

Our People and Planet Strategy



we are
the **network**

1. Our long-term commitment to People and Planet

Nothorn Gas Networks owns and maintains the network of pipes that carry the gas you buy from your supplier into your home and businesses. We are a Gas Distribution Network (GDN) in the North of England- responsible for maintaining a network of 37,000km of pipe that safely delivers energy to 2.7 million homes and businesses in our area. Providing energy to keep our customers warm in a safe and reliable way day in, day out - whilst striving to be a force for good in our communities.

The NGN People and Planet strategy outlines our long-term sustainability agenda for ourselves and our supply chain.

We currently distribute a mixture of natural gas and biomethane, but we've got big plans to deliver greener, low carbon gas in the future and for generations to come.

The purpose of this strategy is to inspire and motivate through setting a universal direction for our decision making and wider business strategy, so that together with our colleagues, partners and supply chain we can achieve the positive change that is needed in the world.

This document outlines the roadmap we'll follow to achieve our commitments- including short term goals that are aligned with our regulatory framework (2026), medium term goals that are aligned with the UN Sustainable Development Goals (2030) and longer term commitments that stretch out to 2050 and beyond in some instances. Our People and Planet strategy directly aligns and compliments our existing business values of being heartfelt, empowered, happy, trailblazing, intellectually curious and community focused.

The achievement of this strategy relies upon strong collaboration with trusted partners, to bridge the gap where we don't have all the answers. We are committed to collaboration, transparency and working innovatively to achieve our goals. Our culture of empowered colleagues will be key to achievement of our commitments through tweaks to everyday behaviour and challenging the status quo in all areas of the business.



2. A word from our CEO, Mark Horsley

Not long ago, sustainability was a business buzzword. A term to illustrate intention to go 'above and beyond' core responsibilities to reduce impact on the planet, without ever having to be truly accountable in practice.

While sustainability is of course about protecting our planet, it's equally about responsible decision-taking to ensure our customers, colleagues, and supply chain can thrive long term too.

Two years into the most challenging operating conditions ever experienced, it's crystal clear that at NGN, sustainability must be embedded in everything we do as a business in order to safeguard our future.

The Covid 19 pandemic showed us just how interconnected we are, and how fragile our society is when exposed to unexpected natural and economic global events.

The impacts of this are being felt by those on the lowest incomes in our diverse communities; the cost-of-living crisis adding even greater pressure on families, while the pathway to reaching net zero emissions by 2050 remains undecided.

As a gas network serving 2.7 million homes and businesses across the North East, northern Cumbria and Yorkshire, it's our responsibility to be a force for good in facing these challenges and effect positive change today and into the future, while

continuing to keep customers safe and warm 365 days a year.

From tackling climate change by demonstrating the role of clean hydrogen in heating homes, to increasing social mobility and levelling up through apprenticeships and a sustainable recruitment policy, or ensuring good quality spend within our region, our People and Planet Strategy sets out targets for all these areas.

This roadmap outlines ambitious short, medium and long-term goals, and evidences how we're already moving in the right direction.

In truth...we've only just started. There is much work to do to improve and make our business more responsible over time, working with trusted partners for support where we don't yet have all the answers.

I hope you enjoy reading this strategy. If you'd like to learn more about sustainability email our team at sustainability@northerngas.co.uk

Mark Horsley



3. What does Sustainability mean to us?

Sustainability at NGN means being able to tackle the challenges facing our business, our society and our planet, today and in the future.

We reached this conclusion through engagement with our stakeholders when we asked: 'What does sustainability mean to you?'

They told us it is 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)

4. Why now?

Caring for our people and planet in a rapidly changing world.

Businesses such as ours rely upon the planet and its people to deliver services to our customers. We need to ensure that we're approaching decisions in a responsible way to ensure that both the planet, its resources and people, are treated fairly, now and in the future. In addition to this, our customers, stakeholders and wider society require us to focus on sustainable outcomes, and that's why we created our People and Planet Strategy.

We are operating in a world that is rapidly and constantly changing, and we know we need to be responsive- in the right way, with commitments and principles to guide us in the right direction.

We face many challenges in the coming years if we are to achieve the commitments set out in this document. For example, we currently transport a fossil fuel not compatible with a sustainable vision of the future, including the

achievement of Net Zero. We view this as an opportunity, as we are well placed to contribute positively to some of the biggest challenges facing our world in a responsible way: climate change and decarbonisation of heat.

We also face challenges around the diversity of our workforce- we are not currently representative of the communities that we serve. We have an opportunity here to recruit and retain colleagues in a different way, from different communities, and to amplify our impacts in local areas through the way that we recruit.

When we engaged with our stakeholders we found that many of them see sustainability as initiatives focused around the planet. We wanted to make a clear link to our people and communities as many environmental issues faced by the planet are also societal ones, and many societal issues impact the environment- they are inextricably linked. For example burning fossil fuels releases greenhouse gases and also air pollutants which damage human health, so when we're working towards our sustainability goals it is important to always consider societal impacts as well as environmental.

We know that to achieve the above we need to break the mould and challenge ourselves beyond the realms of a utility company, and this strategy pushes us to do that.

As part of their 2030 Agenda for sustainable development, 193 U.N. countries around the world drafted and adopted 17 ambitious goals in 2015. To be executed in just 15 years, the United Nations' Sustainable Development Goals (SDG's) were created to address the biggest problems we face on this planet, from ending poverty to sustainable consumption patterns, social justice, access to healthcare, clean energy, clean air, clean water and more. Achieving these goals, or even coming close in such a short timescale, will require that all sectors of society—governments, businesses and the general public—work closely together. Success relies on organisations embedding them into all projects as well as into the organisation's structure. Our People and Planet strategy helps us to do this as all commitments are aligned with at least one of the UN SDGs.



5. How did we get here?

We have engaged with over 14,000 stakeholders across the last 4 years on sustainability topics, the insight from which has helped us to build this strategy, a snapshot of this is provided below.

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2018

- Contractor Safety stand downs
- Internal workshops such as first UN SDG Materiality assessment
- In depth workshops on specific topics with external stakeholders

2019

- Business in the Community Responsible Business Tracker
- Perceptions research
- Best practice workshops with leading businesses such as Yorkshire Water
- Investor engagement
- Citizens Jury
- Local Resilience Forums
- In depth workshops on specific topics with external stakeholders.

2020

- Further materiality assessment against UN SDGs
- In depth workshops on specific topics with external stakeholders (such as Environmental action plan, fleet) with various groups including Citizens Jury
- Conversations with shareholders around sustainability priorities
- Customer perceptions research

2021

- Collaborating for progress against the UN SDGs with other GDNs
- Business in the Community Responsible Business Tracker (round 2)
- In depth workshops on specific topics with external stakeholders (such as tree planting, biodiversity)
- Young Innovators Council

2022

6. People and Planet strategy on one page



Through our commitments we'll prioritise support for these UN SDGs



For our people and communities we commit to:

- Reflect the diversity of our communities
- Eradicate inequality
- Provide access to affordable energy solutions
- Improve access to fair employment
- Support colleagues' wellbeing
- Spend and invest responsibly

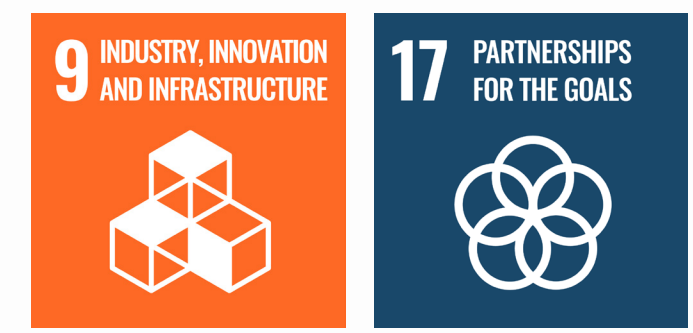


For our planet we commit to:

- Enable affordable, decarbonised heat, power and transport solutions
- Eliminate emissions- net zero business by 2050
- Ensure our assets are resilient
- Produce less waste, and recycle all of it
- Manage our land to benefit the environment
- Spend and invest responsibly






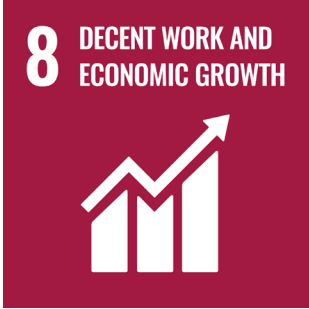
We'll deliver this through a commitment to innovation, cross industry collaboration, trusted partnerships and our culture of empowered colleagues



7. Our Commitments to our People and Communities






We will:	To support	Our key progress so far	Our key ambitions			Case study of our recent actions
			2026	2030	2050	
<p>Reflect the diversity of our communities</p> <p>Eradicate inequality</p>		<p>We measure and report our gender pay gap annually, we have reduced our entry qualification requirements for apprentices to improve accessibility, and changed how we advertise our job vacancies to make them more accessible.</p> <p>We have set up colleague communities to empower our colleagues and ensure that we're hearing the authentic messages from our communities to ensure any issues relating to inequality are picked up.</p>	<p>50% of interviews for senior roles to be female</p> <p>Analyse the causes of our gender pay gap</p> <p>Analyse our recruitment processes for bias</p> <p>Work with our colleagues to gather data about our workforce diversity</p>	<p>40% of senior management to be female</p> <p>Reduce gender pay gap by 50% vs 2021 baseline</p>	<p>Eradicate inequality within our organisation at all levels and for all minority groups via achieving a gender balance at all levels in our business, closing the gender pay gap, and ensuring we are representative of the communities we serve.</p>	<p>We have redesigned and refined our recruitment process as a result of deliberative engagement with other utilities companies. We have embedded a fair and consistent interview process by revising all supporting materials and introducing a broader and diverse interview panel to ensure inclusivity. To underpin this new approach, we have raised awareness of unconscious bias with all interviewers.</p> <p>We now use a gender decoder in job adverts to remove gender specific language and are working with WISE (Women in Science and Engineering) and the Engage Transform Group who specialise in recruitment targeting ethnic minorities. The benefit of these changes was demonstrated in our inclusive #ICanBeMe apprenticeship recruitment campaign which saw us quadruple our female engineering workforce.</p>
<p>Provide access to affordable energy solutions</p>	 	<p>Between 2013 and 2021 we provided over 15,600 free gas connections to customers in fuel poverty (exceeding our target of 12,000), delivered 22,000 carbon monoxide (CO) awareness sessions, referred 14,143 vulnerable customers to the priority services register (PSR), and provided £1.9 million funding to support vulnerable customers in our region.</p>	<p>Provide £1.4m of annual regulatory and shareholder funding to support vulnerable customers and communities.</p> <p>Reduce our part of customers' gas bills by 8.6%</p> <p>Provide 10,000 CO awareness briefings and refer 5,000 vulnerable customers to the PSR annually</p> <p>Provide 5,000 free gas connections to customers experiencing fuel poverty</p>	<p>Maintain shareholder funding for communities and target projects that can demonstrate long term viability.</p> <p>Continue to be the most cost-efficient UK gas distribution network</p> <p>Provide 12,000 CO awareness briefings and refer 7,000 vulnerable customers to the PSR annually</p> <p>Provide 7,000 free gas connections to customers experiencing fuel poverty</p>	<p>Provide 15,000 CO awareness briefings and refer 10,000 vulnerable customers to the PSR annually</p>	<p>We work with Groundwork Leeds to provide practical help to households in our region, targeting areas with greatest fuel poverty. Local agencies refer households for a 'Green Doctor' visit covering energy, efficiency, the PSR and money saving measures like fuel switching. They install simple energy saving measures like draught excluders and low energy light bulbs there and then, provide advice on larger energy saving measures, and refer people to the Warm Home Discount where relevant. Between 2018 to 2021 >1600 homes were visited across our region, with 6,918 measures installed delivering lifetime energy saving benefits to customers valued at £295k and 450 tCO2e.</p>




We will:	To support	Our key progress so far	Our key ambitions			Case study of our recent actions
			2026	2030	2050	
<p>Improve access to fair employment</p>		<p>Many communities have long faced challenges on deprivation, made worse recently by the COVID-19 pandemic, with particular pockets of deprivation across our network. Businesses have a role to play in helping the country through this crisis. In 2020 we worked with This is Purpose and Rt.Hon. Justine Greening to commit to the Social Mobility Pledge through creation of an Opportunity Action Plan. The plan identifies goals for the future and recognises NGN's extensive work in support of social mobility to date, noting that our commitment to our community agenda should be particularly commended.</p>	<p>Recruit at least 60 apprentices</p> <p>Focus our recruitment methods to encourage applications from a wider diversity of social backgrounds.</p>	<p>Recruit 75 apprentices</p>	<p>Continue to recruit via apprenticeships and shape the future of green apprenticeships</p>	<p>In 2021 we launched our Education, Skills and Career strategy, co-created with our new Young People's Council and our Citizens' Jury. As part of the strategy we are developing new training programmes and skills partnerships, one of which is with West Yorkshire College Consortium to co-create training programmes and provide opportunities for training and jobs for the future. We are working with Leeds College of Building as one of the lead organisations, to develop and design a green apprenticeship. We are also partnered with Solutions for the Planet, who aim to connect schools, businesses and communities to provide creative spaces for young people to explore sustainability and STEM careers. Across the last 3 years a total of 157 hours of mentoring and training has been provided to over 1,100 students aged 11 to 14 build awareness of science, technology, engineering, mathematics and sustainability.</p>
<p>Support colleagues' wellbeing</p>			<p>100% of line managers to have mental health training and awareness</p> <p>Establish and deliver operational colleague health surveillance programme</p> <p>Establish survey of workplace wellbeing</p>	<p>All colleagues undergone mental health awareness/training.</p> <p>Ensure 100% delivery of health surveillance programme</p> <p>Achieve year on year improvement in colleague wellbeing</p>	<p>Reduction in sickness related to mental health</p> <p>Ensure delivery and continuous improvement of health surveillance programme</p> <p>Achieve Gold status in 'Britain's Healthiest Workplace' award.</p>	
<p>Spend responsibly</p>			<p>We have mapped our supply chain to better understand where we spend and who with, launched a Sustainable Procurement Strategy, and engaged directly with our supply chain to understand their current sustainability practices, support and concerns for NGN developing a Supplier Code of Conduct.</p>	<p>Launch a Supplier Code of Conduct which embeds sustainability within our supply chain and achieve 80% of supply chain (by value) compliant with the Code.</p>	<p>Continuously review our Supplier Code of Conduct to ensure it driving sustainable</p> <p>100% of our supply chain to be compliant with our Code</p>	


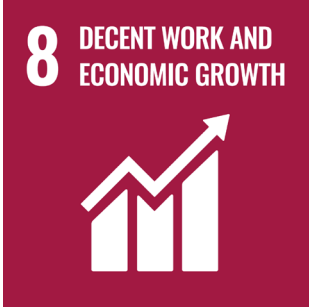


8. Our Commitments to the Planet



We will:	To support	Our key progress so far	Our key ambitions			Case study of our recent actions
			2026	2030	2050	
<p>Enable affordable, decarbonised heat, power and transport solutions</p>		<p>We have been working with biomethane producers since 2013 to enable the injection of green gas into our network. During this time we have also been led the research to establish the safety case for blended hydrogen and use of 100% hydrogen within the UK's gas networks, including close liaison with the UK Health and Safety Executive.</p>	<p>Enable policy decision on blending hydrogen into UK gas networks</p> <p>Demonstrate the safety case for use of 100% hydrogen in gas networks and deliver a village trial</p> <p>Smooth the process to enable biomethane to be received into our network</p>	<p>Enable blending of up to 20% hydrogen by volume into our existing network</p> <p>Enable policy decision on use of 100% hydrogen in UK gas networks</p> <p>Achieve 3% biomethane in our network by volume</p>	<p>Our network transports 100% green gas</p>	<p>Between 2013 and 2021 we connected 17 biomethane production plants to our network. These plants can produce enough green gas to power over 60,000 typical UK homes.</p> <p>In 2021 we launched our hydrogen houses at our Intregrel research and development centre. Our properties allow stakeholders to experience 100% hydrogen domestic appliances in a typical 'at home' setting to help them understand how they might use hydrogen in the future.</p>
<p>Eliminate emissions- net zero business by 2050</p>	 	<p>Since 2013 we have publicly reported our carbon emissions from gas leakage, business operations and value chain. We have established bespoke carbon reduction targets, aligned to a science-based methodology, and action plans to deliver these across the spectrum of our carbon emissions.</p>	<p>Reduce gas leakage by 24%*</p> <p>Reduce Scope 1 and 2 business carbon emissions by 47% and Scope 3 emissions by 11%*</p> <p>50% of vehicle fleet to be ultra-low emission or hybrid</p> <p>Plant 40,000 trees to tackle poor urban air quality</p> <p><small>* vs 2021 baseline</small></p>	<p>Reduce gas leakage by 50%*</p> <p>Net zero Scope 1 and 2 business carbon emissions. Reduce Scope 3 emissions by 20%*</p> <p>Net zero emission vehicle fleet</p>	<p>Eliminate emissions of greenhouse gases</p> <p>Carbon negative business operations</p> <p>Net zero Scope 3 emissions</p>	<p>Between 2013 and 2021 we have reduced our annual gas leakage by 27% by upgrading our pipe network (at an annual cost of c.£100m), introducing smart pressure management infrastructure, and continuing to condition our gas. This saved c.640,000 tCO₂e over the period.</p>

We will:	To support	Our key progress so far	Our key ambitions			Case study of our recent actions
			2026	2030	2050	
Ensure our assets are resilient	 	<p>To date we have published three climate change risk assessments for our infrastructure and business operations. The latest of our reports was published in 2021 and utilised bespoke climate change projections extending to 2080 provided by the UK Met Office. We assessed 34 identified risks across 8 climatic hazards and identified no high risks in 2021 or 2050.</p>	<p>Ensure our assets are resilient to the impacts of climate change</p>	<p>Improve the resilience of our own assets, and assess and improve the resilience of our supply chain</p>		<p>Routine inspection of our high-pressure pipeline crossing Black Burn in Cumbria identified that erosion of the river bed had exposed a section of the pipeline thereby threatening the integrity of the pipe. Following a specialist assessment, a ramped rock weir was installed over the pipe using c.100 m3 of boulders and cobbles during summer 2021 to protect the pipe. This option, costing c.£35k, was selected as the most sustainable solution as it provided robust protection, minimised impact on river flow and ecology, had limited perceptible visual impact and was low cost.</p>
Produce less waste, and recycle all of it.		<p>As a business we generate a lot of excavation waste and use a lot of aggregate to reinstate our works. Excavation waste creation and use of primary aggregates in reinstatement are two of our most significant environment aspects so in 2013 we established these as KPIs, established reduction targets and obligated our contractors to provide us with activity data to enable us to improve our performance in these areas.</p>	<p>Send <0.1% of our excavation spoil to landfill</p> <p>Reduce our office and depot waste by 20%</p> <p>Use 50% less paper</p> <p>Use at 97.5% recycled aggregates in our excavation reinstatement</p> <p>Eliminate avoidable single use plastics in our facilities</p>	<p>Zero waste to landfill from our operations and facilities</p> <p>Use 75% less paper</p> <p>Use 99% recycled aggregates in our excavation reinstatement</p> <p>Eradicate single use plastics from our operations</p>		<p>Between 2013 and 2021 we reduced the amount of excavation spoil we send to landfill from 36% to <0.1%, thereby diverting c.1.4m tonnes of waste from landfill. Over the same period we have reduced the amount of primary aggregates we use in reinstatement from 29% to 11%, thereby preferentially using c.0.9m tonnes of recycled aggregates instead of primary aggregates. This has stimulated the Circular Economy in our region to transform excavation waste into a quality, recycled product for use in engineering works.</p>

We will:	To support	Our key progress so far	Our key ambitions			Case Study of Recent Activity
			2026	2030	2050	
<p>Manage our land to benefit the environment</p>		<p>The gas industry has left behind a well established environmental legacy which if not managed appropriately can cause pollution. Since 2013 NGN have established a programme of decontaminating and dismantling our now redundant gas holders, and remediating soil contamination on our landholding. Since 2013 we have removed 24 gas holders and completed land remediation at 16 of our sites. In addition, we achieved our target to make biodiversity improvements ('homes for nature') at 50 of our sites.</p>	<p>Baseline the natural capital of our landholding</p> <p>Create 250 homes for nature on our land</p> <p>Plant 40,000 trees in our region</p> <p>Decontaminate and demolish all of our gas holders</p> <p>Continue our award winning land remediation programme</p>	<p>Enhance the natural capital of our landholding</p> <p>Manage our former gas production sites to ensure they are not environmentally damaging</p>	<p>Manage our landholding to be environmentally net positive</p>	<p>Using an innovative solar powered in-situ remediation system we recovered historical hazardous coal tar waste from 9m below the ground surface at our former gas holder station in Gateshead. During 2017 to 2019 >6,000 litres of toxic coal tar and >17,000 litres of contaminated water were recovered for safe disposal, using only renewable solar energy. This approach saved >60t of CO2-e and c.£25,000 compared to the use of traditional generators, whilst also having no significant environmental impact on site activities or neighbours. The project won the 'Best in situ treatment' category at the 2018 Brownfield Briefing Awards and the 'Sustainability Award' at the 2019 Ground Engineering Awards, with the judges commenting that it was "a good example of permanent, sustainable environmental betterment".</p>
<p>Invest responsibly</p>		<p>Our latest (RIIO-2) business plan included a rigorous cost benefit analysis for all our asset investments, including use of our value framework (see case study). Our value framework process was applied to robustly identify and assess potential investment initiatives which reduce our significant environmental impacts whilst also being value for money in accordance with our investment procedures. Many of the investments proposed in our latest business plan were identified as value for money based on the monetised carbon benefits of avoiding gas loss.</p>	<p>Continue to use cost benefit analysis and value framework approach to identify optimum asset investments for customers.</p> <p>Continue to update and expand our value framework to broaden the range of sustainability aspects it includes.</p>			<p>In 2018 we developed a sophisticated value framework to supplement our investment cost benefit analysis process. Our value framework is a multi-criteria decision support tool that provides monetised unit rates for various outcomes, including customer, safety and significant environmental impacts. This enables the monetary costs of all of these potential outcomes to be taken into full consideration, alongside and with equal weighting to financial project costs, in investment decision making over a 45 year duration. Our value framework was developed in accordance with industry best practice and incorporates stakeholder priorities. It includes a comprehensive range of potential environmental impacts reflective of the significant impacts of business operations, including monetised values for emissions of carbon and air pollutants, and pollution incidents enabling them to be included in investment options analysis and decision making.</p>

9. How will we make this happen?

Through our empowered workforce, and position as an anchor institution we're able to put our long-term thinking into action to make our commitments a reality. We will do this through:

Empowered Colleagues

One of our core values is empowerment, and we believe in enabling our colleagues to feel empowered to change their behaviour and working practices for the better where they see an opportunity.

Strong Partnerships and Co-creation

We will work with partner organisations to ensure that our messages are delivered to the right people at the right time in an authentic way. We want partner organisations to have authentic input into our initiatives up front, to enable them to influence and direct with their unique insight. We will continually strive to understand emerging issues for our customers and stakeholders and work with them to co-create innovative solutions.

Innovation

Our innovation team works with all our colleagues to harness innovative thinking and turn it in to a reality where it can bring genuine benefit to the business, environment, future of energy, communities and vulnerable people.

Inclusion and Belonging

We commit to creating an inclusive environment where everyone feels able to input and contribute, both internally and in any stakeholder engagement that we conduct.

Transparency and communication

Our stakeholders have told us time and time again that transparency in reporting is essential. We ensure that we are reporting in line with legislative and regulatory requirements and strive to go beyond this where the need is identified by stakeholders.

Strong governance

We will continue our strong and effective governance, including formalised committees, a suite of policies underpinning the strategy and with executive pay linked to sustainability performance. We have been recognised (Responsible Business Tracker, Business in the Community 2022) for our governance processes in numerous areas of the business including climate action, inclusion and stakeholder/community engagement.

Need more info?

If you have any questions, or would like additional information about any aspect of our strategy please do contact us at:

Sustainability@northerngas.co.uk