in virtual environments. Our leadership have provided updates in regular team meetings on specific resources available and have encouraged the use of our mental health and wellbeing resources in these times of additional stress.

We continue to regularly report to our Board and externally on our safety performance. We have reported a combined Group injury frequency rate of 0.12 or less over the last three years, which is due to the continued focus of our teams on safety, despite the instigation of business continuity plans and amended ways of working to meet the needs of the COVID-19 context over the past year. We continue to focus our efforts on developing a generative safety culture and in the UK, we’ve seen our lowest ever number of lost time injuries. We have a comprehensive range of Safety training and undertake Safety surveys to evaluate progress. Our annual employee engagement survey incorporates questions on wellbeing and the outputs allow us to refine our policies, management systems and continual improvement action plans.

## How we prevent discrimination of all kinds and ensure comparable pay for comparable work

We have set out our approach to **Discrimination, Harassment and Bullying** in a comprehensive policy, also called out in the Code of Ethics, which was developed in conjunction with representatives from our Employee Resource Groups and Union reps. This policy contributes to our commitment to providing our employees, consultants, vendors, customers and contractors with a safe work environment that is free from discrimination and harassment, whether based upon race, colour, religion, creed, national origin, ancestry, alienage or citizenship status, gender, sexual orientation, gender identity or expression, age, physical and/or mental disability, marital status, domestic violence victim status, veteran status, or predisposing genetic characteristics. It provides the documented stance that National Grid will not tolerate any form of bullying behaviour, nor retaliation against an individual who has complained about bullying, discrimination or harassment. The policy document describes the procedure for taking appropriate corrective action.

In the US, our **Equal Employment Opportunities and Affirmative Action Policy** sets out our position on providing equal opportunity to employees and applicants for employment without regard to race, colour, religion, creed, national origin, ancestry, alienage or citizenship status, gender, sexual orientation, gender identity or expression, age, physical and mental disability, marital status, veteran status, predisposing genetic characteristics, or any other factor protected from discrimination under municipal, state or federal law. In support, National Grid maintains Affirmative Action Programs for Minorities and Women, Individuals with Disabilities and Protected Veterans, which are available to employees for review.

In the UK, National Grid has been proactive in reporting its **Gender Pay Gap** and communicating actions to address such gaps.

We have a suite of family provisions policies for caring for dependents leave, maternity leave and flexible working policies. In the UK, specific Domestic Abuse guidelines were developed to support employees and to sign post support. Through Executive sponsorship we have developed a mentoring and development programme for women to assist in addressing the barriers women face in at work. We continue to have a proactive Women's Employee Resource group called WING to promote women in the workplace.

## Consultation with employees

Engagement with our people has taken many forms in the past year, including the annual review and implementation of actions from the Employee Engagement Survey results; Employee Resource Group (ERG) Board sessions, which provide the opportunity for ERG chairs and leads to discuss the importance and impact of their group and provide valuable feedback on inclusion and diversity related topics; meetings with trade union representatives; and global and regional leadership sessions.

Our Employee Voice at the Board initiative has been well received and has resulted in tangible outcomes, particularly in supporting inclusion and diversity initiatives.

## Measurement of Outcomes

1. **Responsible Business Report:** We will report on the progress of our commitments and ambitions as part of our new annual Responsible Business Report from 2021.
2. **Employee Engagement:** Our global employee engagement score was 77% favourable in 2020, up from 73% the previous year and remaining in the range of high-performing companies. Women's engagement was at 83%. Areas for attention are supported by action plans owned by our business leaders.

3. **Investigations, legal cases, rulings, fines and other relevant events related to Labour:** Excepting the implementation of the Massachusetts workforce contingency plan in June 2018, there have been no material disruptions to our operations from labour disputes during the past five years. The agreement under dispute between the company and the Massachusetts Gas unions was satisfactorily renegotiated in January 2019. National Grid believes we can conduct our relationships with trade unions and employees in a satisfactory manner.
4. **Demographics of attraction and recruitment of talent pipeline by diversity factors (e.g. gender, ethnicity, age):** In our Apprenticeship and Graduate programmes, we proactively encourage applications from diverse candidates through targeted campaigns and inclusive recruitment processes. In the US during 2019/20 we attracted 31% female applicants and 51% ethnically and racially diverse applicants to our graduate development roles and appointed 36% female applicants and 52% ethnically and racially diverse applicants into our internship programmes. In the UK, our Graduate Programme attracted 25% female applicants and 57% ethnically and racially diverse applicants, and we attracted 28% female applicants and 45% ethnically and racially diverse applicants to our UK Industrial Placement and Student Internship programmes.

Our focus on Inclusion and diversity enables us to roll out unconscious bias training to all employees. We will continue to successfully run development programmes for women deeper in our organisation (SpringBoard and SpringForward), providing valuable support for female employees.

In the UK, Our Chief Engineer sponsored a Women in Engineering project specifically to increase the number of women hired, targeting women leaving education or returning from career breaks. We are running insight days for potential applicants where attendees consist of 100% women or 50% women and 50% ethnic minorities. Our Resourcing Team access best practice from Inclusive Employers, Business in the Community and Women in Engineering in the UK to continually improve our processes to attract women into the organisation.

Grid for Good, is a flagship energy industry programme led by National Grid to deliver a positive impact to socio-economically disadvantaged young people. The scheme sees us working with our supply chain partners to provide training and employment opportunities for young people and with charities to access a diverse range of talented young people with the power to help us reach our net zero goal. These schemes are key to reaching the broadest range of applicants in our community.

5. **Supplier Diversity:** For the financial year ending March 2020, the US spent more than \$717 million with approximately 2600 small, minority, women and diverse Tier 1 suppliers. In addition, there was \$82 million through subcontract spend with diverse suppliers, resulting in a total of \$799 million.

In the UK, we have a commitment aligned to the Government target of 33% spend with SMEs (small and medium sized enterprises) for the financial year ending March 2020.

23% of our overall spend was with SMEs, made up of direct contractors and sub-contracted spend. This accounted to over £500 million spend with over 3700 suppliers.

# Environment

**Principle 7:** Businesses should support a precautionary approach to environmental challenges;

**Principle 8:** undertake initiatives to promote greater environmental responsibility; and

**Principle 9:** encourage the development and diffusion of environmentally friendly technologies

## Policies and goals

Climate change is the defining challenge of this generation. The decisions we take now will influence the future of our planet and life on earth. We must make significant changes to curb harmful emissions

Our environment strategy is a core part of our Responsible Business Charter. With a wide range of internal and external stakeholders, our environment strategy has been redefined over the years to reflect changing stakeholder priorities. It focuses on three areas: climate change, resources and caring for the natural environment.

We focus on:

- **Reducing our own emissions:** we will reduce our direct emissions, reduce our business travel emissions and the energy consumed in our buildings, and achieve net zero emissions from our Scope 3 construction activities in the UK by 2026.
- **Waste:** we will design assets that can be recycled, refurbished and reused, and are committed to reducing the use of single use plastics and sending zero waste to landfill where possible.
- **The Natural Environment:** we will improve the natural environment on our own land and increase the environmental value of more than 50 sites in the US and UK.
- **Improvement of Air Quality:** we will reduce NOx and Sox emissions by improving the efficiency of our plant and equipment

We have continued to make good progress with the recommendations set out by the Task Force on Climate-related Financial Disclosure (TCFD). We have committed to implementing the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures in full and included our second annual disclosure in our Annual Report & Accounts.

National Grid also recognises that Greenhouse Gas (GHG) emissions within the supply chain are often at least four times greater than those from direct operations. That's why, we set a corporate target to have 80% of our top 250 suppliers reporting their GHG emissions by 2020. This year we surpassed the target with 87% reporting. In addition, we have a target of 75% of our top 250 suppliers with carbon reduction targets by 2026. We work with CDP (formerly the Carbon Disclosure Program) to request suppliers to complete the online supply chain climate questionnaire providing information on their carbon impacts.

## 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 strategy, is set out on our website at: <https://www.nationalgrid.com/group/responsibility-and-sustainability/environmental-sustainability>

The commitments and ambitions of our environment strategy will be reported on in the new annual Responsible Business Report from 2021.

## Measurement of outcomes

Our Scope 1 greenhouse gas emissions for 2019/20 equate to 3.9 million tonnes of carbon dioxide equivalent (2018/19: 4.5 million tonnes) and our Scope 2 emissions (including electricity line losses) equate to 2.6 million tonnes (2018/19: 2.5 million tonnes). This is a total of 6.5 million tonnes of carbon dioxide equivalent for Scope 1 and 2 emissions. These figures include line losses and are equivalent to an intensity of around 447 tonnes per £1 million of revenue (2018/19: 469 tonnes). Our Scope 3 emissions for 2019/20 were 29.8 million tonnes (2018/19: 32.3 million tonnes). We measure and report in accordance with the World Resources Institute and World Business Council on Sustainable Development Greenhouse Gas Protocol. 100% of our Scope 1, 2 and 3 emissions, are independently assured against ISO 14065 Greenhouse Gas assurance protocol. This data complies with the UK government's Streamlined Energy and Carbon Reporting (SECR) requirements and is our first disclosure to comply with SECR. We have a target to reduce our GHG emissions to net-zero by 2050. In addition, we have interim targets to reduce our emissions by 80% by 2030 and 90% by 2040. These reduction targets are against a 1990 baseline. We have achieved a 70% reduction from our 1990 baseline to date.

We achieved the CDP Climate Change 'A' List rating for the fifth consecutive year in December 2020, being recognised for our actions to cut emissions, mitigate climate risks and develop a low-carbon economy. We are one of 270 companies globally to achieve a position on the climate change A list.

For our CDP Supply Chain Program, the objective is to take suppliers on a journey:

Disclosure - > Awareness - > Environmental Management - > Leadership

Our focus will be to encourage the lower scoring suppliers to better manage their environmental impacts by understanding the underlying factors to help them improve their rating. Overall, it's about having a capable supply chain that will work collaboratively with National Grid to reduce the carbon footprint of our direct and indirect operations. Therefore, we will also track the greenhouse reduction rates from our supply chain because we understand that carbon reduction is the main objective of this initiative.

This year we exceeded our 2020 target of 80% of our top 250 suppliers reporting their GHG emissions and achieved an 87% response rate. In addition to those suppliers responding, 49% had active carbon reduction targets, 57% reported emission reduction initiatives and 77% integrated climate change into their long-term business objectives.

We also achieved the CDP A rating for supplier engagement in recognition of our efforts to promote this agenda in our supply chain.

In addition to human rights, our Supplier Code of Conduct outlines our values and expectations to ensure we protect the environment, preserve natural resources and positively impact the interests of the communities we serve and from which we procure goods and services.

### Our Climate Commitment

<https://www.nationalgrid.com/group/responsibility-and-sustainability/environmental-sustainability/our-climate-commitment>

### Our role towards the natural environment

<https://www.nationalgrid.com/group/responsibility-and-sustainability/environmental-sustainability/natural-environment>

# Anti-corruption

**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery

## Policies and goals

National Grid's approach to anti-corruption is set out in our [Code of Ethics](#).

We have in place a [Group Anti-financial crimes policy](#) that is further supported by local Fraud and Bribery risk assessments. The policy is available on our external website.

Our [Supplier Code of Conduct](#) is issued to our suppliers annually and requires them to have sufficient policies and procedures in place to prevent and detect bribery and corruption, in accordance with all applicable local, state, federal or national laws or regulations including the UK Bribery Act 2010 and the US Foreign Corrupt Practices Act 1977.

## Implementation

All employees are required to complete ethics related training covering areas such as anti-fraud and bribery, competition law and US lobbying requirements in line with our training strategy that is reset every three years.

Fraud and Bribery risk assessments are completed by each business area and are used to identify and mitigate any related risks and inform the compliance reporting programme.

## Measurement of outcomes

In 2019/20, there were 104 substantiated breaches of our Code of Ethics. This equates to 4.6 substantiated breaches per 1,000 employees and remains the same as for the previous year (2018/19).

We take all breaches very seriously and disciplinary action can range from a verbal warning to dismissal. In 2019/20, there were 37 terminations of employment (2018/19: 46) resulting from substantiated breaches for offences such as fraud and theft, discrimination, harassment and bullying, drugs and alcohol abuse, safety violations and misuse of company assets.

During 2019, we released a new Fraud and Bribery training package to support our Code of Ethics. We continually track the training completion rates against a 95% target and can confirm that overall performance for this training is above 95% (UK and US combined).