



Northern Gas Networks

Supplier Webinar



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Introduction to NGN and Sustainability



NGN – who we are and what we do



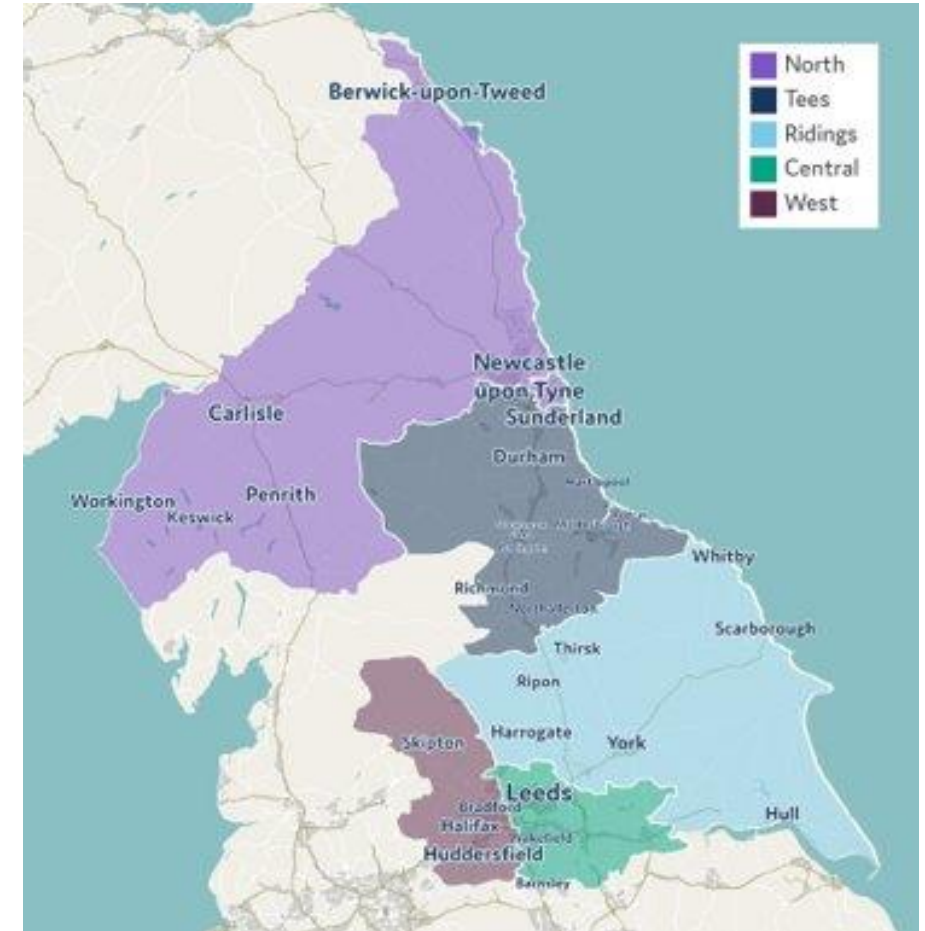
We are a regulated gas transporter, providing ~60,000 Gwh of energy to 2.9m customers annually across northern England.

We provide work for ~1500 employees and 800 suppliers, spending over £200m annually.

We operate and maintain a network comprising ~37,000km of pipe and >5000 above ground asset sites.

We provide 365 days a year, 24/7 emergency service, responding to >99% of calls in <1 hour.

NGN and our supply chain replace >500km of gas mains annually.



NGN's network area



Meet the NGN Sustainability Team



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Business Sustainability Lead
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Neil Whalley

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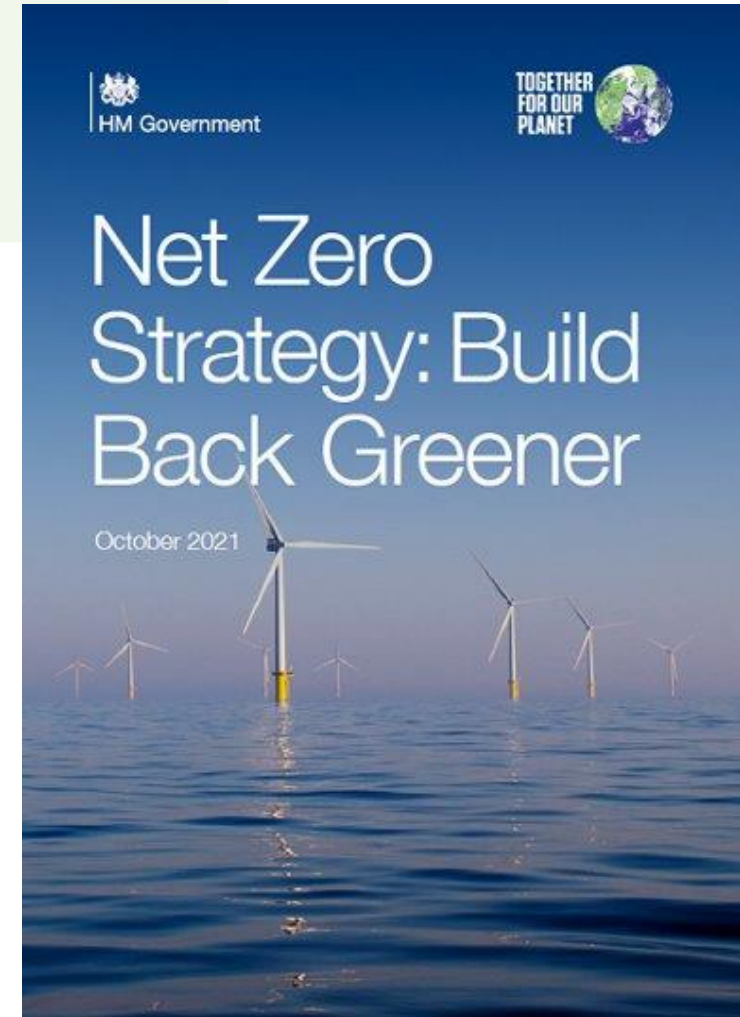


Sustainability in the UK

The UK's primary sustainability commitment is to achieve net zero greenhouse gas emissions by 2050.

This is a legally binding target which means by 2050 the UK must be no longer adding greenhouse gases, such as CO₂, to the atmosphere.

We may still be creating some but they must be balanced by an equal amount removed by technology or natural processes.



What is sustainability?



What does it mean to NGN's stakeholders?

During 2018 to 2022 we engaged with 14,000 stakeholders to help us establish our sustainability priorities.

During 2021-22 we asked what sustainability means to them. Stakeholders told us:

"It's about balancing long term thinking whilst delivering positive impacts for our planet, our communities, our economy and wider society."

It's about delivering positive impacts on our planet, our communities, our economy and wider society (2021)¹

When asked to prioritise customers place environmental sustainability (namely, helping the region to meet its climate targets) behind only affordability, reliability of supply and safety (2022)²



Sustainability is about long-term thinking (2021)³

customers told us they were more likely to have difficulty paying bills than ever before- and so their top priority is providing access to affordable energy solutions⁴

Customers also told us we must ensure our infrastructure is resilient to a changing climate (2022)⁵

- 1- Young Innovators Council (2021)
- 2- Customer Priorities Research (2022)
- 3- Young innovators council (2021)
- 4- Customer Priorities Research (2022)
- 5- Customer Priorities Research (2022)

What does it mean to NGN?

Based on what our stakeholders told us and the UN SDGs, to NGN sustainability means:

“Being able to tackle the challenges facing our business, our society and our planet, today and in the future.”

We used this engagement and definition of sustainability to develop our People and Planet Strategy which was launched in June 2022 and takes us to 2050.



Why are we here?

We can only deliver our People and Planet Strategy commitments by working in partnership with our supply chain.

We have a strategic commitment to 'spend and invest' responsibly.

To enable this we launched our first ever Supplier Code of Conduct in April 2022 which we require our suppliers to follow.

Our Supplier Code is aligned to the UN Sustainable Development Goals to help deliver a more sustainable future for all.

VERSION 1
MARCH 2022

Anti-Bribery and Corruption, and Anti-Facilitation of Tax Evasion



NGN believes that integrity and fair dealing are essential aspects of the company and this should be reflected in all activities.

Any person representing NGN, including suppliers and subcontractors, shall comply with all applicable laws, statutes, regulations, and codes relating to anti-bribery, anti-corruption and anti-facilitation of tax-evasion, including but not limited to the Bribery Act 2010 and Criminal Finances Act 2017.

Fair Labour and Working Conditions



At NGN we take compliance with national and international labour standards extremely seriously. We require our suppliers to comply with all applicable labour laws in the countries in which they operate and ensure the following:

- Employment is freely chosen
- Child labour must not be used
- Working conditions are safe and hygienic
- Working hours, wages and benefits are consistent with laws and industry standards
- Respect employees' right to freedom of association and collective bargaining

Modern Slavery Act



The prevention, detection and reporting of modern slavery in any part of our business or supply chain is the responsibility of all those working for NGN or under our control.

We require our suppliers to comply with all applicable anti-slavery and human trafficking laws, statutes, regulations and codes including but not limited to the Modern Slavery Act 2015. Suppliers with an annual turnover of £36 million or more must have a Modern Slavery Policy setting out the steps they take to prevent modern slavery in their business and their supply chains, as per the requirement under section 54 (Transparency in Supply Chains) of the Modern Slavery Act 2015 (guidance: <https://www.gov.uk/guidance/publish-an-annual-modern-slavery-statement>).

Extract from NGN Supplier Code of Conduct



What are the Global Goals?

www.northerngasnetworks.co.uk
@NGNgas www.facebook.com/northerngasnetworks



The SDGs?

In 2015, world leaders agreed to 17 Global Goals, otherwise known as the Sustainable Development Goals or SDGs.

These goals have the power to create:

“A better world by 2030”

but need the support of governments, businesses and individuals.



Why should you support the SDGs?

A commitment to the SDGs is a commitment to a better world by 2030



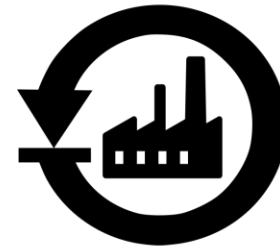
Strengthen your **company's reputation** and brand value



Increase revenue through **competitive advantage**



Inspire, motivate, and **engage employees**, attract and retain the right **talent**



Greater resource efficiency, reducing costs and **improving productivity**



Easy **sharing** of **sustainability credentials** with the universal agenda set by the SDGs

Why should you support the SDGs?

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nationalgrid

Net zero carbon emissions

Overview

Helping society to decarbonise is the biggest contribution we can make to the environment. This means facilitating the connection of low-carbon and renewable energy sources across the UK.

However, our own carbon footprint is also significant. We must consider our direct impact, from the harmful emissions we emit ourselves to the indirect impact of our supply chain emissions.

Primary UK Sustainable Development Goal

External context

Climate change is the defining challenge of the 21st century. The science is clear – we must act now to limit global warming to 1.5 degrees and avoid the worst effects of climate change on people and the planet.

Our 2026 commitments

Roll over the panels to find out how we performed in FY22

34%

1.1 Achieve 34% reduction in net zero by 2026 (from 2018/19 levels).

1.2 By 2030 reduce SF6 emissions from our operations by 50% (against SF6 abatement pathway -SF₆ kg).

100%

1.3 Purchase 100% of electricity we use from renewables.

1.4 Create a substation energy efficiency programme.

1.5 Focus on an efficiency-first approach to decrease the carbon emissions from our office energy use by 20% from a 2019/20 baseline.

1.6 Replace 60% of our light-duty commercial fleet with zero emissions vehicles.

1.7 Reduce carbon emissions for our business transport by 10% on 2013-2020 averages.

1.8 Create a transmission losses strategy.

1.9 Deliver carbon neutral construction.

1.10 75% of National Grid's global top 250 suppliers (by category/spend) will have carbon reduction targets.

Top 250

75% of National Grid's global top 250 suppliers (by category/spend) will have carbon reduction targets.

To enable effective monitoring of objectives and measures, the following RAG status definitions are used:

- Progress against the implementation milestones is on track
- Progress is delayed but likely to be achievable before the end of the price control period

Our Annual Environmental Report | 2022 10

All gas networks and the National Grid have made joint commitments to support the SDGs, they demonstrate this through their sustainability reports.

Join them in their support of the SDGs.



Global Goals

Designed to be a blueprint for a more sustainable future, the 17 SDGs were set and agreed by world leaders in 2015. They address global challenges around inequality, poverty and climate change, and comprise 169 targets for governments, businesses and organisations to strive towards.

Click [here](#) to read our report on how we work with the SDGs in more detail.

These eight SDGs are the ones identified to be material to SGN and its stakeholders.

<p>3 GOOD HEALTH AND WELL-BEING</p>	<p>Good Health and Well-Being</p> <p>Ensure healthy lives and promote well-being for all at all ages</p> <p>A healthy environment supports good health and wellbeing. For more information on how we work with SDG 3 go here</p>
<p>5 GENDER EQUALITY</p>	<p>Gender Equality</p> <p>Achieve gender equality and empower all women and girls</p> <p>A just transition to clean energy requires diversity and inclusion. To learn more about diversity and inclusion at SGN have a look here</p>
<p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>Affordable and Clean Energy</p> <p>Ensure access to affordable, reliable, sustainable and modern energy for all</p> <p>See pages 18-19</p>
<p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Decent Work and Economic Growth</p> <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> <p>See page 27</p>
<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>Industry, Innovation and Infrastructure</p> <p>Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation</p> <p>See page 20</p>
<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>Sustainable Cities and Communities</p> <p>Make cities and human settlements inclusive, safe, resilient and sustainable</p> <p>See page 28</p>
<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Responsible Consumption and Production</p> <p>Ensure sustainable consumption and production patterns</p> <p>See page 26</p>
<p>13 CLIMATE ACTION</p>	<p>Climate Action</p> <p>Take urgent action to combat climate change and its impact</p> <p>See pages 21-25</p>

"We recognised that our approach needed to be more holistic and more inclusive. That's why the UN Sustainable Development Goals (SDGs) are so important to us. These goals provide an excellent way of describing what we do and what drives us as a business."

John Mores
CEO, SGN (2008 to August 2022)

Cadent
Your Gas Network

Easier

Warmth



Where we help people stay warm and independent in their homes, no matter their personal circumstances

- Affordable warmth accessible for everyone
- A smooth consumer-focused energy transition that leaves no-one without heat
- Resilient network – keep the energy flowing, safely and reliably

Sustainable Development Goals we are contributing towards:



Fairer

Opportunities



Where the potential to thrive is inclusive, within Cadent, our supply chain and our communities

- Motivated, skilled, valued and diverse workforce
- Improved social mobility in our communities
- Quality experience – for all customers and stakeholders

Sustainable Development Goals we are contributing towards:



Greener

Society



Where we are driving the transition to net zero, whilst improving the natural world

- Stable climate
- Protected natural world
- Improving the environment and biodiversity

Sustainable Development Goals we are contributing towards:



The Research and Support the Goals





Support the Goals

How the research is conducted, and where it is stored

Support the Goals is a database founded by TBL and contains the Sustainable Development Goals (SDG) ratings of nearly 5,000 businesses. These ratings demonstrate how businesses are supporting the SDGs. Businesses are given a rating out of 5 stars to represent their public support of the SDGs.



Suppliers' public support of the SDGs is assessed and stored in the Support the Goals database to enable easy access to the results.

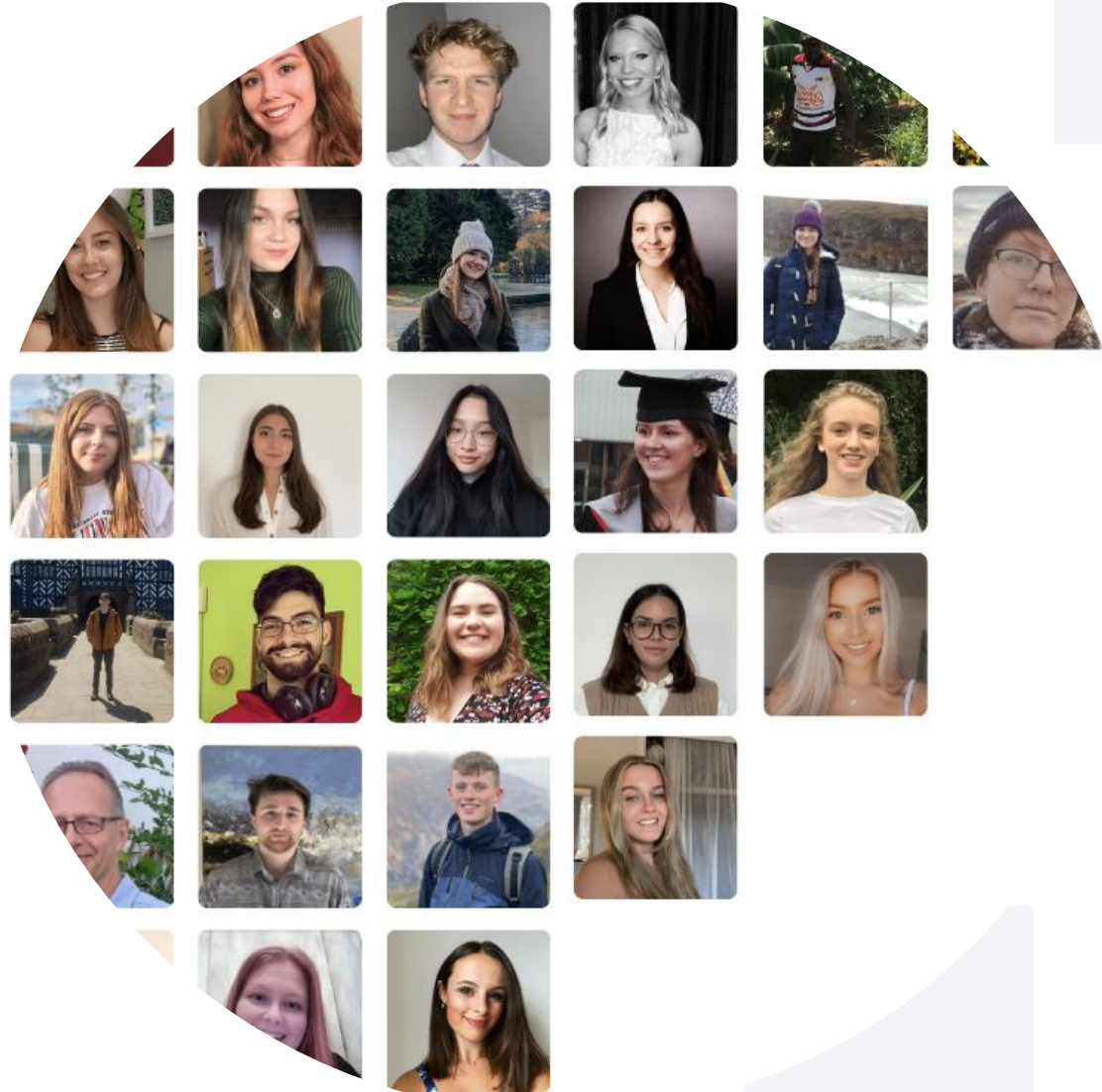
The Research Process



We have a team of 40 talented researchers from leading universities around the UK.

Our team is comprised of volunteers who are certified in their research and passionate about making positive change.

They have contributed to the analysis of your websites for evidence supporting the UN Sustainable Development Goals and awarded ratings based on the Support the Goals rating criteria.



The Rating Criteria



Priority Goals



Businesses share their **priority** SDGs.

Measurable Targets



Businesses make **measurable targets** towards the SDGs.

Taking Action



Businesses take **action** that supports the SDGs.

Performance Data



Businesses share public **data** that contributes to the SDGs.

Supplier Education



Businesses **educate their suppliers** on the SDGs.

Northern Gas' Rating



- ✓ Priority Goals
- ✓ Measurable Targets
- ✓ Taking Action
- ✓ Performance Data
- ✓ Supplier Education

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Industry, Innovation and Infrastructure

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Our commitment
We will build and maintain a safe and reliable infrastructure, and foster innovation

Our targets

- > We will replace 424KM of iron mains with new resilient pipe per year, through to 2026
- > We will attend > 97% uncontrolled gas escapes in 1 hour and > 97% of controlled gas escapes in 2 hours
- > We will maintain our industry leading Accident Frequency Rate (AFR)
- > We will increase innovation funding from 3rd parties year on year without passing these costs and risks to customers

A shared underground utility map

Each UK utility network needs to deliver a safe, reliable service at the best price, whilst also preparing for decarbonisation and a net zero future. To better coordinate our efforts around innovation, the five UK gas networks worked together to create and maintain a national innovation strategy. This helps the gas industry to share knowledge, avoid duplication and provide clear direction to the supply chain, decision-makers and the public about the sector's priorities.

In 2019 we completed 17 and started 16 innovative new projects, 5 of them in collaboration with the other gas networks.

Research Results



Research Results



Overview



1

of your suppliers achieved a 5 star rating



4

of your suppliers achieved a 4 star rating



0

of your suppliers achieved a 3 star rating



1

of your suppliers achieved a 2 star rating



2

of your suppliers achieved a 1 star rating



46




of your suppliers achieved a 0 star rating

Research Results




Breakdown by criteria






Priority Goals

-  **45** Do not share support of SDGs
-  **2** Share general support of the SDGs
-  **8** Share their priority SDGs




Measurable targets

-  **41** Do not share any ESG targets
-  **8** Share targets not linked to SDGs
-  **6** Share targets for specific SDGs




Taking Action

-  **17** Do not share ESG actions
-  **2** Share actions not linked to SDGs
-  **8** Share actions for specific SDGs

Performance Data

-  **35** Do not share any ESG data
-  **14** Share data not linked to SDGs
-  **6** Share data for specific SDGs

Supplier Education

-  **26** Do not share that they work with suppliers
-  **28** Share that they work with suppliers on ESG
-  **1** Educate their suppliers on the SDGs

Research Results

Suppliers who share Northern Gas' priority goals



Research Results








Suppliers who have set measurable targets towards Northern Gas' priority goals



Supplier Case Study



-  Priority Goals
-  Measurable Targets
-  Taking Action
-  Performance Data
-  Supplier Education

Although this is a 0 star rating, it is not difficult to achieve 4 stars through integrating the SDGs into your strategy and reflecting this through your website or sustainability report.

As you can see, this business achieved a 0 star rating but did get recognition for good work they are doing.

Integrating the SDGs into their sustainability strategy and demonstrating how the following supports their selected SDGs:

- Targets
- Actions
- Data

Would be a great next step.

How to improve?

Define your priority Sustainable Development Goals



- Priority Goals
- Measurable Targets
- Taking Action
- Performance Data
- Supplier Education

The United Nations Sustainable Development Goals

In 2015, 193 world leaders agreed to 17 Sustainable Development Goals. Also known as the Global Goals or the SDGs, these goals aim to tackle extreme poverty, inequality, and climate change by 2030. Every business needs to contribute to these Global Goals if they are to be achieved.

The UN's 17 SDGs underpin our ambition to embed sustainability into our placemaking activities. We are committed to the principles of the SDGs and have assessed how we can play our part in contributing to them.



We have prioritised the 6 goals to the right, that are most relevant to our business activities and recognise that none could be achieved without working in partnership with our stakeholders.

Although these 6 goals are our priorities, we also aim to contribute to the remaining 11 goals.



Our Priority Goals



The first step is to define the SDGs that are a priority to your business.

How to improve?

Set targets towards selected Sustainable Development Goals



- ✓ Priority Goals
- ✓ Measurable Targets
- ? Taking Action
- ? Performance Data
- ? Supplier Education

Affordable and Clean Energy



Ensure access to affordable, reliable, sustainable and modern energy for all

Our commitment

We will ensure low cost energy bills and enable clean energy.

Our targets

- > We will deliver a minimum 8% reduction in the average customer bill by 2026 (compared to 2021)
- > We will deliver 1,000 fuel poor connections each year
- > We will purchase 100% green energy for all our offices and depots
- > We will deliver a 10% reduction in our total electricity consumption by 2026 by installing renewable energy generation at all of our offices and depots

The next step is to set some measurable targets against specific SDGs.

How to improve?

Show how you are taking action towards selected Sustainable Development Goals



- ✔ Priority Goals
- ✔ Measurable Targets
- ✔ Taking Action
- ? Performance Data
- ? Supplier Education

Decent Work and Economic Growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Our commitment

We will provide and enable quality jobs and support the infrastructure for local and sustainable growth.

Our targets

- > We will significantly reduce our gender pay gap by 2025
- > We will increase spend with local suppliers year on year
- > We will join the Energy and Utility Skills partnership inclusion commitment
- > We will work together to grow collaborative utility groups and make public annual work plans for each make public annual work plans for each

Local supply chains

We are committed to maintaining and improving the resilience of our supply chain to ensure we continue to deliver gas safely and uninterruptedly to our 2.7m customers, whilst also identifying and managing impacts on the society, environment and economy.

We spend around £200m each year on goods, works and services which we procure from over 700 suppliers. 41% of this is currently placed with local businesses.

Our largest expenditure is on the replacement of old, metallic mains with new plastic leak proof pipes. Over the last 7 years we have implemented our Direct Service Provider (DSP) model which uses local engineering firms to deliver mains replacement, rather than the industry default of using large national companies. We have close, trusted partnerships with these companies, paying them weekly to manage cash flow and supporting them to develop their employees, using our training programmes.

By fully controlling programme management and work processes through the DSP model, we have been able to save close to £100 million across the last 7 years. The unit rate of delivering our Repex activity has reduced by 18% compared to 2010/11, with some types of work showing a 40% reduction in unit costs.

We know that investing in these smaller, local firms keeps employment and spending in our region, which is home to some of the most deprived areas in the UK.








The next step is to show how you are taking action against specific SDGs.

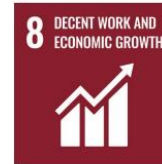
How to improve?

Report data towards specific Sustainable Development Goals



-  Priority Goals
-  Measurable Targets
-  Taking Action
-  Performance Data
-  Supplier Education

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The next step is to report data against specific SDGs.

How to improve?



- ✔ Priority Goals
- ✔ Measurable Targets
- ✔ Taking Action
- ✔ Performance Data
- ✔ Supplier Education

The final step is to educate your own suppliers on the SDGs. Northern Gas have chosen to host this webinar in efforts to educate their own suppliers on the SDGs.

Next steps





Next Steps



Join Support the Goals – understand your rating and how to improve it



Why should you join Support the Goals?

1. It's free to join and improve your rating
2. Learn about the SDGs and how to support them
3. Access free educational resources on Climate Action and Diversity and Inclusion

[Join here](#)





Thank you

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