BUSINESS IN THE COMMUNITY

The Prince's Responsible Business Network

HRH THE PRINCE OF WALES ROYAL FOUNDING PATRON

The Responsible Business Tracker® 2021

YOUR REPORT

Aligned with the Global Goals

HEALTHY BUSINESS

20:30

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EMPLOYMENT & SKILLS

HEALTH & WELLBEING

DIVERSITY & INCLUSION

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BUSINESS IN THE COMMUNITY

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NOTE FROM YOUR RELATIONSHIP MANAGER

Dear Hannah and the team at Northern Gas Networks,

I'm excited about how we can use this report as a tool to help you to get the most out of your BITC membership.

I was pleased to see that Northern Gas Networks had an overall score well above the cohort average, with exemplary performance in nature stewardship, and stakeholder engagement and community collaboration. I hope the detail below and the comments from the assessor will help you showcase what you are excelling in and drive further change across the business.

I hope that you have found this report and the process useful. I will be in touch to discuss this further, and to plan how we can prioritise the next steps. I'm keen that we find a clear way to build on this and develop a valuable action plan that BITC can support with, continuously pushing you to be the best that you can be at Responsible Business.

Best wishes,

Olivia Porteous

Relationship Manager

BUSINESS IN THE COMMUNITY
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THE RESPONSIBLE BUSINESS TRACKER® AND HOW TO USE THE REPORT

THE RESPONSIBLE BUSINESS MAP

The Responsible Business Tracker® is structured around BITC's Responsible Business Map (RB Map) and aligned with the UN Sustainable Development Goals. The RB Map represents BITC's view of a responsible business; one that puts creating healthy communities and a healthy environment at the centre of its strategy to achieve long-term value. We believe the prosperity of business and society are inextricably linked.

The Tracker has been through a transformation process over the last year resulting in some significant improvements compared to the 19/20 version. Most notably, the content has been updated in line with RB developments and participants are asked to respond to a consistent but shortened set of questions across all areas of the outer map rather than focus on the top two material issues. This ensures a comprehensive assessment of current state across societal as well as environmental issues. This change has impacted the scoring mechanism such that it is not possible to draw quantitative comparison between the 19/20 Tracker and this new version, but qualitative comparison is still possible.

This report includes scoring and benchmarking data for overall performance, broken down by the different sections of the map as well as by highly material issue selected. We hope that this information coupled with the feedback provided by your Tracker assessor will both challenge and inspire your business to improve, ultimately becoming a truly responsible business that puts creating healthy communities and a healthy environment at the centre of your strategy to achieve long-term financial value.

OVERALL PERFORMANCE

HEALTHY COMMUNITIES

EMPLOYMENT & SKILLS

DIVERSITY & INCLUSION

HEALTH & WELLBEING

HEALTHY BUSINESS
- Purpose & Values
- Governance & Transparency
- Stakeholder Engagement & Community Collaboration
- Value Chain
- Digital Transformation

CIRCULAR ECONOMY

NATURE STEWARDSHIP

CLIMATE ACTION

HEALTHY ENVIRONMENT

The Responsible Business Tracker®

01/03/2022

OVERALL PERFORMANCE

- Overall, Northern Gas Networks scored above the cohort average at 74%. As the graphs on the right hand side show, for the inner map, you scored 88% and outer map 68%.

- The cohort maximum overall score was 90%.

- You ranked Climate Action (1) and Inclusive Employment & Good Work (2) as your top two material issues, the table below shows your materiality ranking and the related weighting applied to your score:

Ranking	1	2	3	4	5	6	7
Issue Area	Climate Action	IEGW	Circular Economy	Health & Wellbeing	Diversity & Inclusion	Education	Nature Stewardship
% weighting	20%	20%	17%	14%	11%	9%	9%

- Northern Gas Networks follows a comprehensive and rigorous materiality process. We would recommend that the company share their materiality process and the results of these assessments in the public domain. It is particularly encouraging to see the company engage with diverse groups, including young people via the Young Innovators Council.

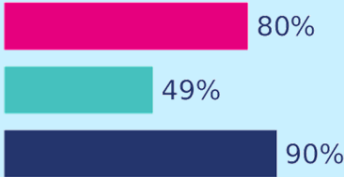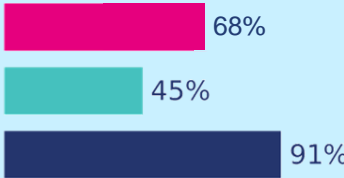- The next section details how Northern Gas Networks performed on the inner map areas of the Tracker.

BUSINESS IN THE COMMUNITY
The Prince's Responsible Business Network

74%
Your score

47%
Cohort average

90%
Cohort maximum

INNER MAP

- 80%
- 49%
- 90%

OUTER MAP

- 68%
- 45%
- 91%

■ Your score
■ Cohort average
■ Cohort maximum

INNER MAP

HEALTHY COMMUNITIES

EMPLOYMENT & SKILLS

DIVERSITY & INCLUSION

HEALTH & WELLBEING

HEALTHY BUSINESS
- Purpose & Values
- Governance & Transparency
- Stakeholder Engagement & Community Collaboration
- Value Chain
- Digital Transformation

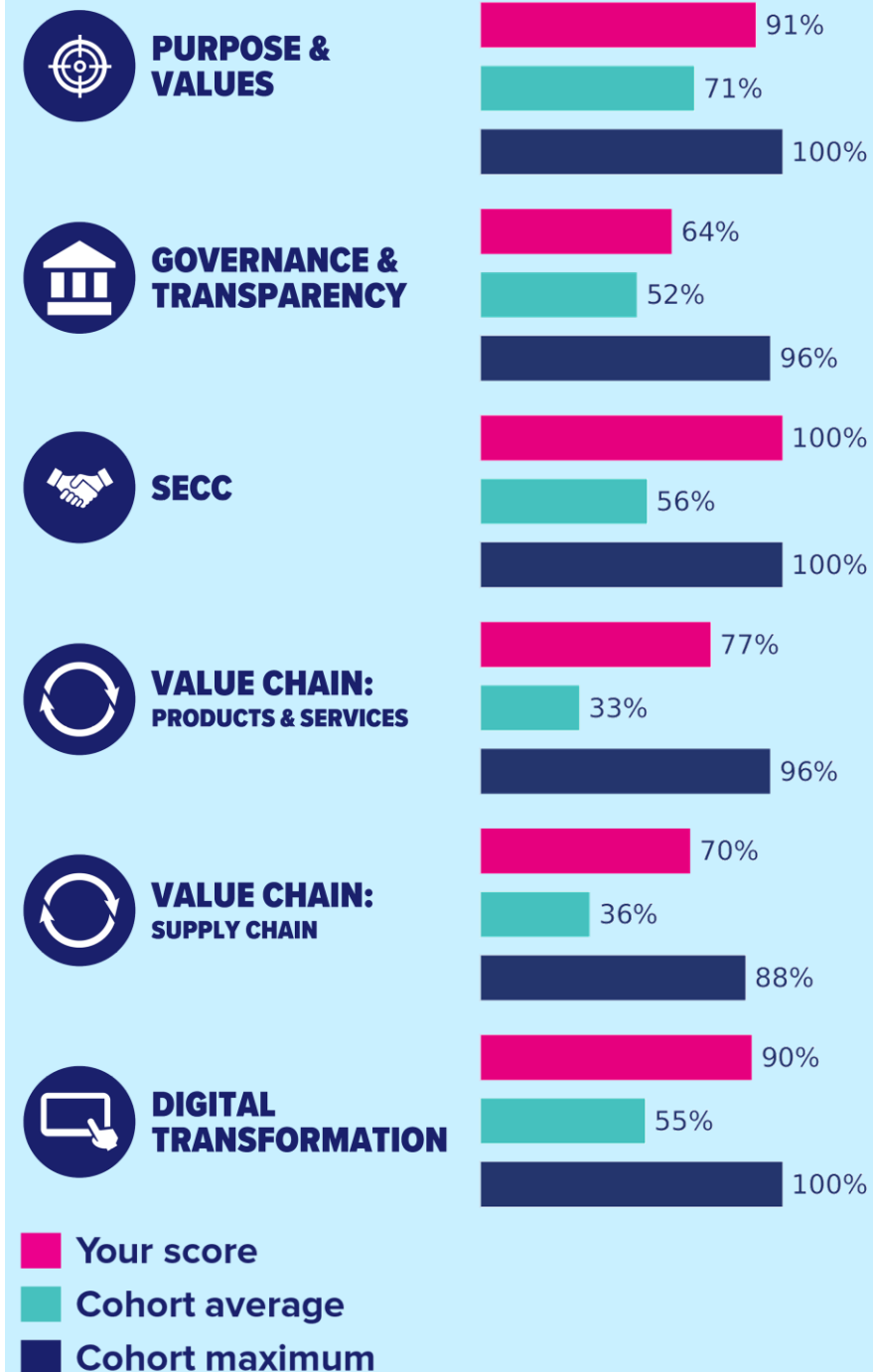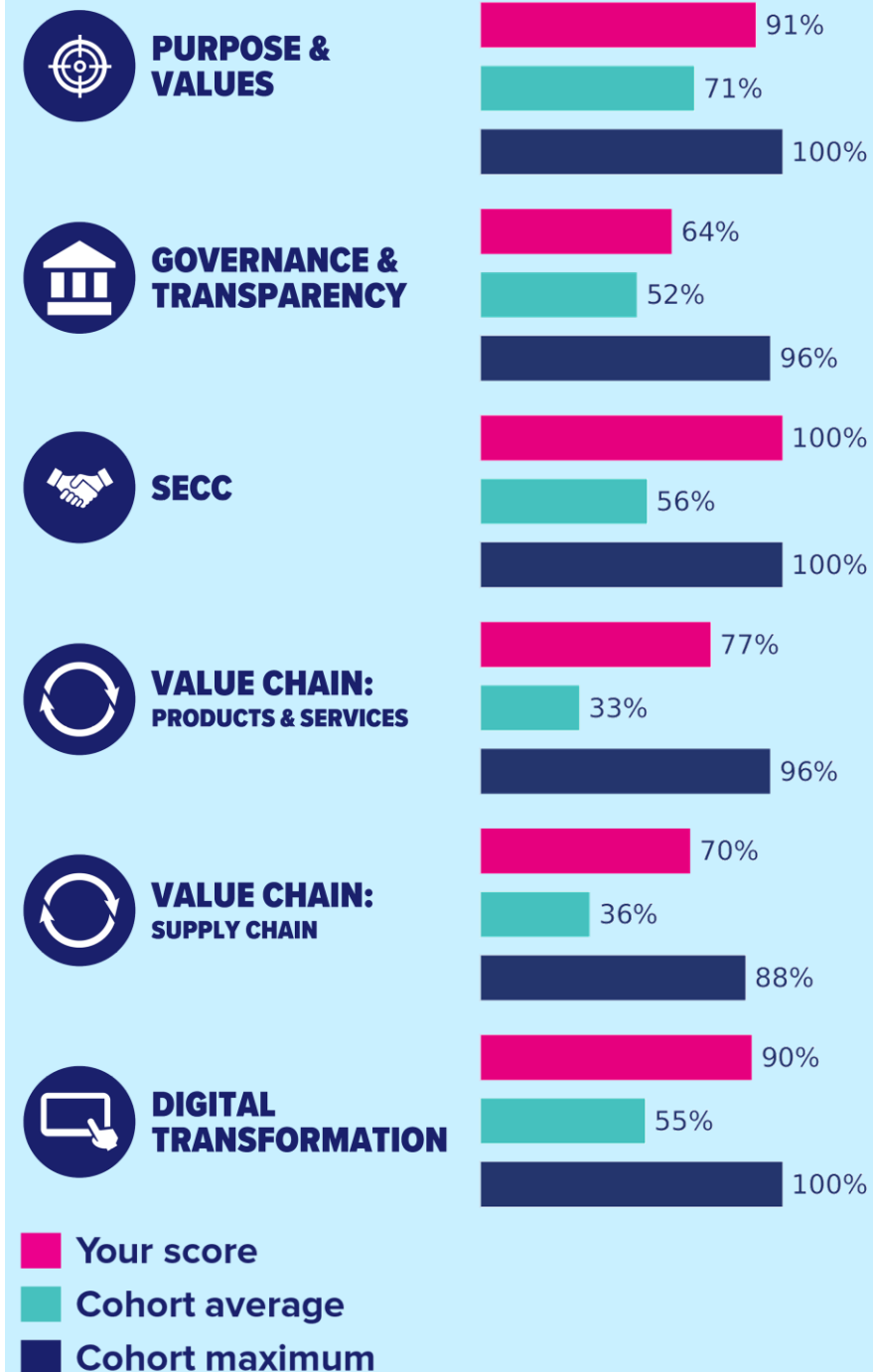CIRCULAR ECONOMY

NATURE STEWARDSHIP

CLIMATE ACTION

HEALTHY ENVIRONMENT

INNER MAP

- Overall, for the inner map sections Northern Gas Networks scored 80% which is above the cohort average of 49%. As the graphs on the right-hand side show, you performed particularly well on Stakeholder Engagement & Community Collaboration, scoring 100%. You also scored highly in the Purpose & Values and Digital Transformation sections.

- **Purpose & Values** – Your values are well embedded in policies and processes including interviewing and strategy development. You take a sophisticated approach to using the Global Goals in decision making. The use of the goals to enable collaborative initiatives and revenue-making opportunities is leading practice and we would like to hear more about this. However your purpose does not appear to allude to addressing long-term environmental and social challenges. The statement neglects the broader impacts NGN could have on society and the environment. Any review of purpose statements should involve internal and external stakeholder consultation to uncover key objectives and what makes people proud to work for the company.

- **Governance & Transparency** - The company has made good progress with regards to embedding RB targets across the business, and we would consider the linking of executive remuneration to RB as best practice. There are RB targets within particular functions of the business such as finance and procurement, you should consider building these targets into senior management objectives. You need to improve your diversity at board level to ensure governance is representative of the communities the company serves. You should consider implementing board level targets in line with the Hampton Alexander review to increase female representation.

BUSINESS IN THE COMMUNITY

The Prince's Responsible Business Network

PURPOSE & VALUES
- Your score: 91%
- Cohort average: 71%
- Cohort maximum: 100%

GOVERNANCE & TRANSPARENCY
- Your score: 64%
- Cohort average: 52%
- Cohort maximum: 96%

SECC
- Your score: 100%
- Cohort average: 56%
- Cohort maximum: 100%

VALUE CHAIN: PRODUCTS & SERVICES
- Your score: 77%
- Cohort average: 33%
- Cohort maximum: 96%

VALUE CHAIN: SUPPLY CHAIN
- Your score: 70%
- Cohort average: 36%
- Cohort maximum: 88%

DIGITAL TRANSFORMATION
- Your score: 90%
- Cohort average: 55%
- Cohort maximum: 100%

Your score
Cohort average
Cohort maximum

INNER MAP

- **SECC** - You scored full marks for this section and are following a rigorous stakeholder engagement process which is inclusive and encourages diverse perspectives. You also have well-established partnerships with community organisations, particularly showcased through the Community Partnering Fund. We would like to learn more about the partnerships that are being built to address the objectives of the Social Mobility Pledge and Opportunity Action Plan and how you are building long-term partnerships and implementing KPIs to measure long-term success.

- **Value Chain – Products & Services** - We challenge the statement that you have reviewed services against the company's purpose. As the purpose doesn't explicitly state any intention to deliver social/environmental benefits it is unclear how this exercise has been conducted. It is clear that services have been added and/or amended to create positive impacts and reduce negative ones it would be great to link this back to an overarching purpose. It is particularly encouraging to see you are measuring the positive impact of initiatives to support fuel poor households. It will be important to measure the effectiveness of these initiatives to determine whether they help households tackle rising costs.

- **Value Chain – Supply Chain** - You scored well above the cohort average for this section. recommend full mapping and disclosing of your supply chain, down to tier 3. You might also like to look at providing practical support to suppliers to meet the requirements of the Sustainable Procurement Strategy. Support may include knowledge-sharing networks or training workshops for suppliers to explore their specific challenges and train them to manage these challenges.
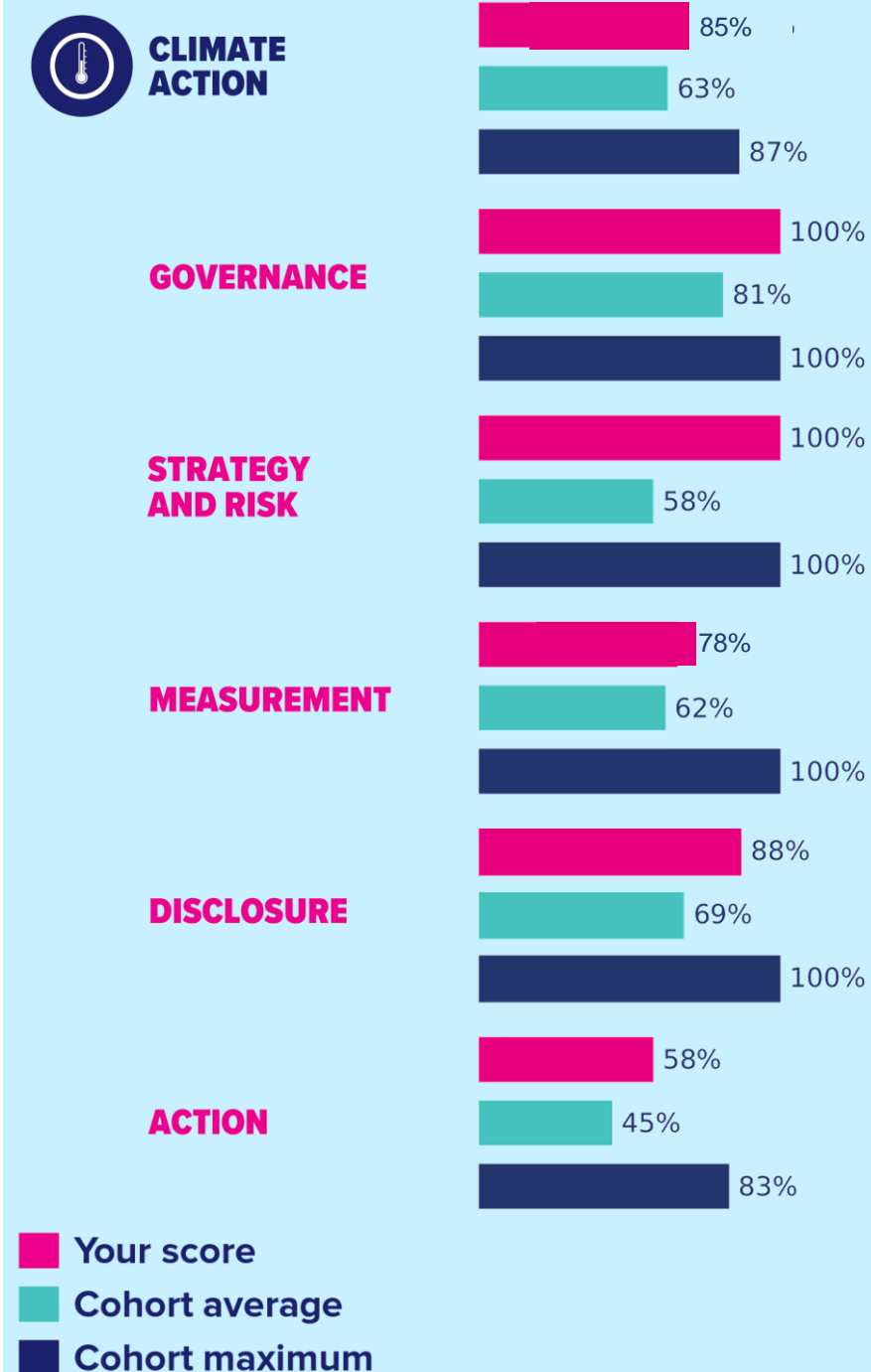
BUSINESS IN THE COMMUNITY
The Prince's Responsible Business Network

PURPOSE & VALUES
- 91%
- 71%
- 100%

GOVERNANCE & TRANSPARENCY
- 64%
- 52%
- 96%

SECC
- 100%
- 56%
- 100%

VALUE CHAIN: PRODUCTS & SERVICES
- 77%
- 33%
- 96%

VALUE CHAIN: SUPPLY CHAIN
- 70%
- 36%
- 88%

DIGITAL TRANSFORMATION
- 90%
- 55%
- 100%

Your score
Cohort average
Cohort maximum

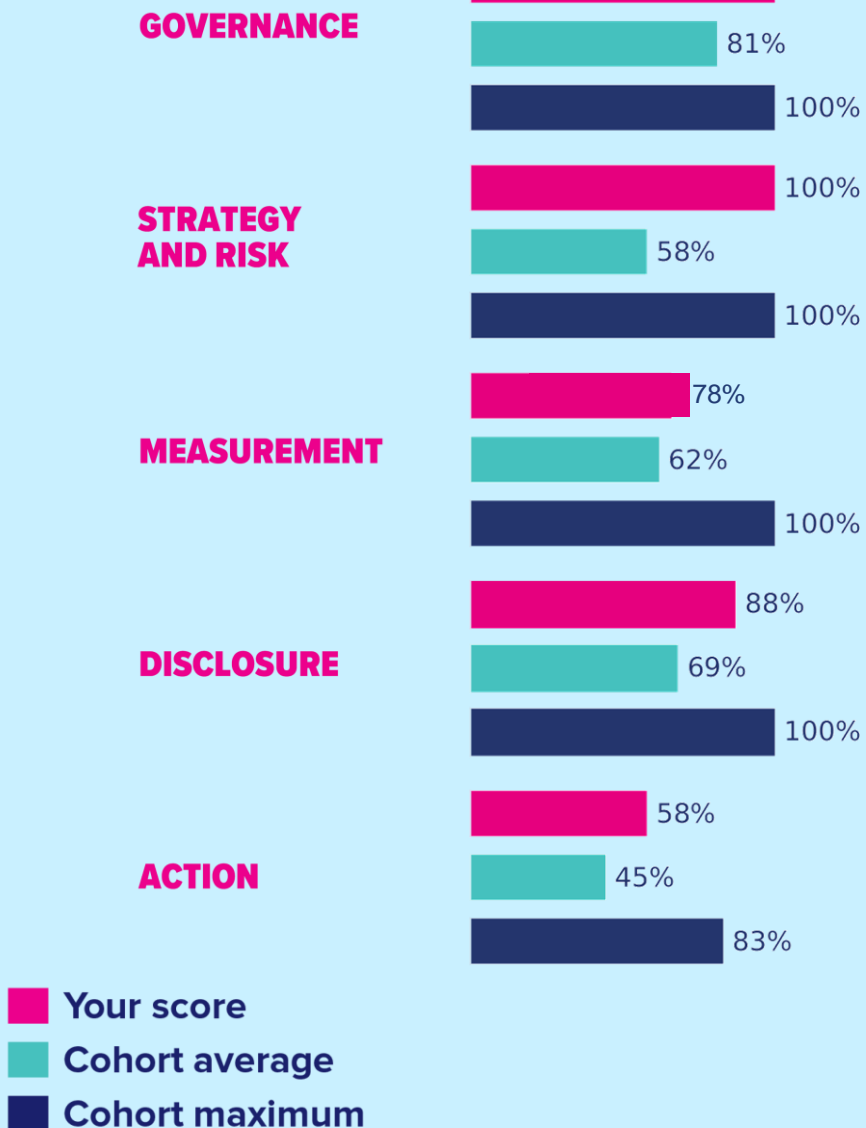# OUTER MAP MATERIAL ISSUES
1 – CLIMATE ACTION

- Northern Gas Networks ranked Climate Action as its top material issue. The graphs on the right-hand side show your performance against other organisations who ranked Climate Action as 1 or 2. The graph at the top shows the overall scores for this section and the five graphs below show the performance at the question level. Overall, Northern Gas Networks scored 85% which falls only slightly behind the cohort maximum score.

- **Governance** - You scored 100% in this section showing that there are strong structures in place to support the business' work on climate action. Seeing that executive pay is linked to emissions performance is particularly encouraging. The value framework is a brilliant example of how the business has built environmental considerations into organisation-wide decision-making. We would like to hear more about the types of investments that have been made as a result of this tool and whether there are plans to expand its use to other functions.

- **Strategy & risk** - The business has conducted a comprehensive risk and opportunity analysis across different time horizons. It is encouraging to read that the company is working with suppliers to address scope 3 emissions. We would be interested to understand any work the business is doing with end users to address emissions.

BUSINESS IN THE COMMUNITY

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CLIMATE ACTION
- 85%
- 63%
- 87%

GOVERNANCE
- 100%
- 81%
- 100%

STRATEGY AND RISK
- 100%
- 58%
- 100%

MEASUREMENT
- 78%
- 62%
- 100%

DISCLOSURE
- 88%
- 69%
- 100%

ACTION
- 58%
- 45%
- 83%

Your score
Cohort average
Cohort maximum

OUTER MAP MATERIAL ISSUES
1 – CLIMATE ACTION

- **Measurement** - Unfortunately, at this stage we can only accept companies that have an approved target through the science-based target initiative. We appreciate that the business has been proactive in developing carbon targets using a science-based methodology and that the methodology for the gas/oil sector will soon be published.

- **Disclosure** - The company has a comprehensive approach to disclosing activities and performance around climate-related issues. The only step left to take would be to report in line with TCFD which we recommend.

- **Action** - In order to have scored more highly within this section, Northern Gas Networks would have had to prove that you have reduced material scope 3 emissions and/or scope 1 emissions, or be carbon neutral or net zero emissions/emissions restorative. Another way to increase scores in this section would be to evidence projects the business is investing in that remove carbon from the atmosphere or the purchase of carbon credits from projects that remove carbon from the atmosphere.

BUSINESS IN THE COMMUNITY — The Prince's Responsible Business Network

CLIMATE ACTION

GOVERNANCE
- 85%
- 63%
- 87%

- 100%
- 81%
- 100%

STRATEGY AND RISK
- 100%
- 58%
- 100%

MEASUREMENT
- 78%
- 62%
- 100%

DISCLOSURE
- 88%
- 69%
- 100%

ACTION
- 58%
- 45%
- 83%

■ Your score
■ Cohort average
■ Cohort maximum

OUTER MAP MATERIAL ISSUES
2 – IEGW

- Northern Gas Networks ranked Inclusive Employment & Good Work (IEGW) as its second top material issue. The graphs on the right-hand side show performance in IEGW against other organisations who ranked it as their number 1 or 2 issue. The graph at the top shows the overall scores for this section and the five graphs below show the performance at the question level. Overall, Northern Gas Networks scored slightly above the cohort average of 47% with 58%.

- **Governance –** You scored 100% for this section and demonstrated that there are strong systems of accountability in place for IEGW issues, both at a senior level and an operational one. It is encouraging to hear about the efforts the company is making to ensure that employees are consulted in the development of IEGW initiatives and any changes to the business through mechanisms such as employee networks and union representation.

- **Strategy & risk –** Despite the strong governance systems, the company has room for improvement with regards to taking a strategic approach to IEGW. We would recommend that the business identify risks and opportunities relating to the employability of target groups. This will ensure that the business is aware of the actions needed to take a considered and inclusive approach to hiring and developing within the target groups. This can then be built into a strategy which ties this work together with other IEGW elements.

BUSINESS IN THE COMMUNITY

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IEGW
- 58%
- 47%
- 95%

GOVERNANCE
- 100%
- 61%
- 100%

STRATEGY AND RISK
- 55%
- 38%
- 100%

MEASUREMENT
- 17%
- 41%
- 100%

DISCLOSURE
- 25%
- 40%
- 100%

ACTION
- 93%
- 57%
- 93%

■ Your score
■ Cohort average
■ Cohort maximum
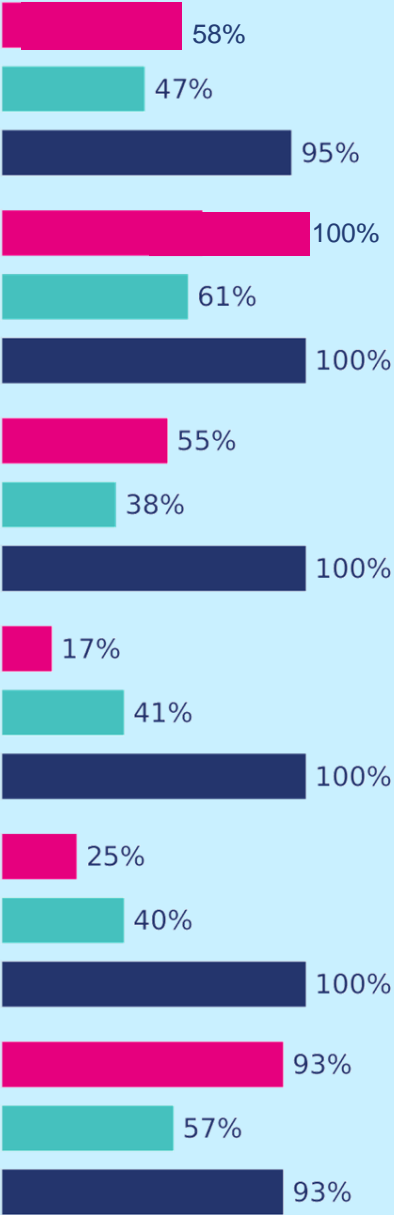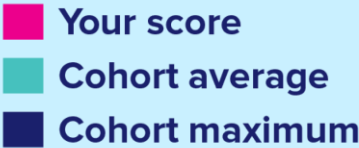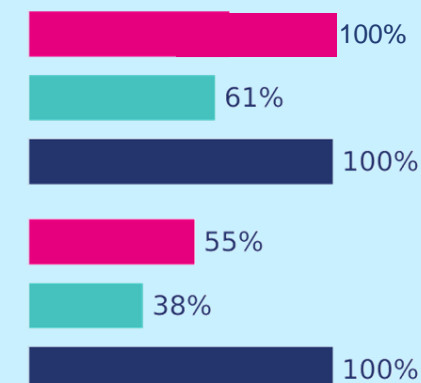
OUTER MAP MATERIAL ISSUES
2 – IEGW

- **Measurement** – You don't have formal targets relating to your IEGW activity, with the exception of the community partnering fund. We can see that HR data such as take-up of benefits and sickness/absence rates are being monitored, however we would like to see a clear link between this data and any resulting IEGW activity. The business should be able to demonstrate the change and difference its initiatives have made to the business and its target groups (e.g., %of individuals improving employability, %moving into employment, improvement in employee engagement scores, retention rates, improvements in employee benefits take-up).

- **Disclosure** – The work currently being shared is limited to activity around creating inclusive culture within the company. You should be more actively sharing some of your IEGW activity, particularly within recruitment practices. Recruitment pages on the website should advertise the partnerships that the business has in place to support people facing barriers to employment and the work being done to help develop essential skills. In addition, it would be great to see the business do more to engage employees, particularly those in low-skilled jobs of the progression pathways and training & development opportunities available to them. It would be leading practice if the business was able to track the take-up of these opportunities and any resulting internal movements.

- **Action** – You scored very highly in this section, demonstrating that you are doing a lot of good work in the IEGW space, and this simply needs to be formally built into a strategy with associated metrics which is effectively communicated internally and externally. We would also like to see the company providing work placements for job seekers from disadvantaged groups.
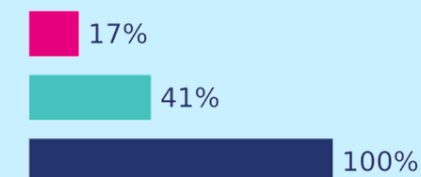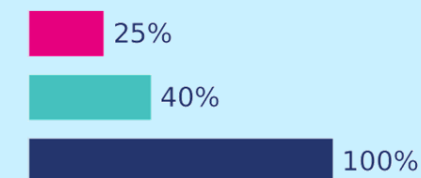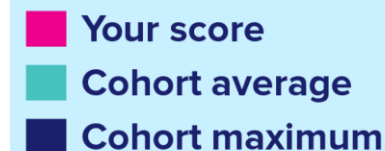
BUSINESS IN THE COMMUNITY
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IEGW

58%
47%
95%

GOVERNANCE
100%
61%
100%

STRATEGY AND RISK
55%
38%
100%

MEASUREMENT
17%
41%
100%

DISCLOSURE
25%
40%
100%

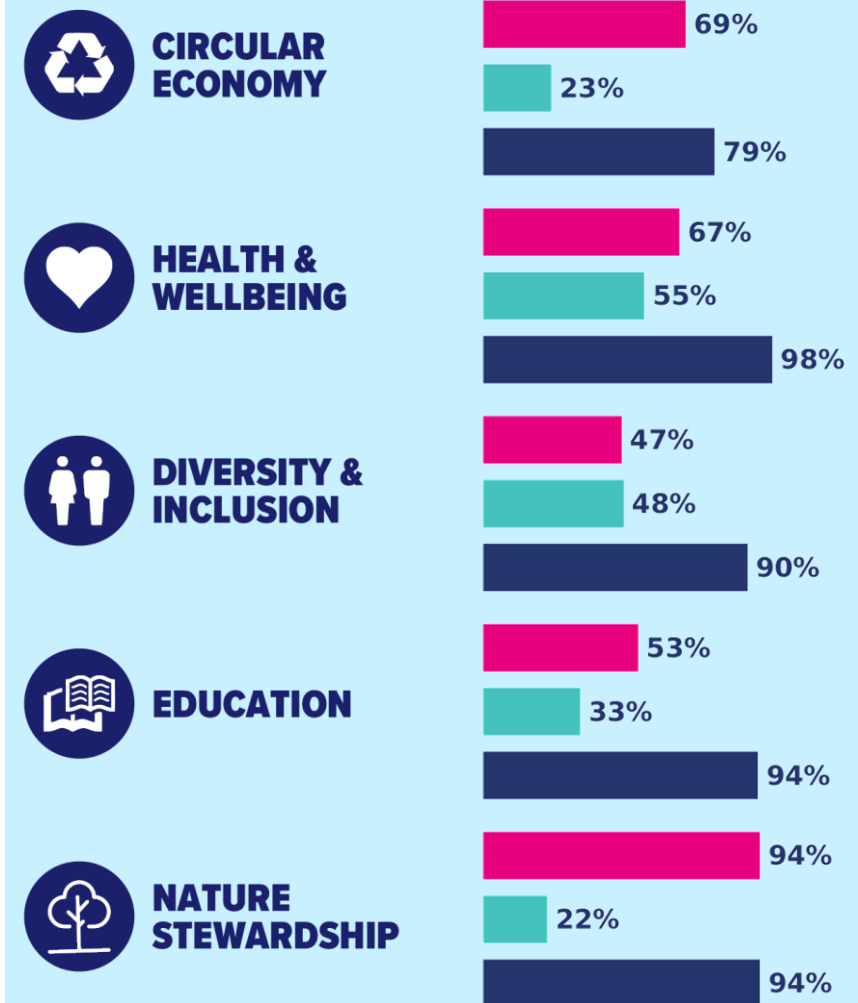**ACTION**
93%
57%
93%

■ Your score
■ Cohort average
■ Cohort maximum
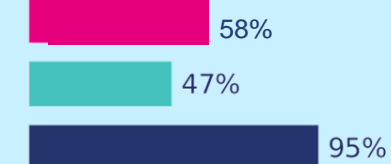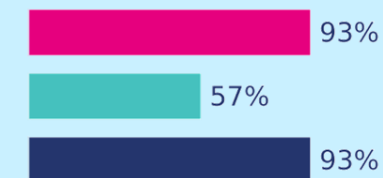
OUTER MAP

- The graphs on the right hand side show Northern Gas Network's performance in the issues you ranked 3-7 in terms of materiality. Your performance is compared to other businesses that ranked these issues 3-7.

- **Circular Economy** - Governance structures were shown to be very strong and you have effectively assessed risks and opportunities in this area and have developed strategies to address these. You have also demonstrated that there are effective standards in place to monitor and record reductions in waste volumes. Furthermore the business is effectively communicating internally and externally on this area of work. We recommend considering how the business can extend responsibility for CE beyond the environment team. We would like to see specific targets developed for relevant individuals within areas of the business where CE issues are material and also to relevant individuals within the governance structure.

- **Health & Wellbeing** - There are strong governance structures in place, with senior level sponsorship and accountability plus well-resourced teams to support with the delivery of strategy. It is encouraging to see the use of the Workwell model, which ensures the business is taking a holistic approach to wellbeing, and the use of data to inform the evaluation and development of the strategy. The weakest area within this section was Strategy & Risk. We encourage you to create a risk register for each of the four pillars of wellbeing including mental, physical, social and financial as the risks affecting each strand will be different. Additionally we encourage you to consider wellbeing through multiple intersectional lenses to address the needs of different groups.
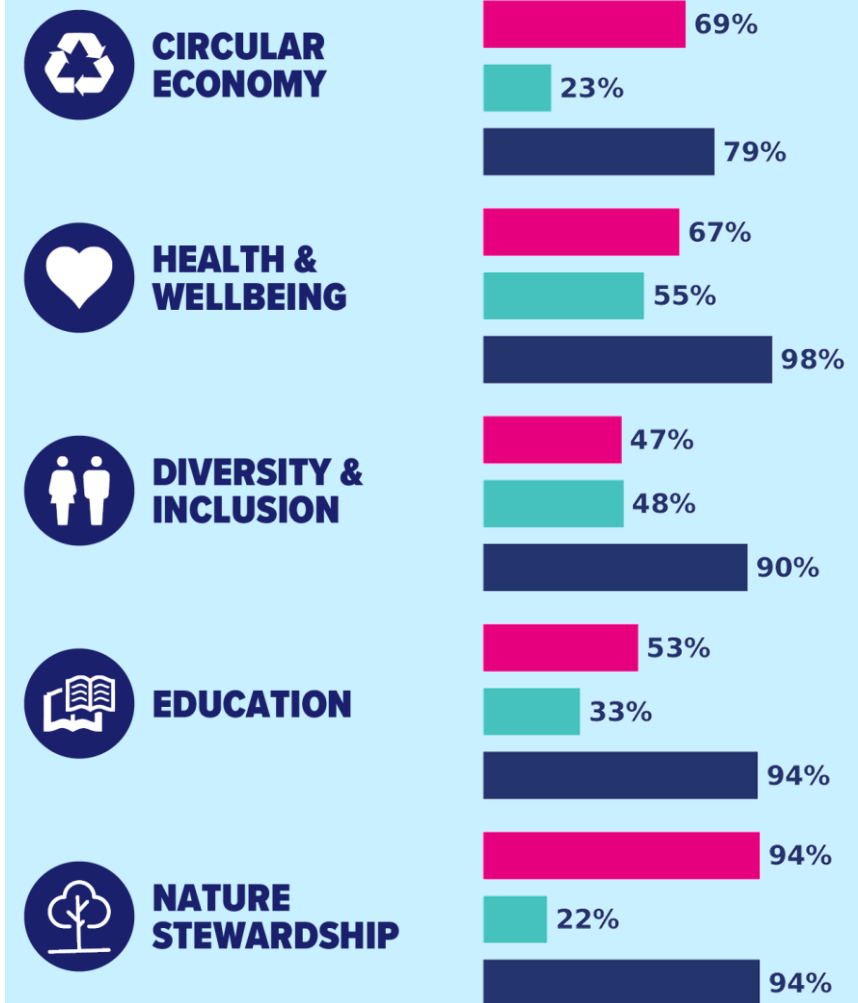
CIRCULAR ECONOMY
- 69%
- 23%
- 79%

HEALTH & WELLBEING
- 67%
- 55%
- 98%

DIVERSITY & INCLUSION
- 47%
- 48%
- 90%

EDUCATION
- 53%
- 33%
- 94%

NATURE STEWARDSHIP
- 94%
- 22%
- 94%

- **Your score**
- **Cohort average**
- **Cohort maximum**

BUSINESS IN THE COMMUNITY
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OUTER MAP

- **Diversity & Inclusion** - Governance and strategy & risk scored well, and the company has made good progress on creating the structures needed to formally address D&I issues. On measurement, you acknowledge there is work to do, it's encouraging you acknowledge the need to be data-led in your interventions. You have started by building confidence and awareness amongst employees to encourage disclosure and hopefully this will result in higher disclosure rates. To improve, establish board-level targets in line with the Hampton Alexander and the Parker Review.

- **Education** - You are taking a highly collaborative approach on education, both through engaging employees and external partners. The use of socio-economic data to map 'cold spots' and inform the Social Mobility Strategy is leading practice. There is currently no effective way of measuring your work on education. Consider implementing a framework which tracks the inputs such as volunteering hours or £ spent, as well as outputs (short term results such as number of students engaged) and outcomes (increase in understanding of a certain topic) and impact (longer term impact on individuals i.e. number of beneficiaries going on to study STEM subjects at A-level)

- **Nature Stewardship:** You were the top scorers on this section within the cohort at 94%. It was encouraging to see Enhancing Life on Land as a key pillar of your environment strategy. It is evident the company has taken a strategic approach, having conducted an extensive risks and opportunities exercise. The presence of robust targets and measurement frameworks ensures that progress can be effectively measured. We encourage NGN to consider assigning a senior sponsor and ensuring accountability for the successful delivery of the strategy.

CIRCULAR ECONOMY
- 69%
- 23%
- 79%

HEALTH & WELLBEING
- 67%
- 55%
- 98%

DIVERSITY & INCLUSION
- 47%
- 48%
- 90%

EDUCATION
- 53%
- 33%
- 94%

NATURE STEWARDSHIP
- 94%
- 22%
- 94%

- **Your score**
- **Cohort average**
- **Cohort maximum**

BUSINESS IN THE COMMUNITY
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NEXT STEPS

Thank you for your engagement with the Responsible Business Tracker® and your commitment to improve.

We hope that you have found this report useful and we look forward to working with you as you continue your responsible business journey.

We propose that you take the key learnings from this report, prioritise them and use them to generate a business case and traction for change internally at your business.

Your BITC relationship manager will also use this report to support the development of your BITC engagement plan, in collaboration with you, which will lay out key objectives for your work with BITC over the next year and some recommended activity to support these objectives.

For more information, please contact:
Tracker team | rbtracker@bitc.org.uk

WWW.BITC.ORG.UK