



Annual Sustainability Report

2023

together
we are
the network

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A word from our CEO



I am delighted to introduce our first annual Sustainability Report which explains how we're working together with our partners to make a positive difference to communities throughout the North.

The energy industry is changing at an incredible pace. Climate change, the cost-of-living crisis and geopolitical uncertainties have compounded the environmental and social issues we face – urgent challenges that our sector must address head on.

Customers and stakeholders have told us they want networks to develop affordable, resilient and sustainable forms of energy, whilst reducing the environmental impact of our business operations today, keep bills down and help our vulnerable communities.

Our role as an anchor institution – one that has influence on the economic and social prosperity of the region – has never been more relevant. At the heart of this is our desire to establish a fairer, greener future for all our Northern communities and improve lives.

Our People and Planet Strategy contains clear commitments that will enable a transition to a net zero future that benefits everyone whilst providing a safe and inclusive working environment for our colleagues and access to good employment opportunities and improved career prospects for people across our region, no matter what their background.

We are working hard with our partners and stakeholders to achieve these commitments which will deliver lasting benefits to our region – from our ardent focus on reducing gas leakage every day now, whilst also demonstrating the potential for hydrogen in the future energy system to improving our awareness and understanding of inclusion and belonging and taking positive steps to create a more inclusive workforce.

I'm incredibly proud of the progress we have made this year in delivering against the commitments set out in our People and Planet Strategy and I'd like to thank everyone involved for their hard work and continued support as we progress on our sustainability journey.

A handwritten signature in black ink, reading 'Mark Horsley'.

Mark Horsley
CEO, Northern Gas Networks

A word from our Head of Environment and Sustainability

During 2023 we have continued to deliver on our ambitious People and Planet Strategy commitments. We have achieved excellent performance in gas leakage reduction, our biggest single greenhouse gas emission, and journey to developing sustainable supply chains. We continue to work to very high standards of safety and are steadfast in our belief that providing an inclusive and welcoming workplace benefits everyone. Our work is providing real-world valuable benefits to our stakeholders, in particular our most vulnerable communities.

Our People and Planet Strategy was consciously ambitious and achieving our commitments remains challenging, in particular in the face of wider economic and geopolitical uncertainties. We believe they can be achieved through innovation, collaboration and long-term thinking to the benefit our stakeholders and region and we look forward to this challenge.



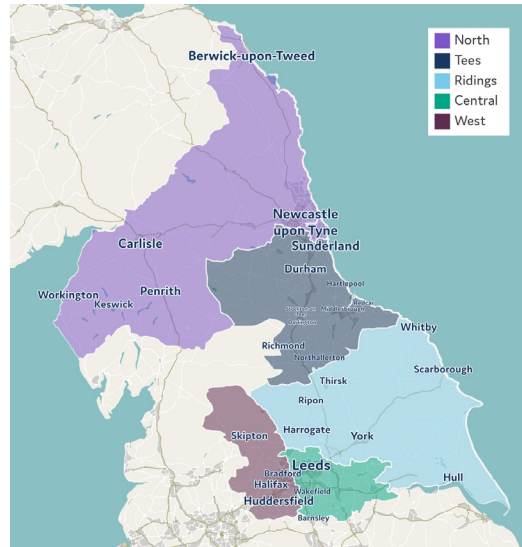
Neil Whalley
Head of Environment and Sustainability,
Northern Gas Networks

Who we are and what we do

We are Northern Gas Networks (NGN), the gas distributor for the North of England. We keep 2.9 million homes and businesses cooking on gas, through our vast underground pipe network.

We are committed to providing a safe, reliable and great value service to our customers and stakeholders, while developing new technologies to deliver forms of low carbon energy, such as hydrogen, to support a greener future. Innovation underpins everything we do – whether we are replacing pipes, fixing leaks, developing low carbon energy solutions or supporting our most vulnerable customers.

By thinking differently, listening to our colleagues and stakeholders, working closely with our partners and considering our communities, we are pushing the boundaries of what a utility company is capable of.



Our network area

A regulated business

Like other gas distribution networks in Great Britain, NGN is a regulated business and operates under a licence issued by the Office of Gas and Electricity Markets (Ofgem). Allowed revenues for NGN, including for environmental protection, decarbonisation and adaptation to climate change, are currently set by Ofgem in periodic price reviews and require submission of a detailed business plan. Between 1 April 2021 and 31 March 2026 we are operating under the RIIO-Gas Distribution 2 ('RIIO-2').

About this document

Our People and Planet Strategy documents our sustainability journey to 2050 and includes short (to 2026), medium (to 2030) and long-term (to 2050) targets. This document provides a summary of our performance during 2023 against our commitments, with data within document representing the period 1 January 2023 to 31 December 2023

NGN publish a range of other documents which you might find of use including: Our Annual Environmental Report – see [here](#) for our latest version, and Our Annual Inclusion and Belonging Statement – see [here](#) for our latest version. Our Annual Stakeholder Report – see [here](#) for our latest version.

Our Sustainability Team:



Neil Whalley
Head of Environment and Sustainability

Neil is a Chartered Geologist with 20 years experience in environment and sustainability management. Neil has worked at NGN since 2014 after previous roles in consultancy and leads the Environment and Sustainability Team.



Hannah Jewison,
Business Sustainability Lead

Hannah led the development of NGN's People and Planet Strategy and works to embed the strategy across NGN's stakeholders, colleagues and supply chain partners to ensure they are engaged and energised to deliver its ambitious aims.



Tom Keighley,
Land Remediation Manager

Tom is a Chartered Scientist and joined NGN as Land remediation Manager in October 2023. Tom is responsible for managing NGN's portfolio of sites with the potential for contaminated land.

Our purpose

"Keeping our customers safe and warm, our colleagues healthy and inspired by delivering an outstanding, sustainable value, ensuring that we lead the way in establishing a fairer, greener future for all our Northern communities."

Stakeholders recently told us that there was a clear gap around NGN's purpose, identifying that our company vision didn't reflect our current principles and business focus on addressing long-term environmental and social challenges. We welcome this challenge and have worked hard in 2023 to address it.

We worked with our Citizens Panel, comprising 50 of our customers, and our senior leadership team to hold a series of workshops to review priorities, explore what future focuses should be, uncover the key objectives and identify what makes people proud to work for, and with, NGN. It was clear our customers valued our customer focused and innovative nature and, in the future, felt we should focus on collaboration, driving down prices and being visible. We were told that we needed to re-focus a little and broaden our vision to better reflect customer and colleague feedback.

While customer service, safety and value for money remain key focuses, we've re-drafted our vision to reflect that sustainability is one of our key strategic business priorities. This change in focus was then tested at our annual stakeholder conference in September 2023 with a broad cross section of our stakeholder community, and 89% of them agreed our strategic direction and vision was right. As a result, we now have a customer focused vision statement that will guide our business direction and decisions about how we organize ourselves, what we prioritise, where we should be focusing our attention, our investment and our money to try and achieve those outcomes now and for the longer term.



By working to our vision we will contribute to the achievement of all 17 of the United Nations Sustainable Development Goals (UN SDGs), in particular those identified above which we have identified to be the most material to NGN in terms of our ability to contribute and importance to our stakeholders. Further details of how we have identified our priority goals is provided [here](#).

We recognise that the most effective way to enable lasting achievement of these goals is to work in partnership with stakeholders as a result we fully commit to supporting Goal 17.



Northern Gas Networks

Utilities



Goals Our commitment to achievement of the UN SDGs is demonstrated by NGN having the maximum **5-star** rating by supportthegoals.org

Listening to our stakeholders

Our principal external stakeholder engagement mechanisms

Customer Engagement Group (CEG)	A panel of independent subject matter experts (including environmental and social sustainability matters) who play a crucial role in challenging our decisions, making sure we are delivering on the promises in our business plan and holding us accountable for identifying the things that really matter to the region and our customers.
Business in the Community	Every other year we take part in the Responsible Business Tracker which provides external assurance that we're heading in the right direction and provides targeted expert feedback.
Stakeholder Conference	An annual get together with our entire stakeholder community to allow validation and challenge of our plans, activities and approach.
Focus Workshops	Targeted engagement with specific stakeholders or subject matter experts to share and test our approaches to key items and initiatives.
Citizens Panel (CP)	A group of approximately 50 customers representative of our region that we meet with four times per year to check and to shape our business priorities and plans.
Young Innovators Council (YIC)	A group of approximately 20 14-to-19 years old from our region that we meet with four times per year to check and to shape our business priorities and plans.
Customer Perceptions Research	A formal annual survey to approximately 2000 domestic and commercial customers in our region to help identify core issues and priorities

Listening to our stakeholders

We are committed to ensuring our business makes decisions reflecting of customer and stakeholder values and preferences and founded on a substantial evidence base. This includes all elements of our business but especially our approach to sustainability.

Over the years we've built a tried and test approach to working with our stakeholders that gives us the breadth and depth to explore difficult and challenging issues and get to the heart of what's important to them. There are a number of ways we talk with stakeholders including on the doorstep, online focus groups, workshops, forums and surveys, and over phone depending on individual preferences and needs. To make sure we are following best practice our engagement is independently assured against the internationally recognised AA1000 Stakeholder Engagement Standard.

We've developed a range of innovative engagement mechanisms, including our industry leading Citizens Panel (CP), our Young Innovators Council (YIC), our annual Customer Perceptions Research and our annual Stakeholder Conference that allow us to challenge and test our thinking and ensure our actions continue to be relevant and meaningful.

165,945

total number of stakeholders
engaged in 22/23

Sustainability engagement findings 2023

Our Customer Perceptions Research identified that helping our region meeting climate change targets is important to our customers, ranking 4th place in priority after keeping bills low (1st), providing a reliable supply of gas (2nd) and providing a safe service (3rd). This prioritisation has been stable for a number of years and confirms that stakeholders consider sustainability, in particular climate change, an important issue.

We held deep dive workshops with our CP and YIC to further understand why our stakeholders typically prioritise our planet related strategic commitments over our people related commitments, identifying that these are typically more relatable to stakeholders who don't work for NGN or in our value chain. We also explored how stakeholders think we should be held accountable for achieving our strategic sustainability targets, with transparent and honest reporting being valued.

In November 2023 we held a webinar with our major suppliers to increase their understanding of the UN SDGs and encourage them to pledge their support after our research had shown low levels of awareness and communication about the goals.

Want to know more about what our stakeholders are telling us? See our dedicated stakeholder engagement website [here](#).



An NGN colleague speaks to some young people about our plans

Strong and effective governance

Strategic vision and leadership

Northern Gas Networks Limited ('NGN') is a large, privately owned licenced gas transporter operating solely in the north of England. NGN maintain a board of executive and non-executive directors who are independent of the day-to-day management of the company, with the exception of the NGN Chief Executive Officer (CEO) who is a Board member and leads the company senior management team (SMT) who in turn manage the company.

The Board ensure they are aware of how well the company is performing against its strategic objectives and values through the establishment of key performance indicators (KPIs) which are reported upon at Board meetings by the CEO and SMT. The Board have linked the remuneration of the SMT to achieving Board approved targets in sustainability matters, including greenhouse gas emissions. These governance arrangements facilitate debate on the performance and future direction of the company thereby enabling the shareholder to influence all the key business decisions of NGN through their appointed directors.

The Board has seven committees, including an Environmental, Social and Governance (ESG) Committee, which meet at least three times per year to assist in the execution of its duties and to allow a detailed consideration of complex issues. All Board members are entitled to attend all committees and attendance of the committees is largely the same as for the Board plus relevant NGN SMT members and subject matter experts. The ESG Committee exists to assist the Board in fulfilling responsibilities including identifying and reviewing sustainability related risks and opportunities, and monitoring company performance with respect to strategic sustainability related business strategies and commitments. This committee was created at the request of the Board and first met in February of 2023.

Accountability for sustainability performance

Supported by the wider business and NGN's in-house Sustainability Team, the CEO and SMT are responsible for delivering NGN's strategic sustainability commitments, with their performance reported to the Board and ESG Committee. Further governance with respect to sustainability matters is provided by a spectrum of internal groups including NGN's Sustainability Working Group and Inclusion and Belonging Working Group, and external stakeholder forums including our CEG, YIC and CP.



CEG visiting the Customer Energy Village

Strong and effective governance

Risk management culture

The Board expect the SMT to develop and maintain a controlled environment which protects the company's assets in the long term, including with respect to sustainability matters. The Board ensure this is achieved through a risk management framework which includes the establishment of a Risk Management Committee responsible for reviewing the risk profile of the business and oversight of risk management processes on behalf of the Board, a risk management policy and an integrated risk management framework.

Detailed risk registers are prepared for each company department which feed into a company level ('corporate') risk register, addressing business risks including sustainability items (such as not achieving our strategic sustainability commitments). All risks are quantified and assessed on both a financial and non-financial basis, in addition to a likelihood of occurrence and assessment of the effectiveness of the existing control measures to derive the overall risk level posed to the company. A responsible SMT owner is assigned for each risk and actions are assigned (with completion dates) to ensure all risks are maintained at a tolerable level in accordance with the company risk management framework. Department risk registers are reviewed quarterly and the corporate risk register at least three times per year to ensure business risk exposures, including with respect to sustainability matters, are appropriately assessed and managed. At each meeting of

the Risk Management Committee the corporate risk register is reviewed and any movements changes communicated and discussed.

The Board have established an NGN internal audit function which undertakes independent appraisals and provides assurance on the adequacy and effectiveness of business controls within NGN, including with respect to sustainability matters. The schedule of work carried out by Internal Audit Team is planned and approved by the Board annually so that key or higher risk areas are reviewed on a recurring basis, and all findings are reported by the Internal Audit Team to the Audit Committee. For example, during 2023 the internal audit function undertook an audit of NGN's integrated environment, health and safety management system.

Selected key NGN policies can be found [here](#), including our:

- Code of Conduct
- Supplier Code of Conduct
- Modern Slavery Statement
- Fraud Policy
- Whistleblowing Policy
- EHS Policy
- Sustainability Policy

The NGN Board is responsible for and makes key decisions on topics including the following, all of which are relevant to sustainability

Approving the strategic direction and values, with consideration of the likely consequences in the long term

Steering NGN to reduce its carbon footprint and to be a key contributor to the UK's aspiration to achieve net zero greenhouse gas emissions by 2050

Interests of the company's employees including evaluating the performance and remuneration of employees

Developing and maintaining an overall control environment of the company to protect the shareholders' investment and manage risk

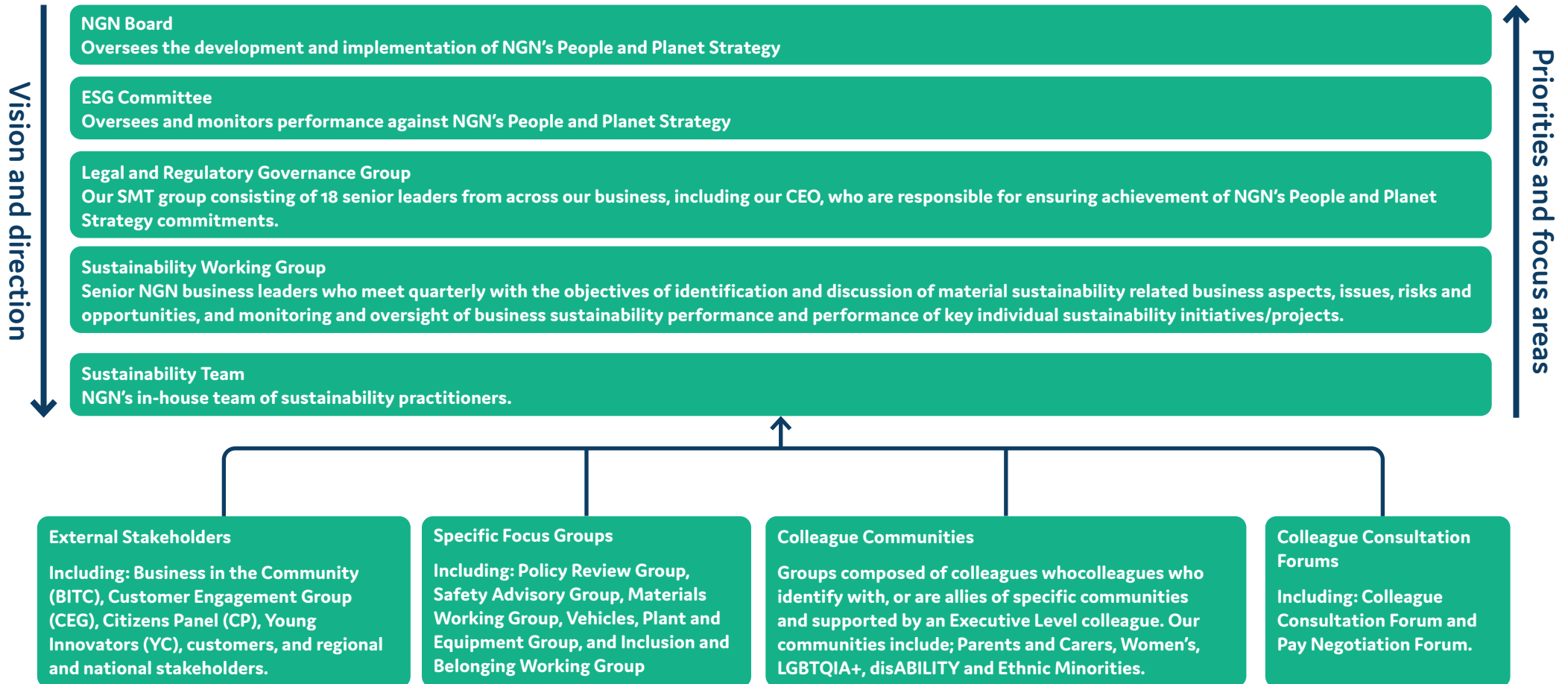
Maintaining a reputation for high standards of business conduct

Maintaining relationships with key suppliers, customers and others

Monitoring the impact of the company with regards to environmental matters and community impact

Dividend payments

A summary of our sustainability governance arrangements



Clear strategy informed by our stakeholders

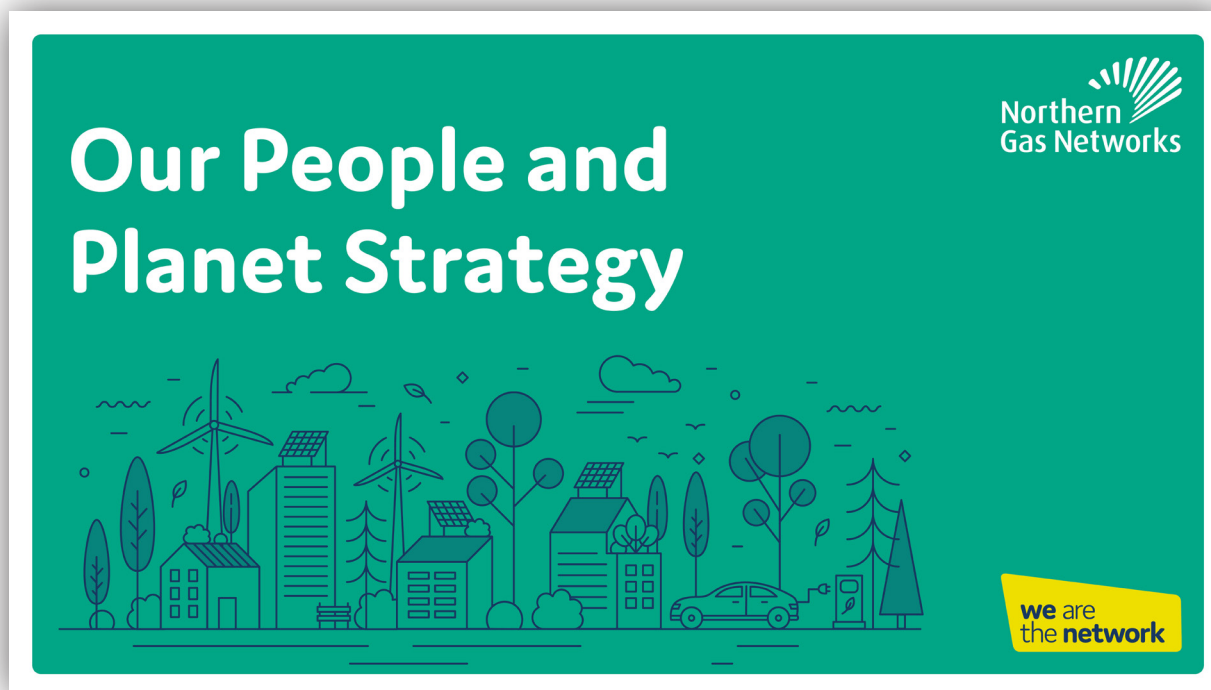
During 2018 to 2022 we engaged with **14,000 stakeholders** to help us establish our sustainability priorities. Based on what our stakeholders told us we identified what sustainability means to NGN:

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

We used the learning from this engagement to develop our **People and Planet Strategy** which was approved by our Board and launched in by our SMT in June 2022.

Our People and Planet Strategy aims to protect the environment and ensure NGN make responsible decisions to ensure their customers, colleagues and supply chain thrive in the long term. The strategy includes **nine commitments** as detailed overleaf, each underpinned by short term (to 2026), medium term (to 2030) and long term (to 2050) targets each assigned to a relevant owner from the NGN SMT to assign accountability for delivery. Our strategy is aligned to directly support our priority UN SDGs. Our full set of strategy targets is provided in Appendix A.

Performance against NGN's People and Planet Strategy commitments is monitored, measured and reported by NGN's dedicated in-house Sustainability Team and communicated to the SMT and on to the ESG Committee and Board.




Our people and planet strategy commitments



How we are progressing?

People and Planet Strategy Commitment	Maturity Assessment - 2023		
	Developing We are evolving our approach to achievement	Refining Our approach requires further refinement, and/or our delivery is dependent on the actions of others, such as government policies	Delivering Our pathway is well defined and we are on track to achieve
Reflect the diversity of our communities through our workforce and eradicate inequality at all levels of our organisation		✓	
Provide access to information, funding and more affordable energy services for our communities, prioritising those with vulnerabilities			✓
Improve access to opportunities and fair employment			✓
Support colleagues' safety and wellbeing			✓
Spend responsibly and hold our suppliers to high sustainability standards			✓
Eliminate emissions – net zero business by 2050		✓	
Produce less waste, and recycle all of it			✓
Manage our land to benefit the environment			✓
Enable affordable, decarbonised heat, power and transport solutions		✓	



Maturity

Highlights from 2023



NGN signed the Race at Work
and Dying to Work Charters

600

Hours of inclusion training
delivered to our colleagues

9%

Reduction in greenhouse gas
emissions

Zero

Reportable environmental
incidents



980 Hours volunteered
by our colleagues



23,000 Trees planted
in our region



99.8% Waste recycled,
reused or recovered

79%

Suppliers complying with NGN
Supplier Code of Conduct

Our strategic commitments – an update for 2023



Enable affordable, decarbonised heat, power and transport solutions

+4%

Increase in connected biomethane capacity



Hydrogen blending approved in UK



Net zero educator role created and education programme launched

By 2026 we commit to...

- Complete Hydrogen blending project to provide evidence to secure policy decision
- Improve customer service to facilitate higher levels of green gas in our network.
- Demonstrate safety case and deliver hydrogen village trial

Enable affordable, decarbonised heat, power and transport solutions

Gas networks are vital to the UK's energy system, in particular for the provision of energy for heat for domestic customers and businesses. The UK's energy system and networks will be required to undergo substantial changes in order to achieve net zero emissions by 2050.

In order to support the achievement of net zero emissions by 2050, we are actively leading a research programme to demonstrate how the existing gas networks can be decarbonised to safely deliver sustainable, affordable zero carbon gas for use in transport, homes and businesses, in particular hard to decarbonise industries. This journey starts with enabling connections of biomethane and blending hydrogen with methane, leading to conversion of the gas networks to 100% hydrogen.

Commitment in action: Connecting green gas to our network

Biomethane is a low carbon gas produced from organic materials like food waste which can be injected into the gas network as an alternative to natural gas thereby assisting the net zero transition. We work with biomethane producers to enable their connection to our network.

Between 2022 and 2023 annual biomethane injection into NGN's network increased by 6.4% to 727 GWh, enough for approximately 61,000 typical UK homes, and meaning biomethane comprised 1.2% of network gas throughput. This biomethane displaced the requirement for natural gas, saving approximately 135,000 tCO₂e of customer Scope 1 and 3 emissions.



A biomethane production plant



Our hydrogen homes in Gateshead

Making the case for hydrogen

The UK Climate Change Committee acknowledge that low-carbon hydrogen will play a critical role in enabling the UK to meet its net zero target. NGN have an extensive programme of work to establish and demonstrate how gas networks can be repurposed to safely deliver hydrogen as an affordable and sustainable alternative energy source to enable a net zero future for homes and businesses.

Blending hydrogen

Blending hydrogen with natural gas offers the potential to deliver immediate greenhouse gas emissions reductions and stimulate a hydrogen production industry. As part of our [HyDeploy](#) project we demonstrated the safety case for blending hydrogen (up to 20% by volume) into the existing natural gas supply as a positive step to reduce the carbon emissions associated with natural gas usage. For 10 months in 2021/22 NGN conducted a live blending trial in a community of 650 properties (predominantly residential) in the north-east of England using our existing network. This groundbreaking project for the UK required substantial community engagement to gain stakeholder acceptance and was instrumental in achieving a positive UK Government policy decision on supporting hydrogen blending (up to 20%) in late 2023. We are now working on the next stages of this important step on the journey to net zero.



We aim to be Net Zero by

2050

2840

School pupils engaged around
Net Zero from Sept-Dec
23 following launch of our
education programme

1.2%

Of gas transported in
2022/23 via our network
was biomethane

Enable affordable, decarbonised heat, power and transport solutions

The journey to 100% hydrogen

Led by NGN, [H21](#) is a suite of projects that prove the safety and viability of converting the UK's gas networks from natural gas to 100% hydrogen. This programme included establishing two demonstration hydrogen homes at our site in Gateshead, complete with boilers, cookers and domestics fuelled by 100% hydrogen. This site is playing a key stakeholder engagement role in demonstrating how hydrogen could play a key role in the provision of domestic heat to help the UK achieve net zero emissions.

NGN's proposal to create a community of 2,000 properties in our network running on 100% hydrogen from 2025 to support the UK Government's [hydrogen strategy](#) was shortlisted in 2023. Unfortunately this project is not currently scheduled to progress further, however during 2023 we also submitted a proposal to convert a community of up to 20,000 properties in our network area to 100% hydrogen by the end of 2030 ('hydrogen town') and we look forward to the next stages of this important initiative.

[East Coast Hydrogen](#), a collaboration between NGN, Cadent and National Gas Transmission, is a programme which aims to facilitate the supply of hydrogen created by several industrial sources. The Delivery Plan, launched in November 2023, identifies that 4.4GW of green hydrogen production capacity is planned within the region by 2030, 88% of the UK Government's 2030 target. The project demonstrates that the development of a full hydrogen value chain could add an additional £27bn gross value added and 360,000 jobs across the region in the period up to 2050.

Net Zero Education

In 2023 we introduced a new role, aimed at helping educate our communities about the importance of Net Zero and Energy. This role will help to develop our approach to education and ensuring that young people understand that careers in the energy sector are varied and vital to reach the UK's net zero targets.

In September 23 we launched our education programme, and by the end of 2023 we'd engaged 2840 pupils.



Work taking place at our H21 South Bank research site



61,000

Number of typical UK homes
that could be fuelled by
biomethane injected into NGN
network in 22/23

20%

Hydrogen by volume can
now be blended into UK gas
networks

£27bn

Gross value added that
hydrogen could add to our
region



Improve access to opportunities and fair employment, and support colleagues' safety and wellbeing



33 registered Mental Health First Aiders in our workforce.

78

Apprentices recruited since 2021



0.02 Lost Time Injuries per 100,000 hours worked 2021 to 2023

By 2026 we commit to...

- Recruit minimum 100 apprentices (2021-26) with the offer of permanent employment on completion.
- Offer placements to students focusing on areas of low Social Mobility
- Create new opportunities for the existing workforce to improve their skills
- Train 100 community partners to deliver sustainability messages on our behalf
- Improve support for colleagues including setting up wellbeing champions.
- Review and monitor data to measure wellbeing in workforce
- Mental health training for all colleagues

Improve access to fair employment

The recent cost of living crisis has worsened pressures on many households, and the role that businesses play in supporting them is of ever increasing importance. Improving access to good employment opportunities, supporting colleagues to develop, keeping them safe and in good health is essential. Across 2023 we have progressed many initiatives to embed this commitment, from refreshing our recruitment strategy in order to increase accessibility of job opportunities, to providing existing colleagues with the opportunity to undertake the Foundation Skills Programme for Maths and English.

We worked with our Young Innovators Council to refresh our careers site- ensuring that information about our family friendly, flexible policies is available at the first point of call. We also adopted a direct sourcing recruitment approach using our partner network to reach potential candidates who may otherwise not be seen due to their socio-economic circumstances. This includes advertising roles through the Armed Forces and Energy and Utility Jobs to attract a wider range of gender and ethnically diverse candidates.

Every other year, we take part in the Business in the Community Responsible Business tracker. This gives us an objective view on our strengths and weaknesses in all areas of Responsible Business. One of these areas is Inclusive Employment and Good Work. In our most recent survey (2021) we scored 100% for the governance processes we have in place in this area. The survey also identified areas for improvement such as offering work placements for job seeker from disadvantaged groups, this is something that we have put in to action in 2023 by supporting Business in the Community programmes, including their Ready to Work programme- which offers work experience to refugees, long term unemployed or people who are recognised as needing additional support to find employment. In autumn 2023 we completed the Tracker Survey again, and we expect our results early in 2024.

Commitment in action: Foundation skills programme

Starting in 2023 we partnered with Kirklees College and the GMB to provide access to the Foundation skills programmes for Maths and English. These courses will help colleagues who didn't achieve formal qualifications in recognition that this is often a barrier for people to apply for or seek progression and will also benefit colleagues outside of work, for example when helping family members with homework.

So far, we've had 15 colleagues enrol on the course.

	2021	2022	2023	Target 2026
Recruit minimum 100 apprentices across 2021-26, with offer of permanent employment on completion cumulative shown	24	46	78	100
Number of work experience/ placement students	9	5	14	NA
Train 100 community partners to deliver sustainability messages on our behalf cumulative shown	N/A	162	1,021	100
Colleagues who undergo mental health training cumulative shown	0	34	85	All colleagues



50

Apprentices currently in our workforce

796

Operational colleagues

646

Non-operational colleagues

3.6%

Staff working part time

Accessibility

We've spoken with future and current colleagues to identify a number of changes we could make to our office and depots to allow for flexibility, safety and accessibility for all colleagues and visitors. As a result, we've made a number of physical changes including increased lighting and safer parking facilities at our offices and depots, created quiet reflection and prayer rooms for colleagues and customers across most of our sites and installed additional disabled toilet facilities at our Head Office to make facilities more fit for purpose.

Commitment in action: Measuring colleague wellbeing

We made a commitment to review and monitor data to measure wellbeing in workforce. We do this through the Vitality Workplace Wellbeing survey that we take part in every other year. We last took part in 2022 and were awarded Bronze. We aim to improve this rating when we undergo the survey in 2024. In 2022 the survey identified 3 key areas of concern, which we have since prioritised for action. The table below outlines our approach to this. Throughout 2023 we ran numerous communications campaigns related to the areas of concern too, including Getting Active, prevention of musculoskeletal conditions and our get active step challenge.

Areas of concern (identified in 2022 vitality survey)	What our staff asked for	What we did in response (in 2023)
Musculoskeletal issues	Provide specialist physio support	Put in place a new specialist physio service for our colleagues.
Lack of physical activity	Implement a workplace activity challenge	Introduced a colleague step challenge
Anxiety related issues	Improve manager support around these issues	Provided line manager mental health training

Commitment in action: Mental health at work commitment

Our 2022 Workplace Wellbeing survey identified that our staff were concerned about Anxiety related issues. In 2023 we committed to support the Mental Health at Work Commitment. This means that we are committed to prioritising mental health in the workplace by developing and delivering a systematic programme of activity, including:

- Proactively ensuring work design and organisational culture drive positive mental health outcomes
- Increasing organisational confidence and capability
- Providing mental health tools and support
- Promoting an open culture around mental health
- Increasing transparency and accountability through internal and external reporting.
- This is an ongoing process and we're working on addressing each of them.

Working safely every day

Lost time injuries* per 100,000 hours worked (employees and contractors)	2021	2022	2023
	0.02	0.02	0.02

* work absence lasting >7 days

Our employees and contractors prioritise consistently performing to high standards of operational safety



Bronze

Awarded in the Vitality Workplace Wellbeing survey in 2022.

22,201

Miles walked by our colleagues in our Step Challenge in July 2023.

1,183

Partners trained to deliver sustainability messages in our community



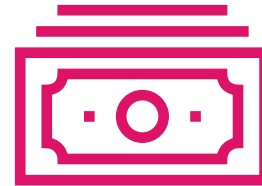
Reflect the diversity of our communities through our workforce and eradicate inequality at all levels of our organisation



Joined the Business Disability Forum



Signed Race at Work and Dying to Work Charters



Central fund set up for disability adaptations

By 2026 we commit to...

- Gather workforce diversity data and produce baseline
- Report workforce diversity annually and create action plan to improve it
- Embed colleague communities and provide executive level support
- Focus recruitment methods to encourage applications from diverse backgrounds

Reflect the diversity of our communities and reduce inequality in our workforce

At NGN we value difference—we need a range of perspectives, experiences, and personalities to deliver better outputs for our current and future workforce and customers. Having a diverse workforce continues to be an important priority, and we're working hard to overcome the historical challenge of recruiting diversity into our workforce. We know that only around 8% of the energy sector are from an ethnic minority background, and around 18% of managers in our sector are female- these are figures that we would like to see change.

Over the course of this year, we have progressed initiatives that help us to work towards our overarching priority of reflecting the diversity of the communities that we serve. The foundation of this, is gathering data about our workforce and reporting it transparently. We acknowledge that our quantitative reporting around diversity has been lacking. This is due, in part to the fact that we previously did not require our employees to provide diversity data when they joined the business, and as such do not have a full set of data. The diversity data that we hold about our staff is a work in progress, but each year we commit to continuous improvement of what we report and how we report it. We are transparent about what data we do and do not have available and clearly state if we are not currently able to report something that our stakeholders may have asked for.

We now produce an Annual Inclusion Statement ([Here](#)) where we provide this update.

Gender pay gap

We have taken part in mandatory gender Pay Gap reporting since 2017/18 and our median pay gap has varied across that period. Unfortunately, the general trend is one of a widening pay gap. This is not our intention as we recognise that closing the gender pay gap is a priority. We have a long-term target to close our Gender Pay Gap by 2050, and a medium-term target to halve it by 2030 (vs. 2020 baseline). Closing the Gender Pay Gap at Northern Gas Networks is not a quick and easy fix.

This year we have audited the pay gap to understand where we can make advances through targeted actions, but we face some challenges in our traditionally male dominated industry, more information about this is provided in the 2023 Inclusion and Belonging Statement [Here](#)

	2020/21	2021/22	2022/23
Median pay gap	15.5%	16.6%	18.6%

Commitment in action: Bringing our colleagues together to talk about inclusion

In 2023 we delivered over 600 hours of training to our colleagues about Inclusion and Belonging. The training introduces colleagues to the idea of inclusion and some of the ways that our behaviour can affect how inclusive a place feels.

We use this as an opportunity to talk about our 5 Colleague Communities that are expanding and embedding well across the business. Every community now has an executive sponsor who is responsible for relaying messages from the community to the senior management team, ensuring all voices are represented.

2023 also saw us run our first 'Inclusion Summit' which brought together over 50 colleagues to discuss how we approach inclusion and to launch our Microaggression Video, which was created by our Colleague Communities. Scan the QR code here to watch it.



10 REDUCED
INEQUALITIES



40

average age of an employee

18%

of the workforce are female

98%

of our workforce are from
the UK

5

Active colleague communities
including Women, LGBTQIA+,
Disability, Ethnic Minority and
Parents & Carers.



Provide access to information, funding and more affordable energy services for our communities, prioritising those with vulnerabilities.



Provided information
about Carbon
Monoxide safety to
almost 18,000 people



Provided over £2M
towards projects
supporting vulnerable
customers since 2021



8 New partnerships
created in 2022/23

By 2026 we commit to...

- Provide over £1m in funding to support vulnerable customers and communities.
- Use regulated funding to build sustainable projects and partnerships that can continue independently.
- Provide advice to minimum 10,000 customers annually around Carbon Monoxide Safety
- Refer 5,000 customers to the Priority Services Register
- Reduce our part of customer bills by 8.6%

Helping our communities to keep warm and safe

Rising energy bills and a widespread fear around bill costs has dominated our customers thoughts over the last year and they have told us that we should be focusing on affordability and keeping bills low, whilst prioritising support for those in financial vulnerability.

Led by our stakeholders, we have continued to focus resources, shape our initiatives and prioritise investments to meet the needs of our different customer groups, helping us be responsive and do the right thing for customers whenever we can. The Vulnerability and Carbon Monoxide Allowance (VCMA) is one of the ways in which we aim to support the customers and communities that we serve, with one of the key pillars of this fund being tackling affordability and fuel poverty.

It was a newly created fund for the Great Britain Gas Distribution Networks (GDNs) funding period April 2021 to March 2026 and for Northern Gas Networks, the amount available to spend is approximately £1.3 million per annum.



	21/22	22/23	Annual target
Priority Services Register (PSR) referrals made by our colleagues to support vulnerable customers during energy network supply incidents	4,913	8,925	5,000
Number of CO awareness visits/surveys with customers	17,995	17,966	10,000
£ M spent via VCMA (total, including collaborative projects)	£588,586.6	£1,809,302.7	£2,051,309.1 (forecast spend)

Commitment in action: The Warm Hubs model- Regional to national growth

The Warm Hubs model was initially introduced by Community Action Northumberland (CAN), in partnership with NGN, within rural Northumberland. A Warm Hub is a place within the local community where people can be assured of finding a safe, warm and friendly space in which to enjoy the company of others.

The model consists of 3 strands which are: supporting community buildings; supporting a network of sustainable volunteers; and addressing a community need.

There is a golden thread of affordable energy running through everything, with energy advice available at all Warm Hubs. The model is now trademarked and supports both rural and urban communities to help address rural and social isolation as well as supporting those in fuel poverty. Within a short space of time, the model grew significantly with 28 Warm Hubs being established and when VCMA funding became available, NGN were able to support the further development and evolution of the model. Stakeholder feedback from CAN highlighted that they were being approached by members of ACRE (Action with Communities in Rural England) and other organisations to establish Warm Hubs across England, Scotland and Wales. NGN worked with CAN to develop a Warm Hubs Toolkit and introduced a Warm Hubs Coordinator role, to be able to support any organisation wishing to utilise the toolkit and become an accredited Warm Hub. Both the toolkit and role have been funded through VCMA and a number of Warm Hubs toolkit users have now been approved across the UK. This is a fantastic example of how VCMA funding enables the opportunity for regional to national growth most importantly supporting communities with access to energy information, empowering them to save energy at home.



44

Projects live in 2023

8,925

Referrals to PSR

33%

Increase in CO awareness

ISO 22458

Inclusive service- Energy Provision awarded in 2023

Produce less waste and recycle 100% of it.



99.8% waste
recycled



22% reduction in
office and depot
waste since 2018



Over 1000
single-use plastic
bottles replaced with
reusable alternatives

By 2026 we commit to...

- Produce 20% less waste from our offices
- Send less than 0.1% of our total waste to landfill
- Eradicate avoidable single use plastics from our premises
- Use 50% less paper

Produce less waste and recycle 100% of it

Reducing waste and recycling more

We work with our contractors and supply chain partners to minimise the amount of waste that we create and dispose to landfill. We typically generate approximately 200,000 t of waste annually, over 99% of which by weight is excavation spoil from our operational projects. During 2023 we reduced our quantity of office and depot waste by 22% compared to our 2018 baseline, meaning we are on track to achieve our target reduction of 20% by 2026.

In 2023 we sent 0.15% of our waste to landfill and are on track to achieve our target of <0.1% by 2026. We have worked closely with our supply chain to make improvements and from mid 2023 onwards 0% of our office and depot waste goes to landfill. During 2023 we achieved a waste recycling rate of 99.8%.

Aggregates (crushed stone) used for reinstating our excavations are our greatest material consumption type by mass. We educate our contractors to proactively use recycled (secondary) aggregates in preference to primary materials, saving 105,000 tonnes of primary aggregates during 2023.

Saving paper

By investing in new digital systems and processes, our paper consumption has reduced by 73% to 0.8m sheets in 2022/23 compared to our 2018 baseline of 3m, comfortably on track to achieve our target to halve our consumption by 2026.

Eradicating single use plastics

During 2022-23 we complete a baseline assessment of our single use plastics consumption across our facilities. We have since made improvements including:

- successfully trialling the use of glass milk bottles instead of single use plastic milk containers at our head offices, saving over 1000 bottles and 40 kg of plastic waste per year;
- changing our office bin liners to recyclable or biodegradable bags; and
- ensuring we have recycling facilities for used printer ink and toner cartridges.

Commitment in action: Encouraging our contractors to protect the environment

Each of our 17 regional gas mains replacement contractors are included in our 'DSP Champions League' table. Each contractor is awarded points on a monthly basis for their performance across a number of areas including health and safety, customer service, environment and productivity, with financial prizes for the best performers over the year.

Since April 2022 the following environmental criteria has been included to drive improvements for our customers and support achievement of our EAP commitments:

- Site tidiness complaints received;
- % excavation spoil to landfill;
- % virgin aggregate use; and
- Timeliness of environmental data submission.

	21/22 – actual	2023 - actual	2026 - target
Hazardous waste (t)	3	1	-
Excavation waste (t)	201,061	236,397	-
Office and depot waste (t)	981	896	916
Other waste (t)	8	54	-
Total waste (t)	202,053	237,348	-
Waste to:			
Landfill	0.12%	0.15%	<0.1%
Recycled/reused	99.88% recycled/	99.75%	
Recovered	recovered	0.10%	
Primary aggregate use in reinstatement	8%	6%	<2.5%

73%

Reduction in paper use
since 2018

99.8%

Waste diverted from landfill

94%

Recycled aggregate use in
reinstatement

Eliminate our emissions of pollutants to air, and achieve net zero emissions by 2050



35%

Reduction in
annual gas leakage
since 2013



100% of our company
cars are now electric
or hybrid ahead of
2026 target



100% of electricity used
in our premises since
2021 was renewable

By 2026 we commit to...

- Reduce Scope 1 and 2 greenhouse gas emissions by 31% since 2018
- Reduce key Scope 3 greenhouse gas emissions by 19% since 2018

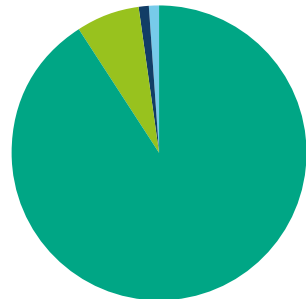


Eliminate emissions- net zero business by 2050

We started reporting our greenhouse gas (GHG) emissions in 2014. Gas leakage contributes over 90% of NGN's greenhouse gas emissions as our gas is predominantly methane, a potent greenhouse gas. We are continuously expanding the range of Scope 3 emissions that we report by gathering actual data from our value chain. We estimate that we currently report approximately 50% of our Scope 3 emissions.

Through our continuous hard work we are on track to achieve of our target of reducing our Scope 1 and 2 GHG emissions by 31% between our 2018 baseline and 2026, having already **reduced by 20% by 2023**. In addition, our key Scope 3 emissions have reduced by 5% between 2018 and 2026.

Our total GHG emissions reduced by 9% between 2021/22 and 2023, saving 36,000 tCO₂e.



NGN Greenhouse Gas Emissions 2023

Reducing gas leakage everyday

Gas leakage is our primary source of greenhouse gas emissions. We are reducing our gas leakage everyday by replacing aged, leak prone metallic gas pipes with new, robust plastic pipes as part of a 30-year programme extending to 2032. We decommission and replace approximately 500km of metallic gas pipes each year and in 2022/23 we replaced 550km of pipe. We also reduce our leakage by utilising sophisticated pressure measurement technology and treating our gas with a chemical (monoethylene glycol) which helps seal joints in older metallic pipes.

Our annual gas leakage has reduced by 35% over 2013 to 2023 saving 950,000 tCO₂e.

Our annual gas leakage has reduced by 11% between 2021 and 2023, meaning we are on track to achieve our reduction target of 24% between 2021 and 2026.



Gas replacement work

20%

Reduction in greenhouse gas emissions since 2018

36,000

tCO₂e saving between 2022 and 2023

This is the same as the annual emissions from gas usage in

14,200

typical UK homes

Eliminate emissions- net zero business by 2050

Reducing our wider business emissions

Gas leakage contributes over 90% of our GHG emissions, with the remainder coming from energy use in our premises, our vehicle fleet, and our value chain.

We purchase only 100% certified renewable electricity for our premises, and we continue to transform our company lease car fleet and have achieved 100% hybrid, plug-in hybrid or battery electric vehicles in our fleet. We're also helping our colleagues make low carbon vehicle choices.

The main influences on our non-leakage Scope 1 and 2 emissions performance are the external constraints we have experienced with delivery of our commercial vehicle fleet investment plans, most notably the limited availability of suitable zero emission commercial vehicles which meet our needs. We continue to explore the options available to us by trialling a range of electric vans, and also readying our self for the future by commencing the installation of electric vehicle charging infrastructure in our offices and depots. Whilst we await the release of suitable zero emissions vehicles we have purchased 297 new EURO6 engine diesel vans since 2021 to ensure our vehicle fleet is reliable, fit for purpose and as efficient as possible, however we have experienced delays in receiving these vehicles due to global supply chain issues.

We continuously expand the range of Scope 3 emissions that we measure and report as a matter of best practice. This makes gross Scope 3 emissions performance comparisons with previous reporting years problematic as we are not comparing like with like. We have set a reduction target for a consistent set of key Scope 3 emissions sources which we have measured since 2014.



An electric vehicle plugged in to a charger

Commitment in action: Enabling our colleagues to drive down their emissions

To enable our colleagues to reduce the environmental impact of their driving we have:

Changed our company policy to include only electric, plug-in hybrid and hybrid vehicles only. By mid 2023 our company lease car fleet contained only battery electric, plug-in hybrid and hybrid cars.

Partnered with a specialist provider in 2023 to offer our colleagues a new electric and hybrid vehicle leasing salary sacrifice scheme. This scheme makes it more affordable for our colleagues to make sustainable vehicle choices whilst also helping reduce NGN's business travel carbon emissions and 30 of our colleagues have already made the change.

tCO ₂ e	17/18 - actual (baseline)	20/21 - actual	21/22 - actual	2023 - actual	2023 - target	2026 target
Scope 1 – gas shrinkage	407,403	365,881	363,344	326,692	334,217(for 2022/23)	281,728
Scope 1 – other	5,478	4,518	4,785	5,154	4,527	3,612
Scope 2 (market based)	2019	122	0	5.2		
Scope 3 (key)	17,479	15,150	15,200	16,538	15,030	14,191
Scope 3 (total)			22,406	23,230	-	-
Total (market based)	432,379	385,671	390,535	355,082	-	-
Certified Offsets	-	-	-	775	-	-
Net total (market based)	432,379	385,671	390,535	354,307	-	-
Net total (market based) emissions per £m turnover	1,052	885	927	692	-	-

NGN greenhouse gas emissions. Further details provided in the data tables appendix. Gas shrinkage is the sum of leakage, own use gas and gas stolen from the network.



21

EV chargers installed at
our premises

297

New EURO6 engine diesel vans
purchased to replace older less
efficient vehicles

305,128

Total energy used MWh

Manage our land to deliver net environmental gain



84 homes for nature
created on our sites



23,000 trees planted
with NGN funding in
our region



30 of our sites
surveyed for
Natural Capital

By 2026 we commit to...

- Improve habitats for nature on minimum 250 NGN sites
- Plant 40,000 trees to improve local environments in our communities
- Create a baseline for natural capital
- Continue with our programme to clean up our sites, including upgrading or removing old gas infrastructure and contamination

Manage our land to deliver net environmental gain

Reducing our environmental impact

Gas holders (gasometers) used to be a common sight on the skylines of the UK's cities, towns and villages but are no longer needed for operation of a modern gas network. We have committed to decontaminate and dismantle all of our remaining 23 gas holders between 2021 and 2026 and are ahead of schedule, having removed 15 by the end of 2022/23. As part of these works, during 2023 we carefully removed and cleaned 103,000 m3 of contaminated water from our gas holders before disposing of it to the local sewer network under consent thereby removing potential contamination risks to the local environment.

We also have a programme of cleaning-up contamination left beneath our land from bygone eras. In 2023 we completed two long term projects which together have recovered approximately 10,000 litres of hazardous coal tar from below ground thereby delivering permanent environmental betterment. We will deliver another eight similar projects by 2026.

Creating 'Homes for Nature'

We have committed to help biodiversity on our landholding by creating 250 'homes for nature' by 2026. We are well on the way with this commitment and have achieved 84 by the end of 2023 and established a strategy to achieve our target. We have tried different approaches to achieve our commitment, including 'No Mow May' trials during 2022 and 2023 after it was suggested to us by stakeholders.

Tree Planting to Tackle Air Pollution

Working with our community forest partners (White Rose Forest and Humber Forest) our strategic tree planting programme aims to tackle poor urban air quality in our region. During 2022/23 we funded the planting of 18,500 trees across 30 sites in our region and since 2021 we have planted 23,000 trees, with a target of 40,000 by 2026. Our tree planting programme is estimated to deliver over £22m in lifetime societal and environmental benefits to our communities by 2050.

Measuring the natural capital of our land

Using a bespoke tool developed by specialist consultants, we have conducted natural capital assessments at 30 of our infrastructure sites with a combined area of 40 hectares during 2021 and 2023. These identified that our sites typically deliver multiple ecosystem service benefits including sequestration of 1.6t of carbon per hectare per year and 4.6 biodiversity units per hectare. In total our infrastructure sites provide natural capital valued at an average of £1500 per hectare per year in 2021 prices

Commitment in action: No mow May 2022 and 2023

NGN's landscape management procedures for operational gas sites currently include a prescriptive regime of regular grass cutting to maintain safe site access and egress, minimise fire risks, and maintain a 'tidy' appearance. To help biodiversity, most notably pollinators, during May 2022 NGN trialled consciously not cutting the grass at five of our infrastructure sites for the duration of the month ('No Mow May'). The outcomes were successful and pretty to see, with the growth of wild flowers visible on site without practical detriment to operational safety and as such the trial was widened to 10 sites during May 2023, with the intention to apply these principles across our larger gas infrastructure site portfolio thereafter.



Cooper Bridge AGI,
West Yorkshire during
No Mow May

15 LIFE
ON LAND



Zero

reportable environmental
incidents in 2023

39

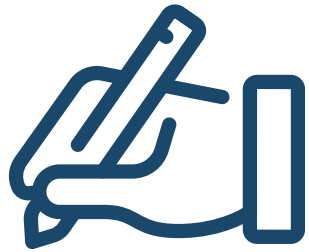
gas holders demolished
since 2013

14001

NGN operate an environmental
management system externally
certified to ISO14001



Spend responsibly and hold our suppliers to high sustainability standards



79% of suppliers
signed up to our
supplier code of
conduct

13

of our major
suppliers attended
UN SDG workshop in
November 2023

165,945

voices heard through our
stakeholder engagement
processes in 22/23

By 2026 we commit to...

- Create a Supplier Code of Conduct
- Ensure 80% of our supply chain (by spend) are compliant with the code.

Spend responsibly and hold our suppliers to high sustainability standards

We recognise that the most effective way to enable lasting achievement of the UN SDGs is to work in partnership with stakeholders as a result we also commit to supporting Goal 17. For us, goal 17 is about building lasting, sustainable partnerships that amplify our impacts, this extends to charity partners, our supply chain and stakeholders.

Purchasing sustainably

In April 2022 we launched a new Supplier Code of Conduct to embed sustainability in our supply chain. Our code is aligned to the UN SDGs. We have set a target to achieve 80% of our supply chain by value compliant with our code by March 2026. By end of March 2023 we had already achieved 79%.

A copy of our code is available to view here [Supplier Code of Conduct](#)

Measuring our Scope 3 emissions

In 2021 we completed a materiality assessment of our Scope 3 GHG emissions. Scope 3 emissions are those associated with an organisation's value chain. These emissions fall in to 15 categories (from goods/services purchased, to waste and leased assets). Our materiality assessment helped us to see which of the categories were material to our business.

The assessment identified that approximately 15% of NGN's total greenhouse gas emissions originate in our supply chain. We have set measurable targets around our Scope 3 emissions, and have committed to continually improve our data and reporting year-on-year to help us to achieve our Net Zero targets. We estimate that we currently report Scope 3 GHG emission data from the suppliers that make up approximately 45% of our annual expenditure.

Our engagement is independently assured against the internationally recognised AA1000 Stakeholder Engagement Standard which encourages empowering stakeholders as active contributors in business decisions and operations.

Commitment in action: Talking to our suppliers about the UNSDGs

Since we created our Environment Strategy in 2018, we have publicly supported the UN Sustainable Development Goals (UN SDGs).

We have assessed where we can have the biggest impact against the goals, and prioritised 7 goals. Since 2020 we have been listed on the Support the Goals website with the maximum rating for committing, taking action and publicly declaring our alignment to the goals.

In November 2023 We held a webinar for our suppliers to raise awareness of the UN SDGs and share how they can demonstrate their support.

We invited along suppliers making up 80% of our supply chain by spend to share the findings of our research into the level of SDG commitment demonstrated by our major suppliers. We used this as an opportunity to share knowledge and give them access to free resources that would help them to demonstrate their commitment.



AccountAbility



NGN open day May 2023

17 PARTNERSHIPS
FOR THE GOALS



suppliers who make up

45%

of our annual spend supplied
environmental data

100%

of our procurement team now
trained in ethical procurement

7

Priority UNSDGs supported
through our partnerships

18

Core mechanisms through
which we've engaged our
stakeholders

Progress against our 2026 targets in detail

Key:	Developing We are evolving our approach to achievement	Refining Our approach requires further refinement, and/or our delivery is dependent on the actions of others, such as government policies	Delivering Our pathway is well defined and we are on track to achieve
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SDG	Commitment	Short (2021 - 2026)	Maturity?	Progress update
7	Enable affordable, decarbonised heat, power and transport solutions.	Complete Hydrogen blending project to provide evidence to secure policy decision	Delivering	Our Hydeploy project is now complete. In December 2023, the Government has taken a strategic policy decision to support blending of up to 20% hydrogen by volume into GB gas distribution networks. More info here: https://hydeploy.co.uk/
		Improve customer service to facilitate higher levels of green gas in our network.	Delivering	Additional biomethane production site connected to NGN network during 2022/23. Total capacity connected has increased to by 4% to 17,610 scmh
		Demonstrate safety case and deliver hydrogen village trial	Refining	NGN's proposal to create a community of 2,000 properties in our network running on 100% hydrogen from 2025 to support the UK Government's hydrogen strategy was shortlisted in 2023. Unfortunately this project is not currently scheduled to progress further, however during 2023 we also submitted a proposal to convert a community of up to 20,000 properties in our network area to 100% hydrogen by the end of 2030 ('hydrogen town') and we look forward to the next stages of this important initiative.
8	Improve access to opportunities and fair employment	Recruit minimum 100 apprentices across 2021-26, with offer of permanent employment on completion.	Delivering	We have recruited 78 apprentices since 2021.
		Offer placements/work experience to students focusing on Social Mobility cold spots.	Refining	28 placement students since 2021. However it's been difficult to focus in on areas of low social mobility. Instead we have focused other school related activities on this, where we had existing partnerships able to reach in to those areas, such as Solutions for the Planet.
		Create opportunities for the existing workforce to improve their skills	Delivering	New for 2023- 15 colleagues enrolled on foundation skills programme. In addition to this we have a programme of ongoing upskilling in our operational workforce.
		Train 100 community partners to deliver messages on our behalf	Delivering	We have trained more than 1,000, hugely outperforming this target
	Support colleagues' safety and wellbeing	Improve specialist and internal support for colleagues including setting up wellbeing champions.	Delivering	Wellbeing champions embedded- with 33 Mental Health First Aiders active across the organisation.
		Review and monitor data to measure wellbeing in workforce	Delivering	We take part in the Vitality Workplace Wellbeing survey every other year, the next one will be undertaken in 2024 (more info on page 21)
		Mental health training for all colleagues	Delivering	85 colleagues have undergone training since 2021.

Progress against our 2026 targets in detail

SDG	Commitment	Short (2021 - 2026)	Maturity?	Progress update
10	Reflect the diversity of our communities through our workforce and eradicate inequality at all levels of our organisation	Gather workforce diversity data and produce baseline.	Refining	We have a process in place to collect data and will report a baseline once we reach threshold of 75% of staff providing data. See Inclusion and Belonging statement (page 8) for more info https://www.northerngasnetworks.co.uk/wp-content/uploads/2023/12/NGN-IB-statement-2023-Designed-1-1.pdf
		Embed effective Colleague Communities and provide executive level support	Delivering	Each community now has a representative who is a member of the Senior Management Team.
		Report workforce diversity annually and create action plan to increase diversity	Refining	As above, this will be reported when we reach 75% of staff providing data
		Focus recruitment methods to encourage applications from diverse backgrounds.	Refining	We have taken action to implement new recruitment processes to encourage a diverse range of applicants. We are working to be able to measure the effectiveness of our actions, and report this in 2024.
11	Provide access to information, funding and more affordable energy services for our communities, prioritising those with vulnerabilities	Provide over £1m in funding to support vulnerable customers and communities.	Delivering	In 2022/23 we provided £1.8M.
		Use regulated funding to build sustainable projects and partnerships that can continue independently.	Delivering	This is something that we aim for on any project that we fund, please see the warm hubs case study page 26
		Provide advice to minimum 10,000 customers annually around Carbon Monoxide Safety	Delivering	Almost 18,000 awareness visits completed in 2022/23, hugely outperforming this target.
		Refer 5,000 customers to the Priority Services Register	Delivering	8,925 referrals in 2022/23.
		Reduce our part of customer bills by 8.6%	Delivering	We are benchmarked the the number 1 GDN for efficiency and through delivery of our GD2 business plan we'll achieve this.
12	Produce less waste and recycle 100% of it.	Produce 20% less waste from our offices, and send less than 0.1% of our total waste to landfill	Delivering	In 2023 we sent 0.15% of our waste to landfill and are on track to achieve our target of <0.1% by 2026. In 2023 we produced 22% less office and depot waste than in 2018 (ahead of our target). We have worked closely with our supply chain to make improvements and from mid 2023 onwards 0% of our office and depot waste goes to landfill. During 2023 we achieved a waste recycling rate of 99.8%.
		Eradicate avoidable single use plastics from depots and offices	Refining	This continues to be a work in progress- we've had some good advances, including removal of plastic milk cartons and replacing them with glass bottles.
		Use 50% less paper	Delivering	Since 2018 we've seen a 73% reduction in paper use

Progress against our 2026 targets in detail

SDG	Commitment	Short (2021 - 2026)	Maturity?	Progress update
13	Eliminate our emissions of pollutants to air, and achieve net zero emissions by 2050	31% reduction in Scope 1 and 2 emissions and 19% reduction in key Scope 3 emissions since 2018	Delivering	Our Scope 1 and 2 GHG emissions have reduced by 20% between 2018 and 2023, and our key Scope 3 emissions by 5%
15	Manage our land to deliver net environmental gain	Improve habitats for nature on minimum 250 NGN sites, and plant 40,000 trees to improve local environments in our communities.	Delivering	We are well on the way with this commitment and have achieved 84 by the end of 2023 and established a strategy to achieve our target.
		Create a baseline for natural capital	Delivering	Using a bespoke tool developed by specialist consultants, we have conducted natural capital assessments at 30 of our infrastructure sites with a combined area of 40 hectares during 2021 and 2023. This forms our baseline.
		Continue with our programme to clean up our sites, including upgrading or removing old gas infrastructure and contamination	Delivering	We have committed to decontaminate and dismantle all of our remaining 23 gas holders between 2021 and 2026 and are ahead of schedule, having removed 15 by the end of 2022/23. As part of these works, during 2023 we carefully removed and cleaned 103,000 m3 of contaminated water from our gas holders before disposing of it to the local sewer network under consent thereby removing potential contamination risks to the local environment.
17	Spend responsibly and hold our suppliers to high sustainability standards.	Create supplier code and sign up 80% of our spend for suppliers	Delivering	79% of our suppliers signed up by March 2023.

Data quality statement

The data contained in this report is presented to the best of our knowledge and capabilities.

Data presented in this document marked 2023 represents the period 1 January to 31 December and has been provided wherever possible. Where it has not been possible to obtain a full 12 months of data from 2023, best available proxy data based on the previous year has been used as an alternative to ensure a full and representative dataset.

Data presented in this report as 2019/20, 2020/21, 2021/22 and 2022/23 represents the period 1 April to 31 March in each year respectively. Typically this is data which is reported to NGN's regulator (Ofgem) and is not available for the period 1 January to 31 December.

The scope of the environmental data presented (such as fuel consumption, tonnages of waste etc) is limited to that associated with our principal typical network workload activities, namely gas mains replacement, network reinforcements (<7 barg) and diversions, gas connections, and emergency repair. NGN do not currently hold data associated with abnormal workload activities such as infrastructure site capital installation / upgrades, gas holder demolition or land remediation projects, however we are continuously evolving our data collection.

Wherever possible reported values are based on actual consumption data. Greenhouse gas emissions reported have been calculated using conversion factors published by the UK Government for 2023, with the exception of gas leakage which utilises a bespoke conversion factor provided by our national regulator (Ofgem).

APPENDIX A

People and Planet Strategy Commitments - Short, Medium and Long Term

SDG	Commitment	Short (2026)	Med (2030)	Long
7	Enable affordable, decarbonised heat, power and transport solutions.	Complete Hydrogen blending project to provide evidence to secure policy decision	Assist government to secure policy decision around hydrogen	Network transports 100% green gas
		Improve customer service to facilitate higher levels of green gas in our network. Demonstrate safety case and deliver hydrogen village trial	Blend up to 20% hydrogen in existing network	
8	Improve access to opportunities and fair employment	Recruit minimum 100 apprentices across 2021-26, with offer of permanent employment on completion.	Rolling annual programme of apprenticeships with promise of meaningful employment at the end	Be recognised as a 'top employer' through external benchmarking/award
		Offer placements/work experience to students focusing on Social Mobility cold spots.	Participate with government to create meaningful/accessible green training programmes	
		Create opportunities for the existing workforce to improve their skills	Year on year increase in amount of students offered placements/work experience	
		Train 100 community partners to deliver messages on our behalf		
	Improve access to opportunities and fair employment	Improve specialist and internal support for colleagues including setting up wellbeing champions.	Wellbeing champions embedded and visible across network.	Overall reduction in sickness leave and presenteeism (specifically including mental health leave)
		Review and monitor data to measure wellbeing in workforce Mental health training for all colleagues	Year on year improvement in self-reported wellbeing	

APPENDIX A

People and Planet Strategy Commitments - Short, Medium and Long Term

SDG	Commitment	Short (2026)	Med (2030)	Long
10	Reflect the diversity of our communities through our workforce and eradicate inequality at all levels of our organisation	Gather workforce diversity data and produce baseline.	Senior management team is 40% female	Close gender pay gap
		Embed effective Colleague Communities and provide executive level support	Reduce Gender Pay Gap by 50% from 2020 baseline.	
		Report workforce diversity annually and create action plan to increase diversity	See a minimum 1% increase in workforce diversity	Workforce is representative of the diverse communities we serve
		Focus recruitment methods to encourage applications from diverse backgrounds.		
11	Provide access to information, funding and more affordable energy services for our communities, prioritising those with vulnerabilities.	Provide over £1m in funding to support vulnerable customers and communities.	Maintain funding pot for communities and target projects that can demonstrate sustainability beyond the funding.	Maintain funding pot for communities and target projects that can demonstrate sustainability beyond the funding.
		Use regulated funding to build sustainable projects and partnerships that can continue independently.	Build partnerships with trusted organisations to deliver information and advice to customers, focusing on key messages of energy transition.	
		Provide advice to minimum 10,000 customers around Carbon Monoxide Safety	Provide advice to minimum 12,000 customers around Carbon Monoxide Safety	Provide advice to minimum 15,000 customers around Carbon Monoxide Safety
		Refer 5,000 customers to the Priority Services Register	Refer 7,000 customers to the Priority Services Register	Refer 10,000 customers to the Priority Services Register
		Reduce our part of customer bills by 8.6%		

APPENDIX A

People and Planet Commitments – Short, Medium and Long Term

SDG	Commitment	Short (2026)	Med (2030)	Long
12	Produce less waste and recycle 100% of it.	Produce 20% less waste from our offices, and send less than 0.1% of our total waste to landfill	Produce 50% less waste from our offices and send no waste to landfill	Produce 95% less waste
		Eradicate avoidable single use plastics from depots and offices	99% of the aggregate we use is made from recycled materials	Go totally paperless
		Use 50% less paper	Use 75% less paper	
13	Eliminate our emissions of pollutants to air, and achieve net zero emissions by 2050	31% reduction in Scope 1 and 2 emissions and 19% reduction in key Scope 3 emissions since 2018	45% reduction in Scope 1 and 2 emissions since 2018	net zero emissions by 2050
15	Manage our land to deliver net environmental gain	Improve habitats for nature on minimum 250 NGN sites, and plant 40,000 trees to improve local environments in our communities.	Enhance natural capital value	managing our landscape to be environmentally net positive
		Create a baseline for natural capital		
		Continue with our programme to clean up our sites, including upgrading or removing old gas infrastructure and contamination		
17	Spend responsibly and hold our suppliers to high sustainability standards.	Create supplier code and sign up 80% of our spend for suppliers	All contracted suppliers signed Supplier Code.	

APPENDIX B - Data Tables

NGN Greenhouse Gas Emissions

Scope	Description	1 January – 31 December 2023
1	Gas shrinkage – leakage, unmetered own use gas and gas stolen from network	326,692 tCO ₂ e
		Data coverage: 100%
	Gas use in offices, depots and infrastructure sites (metered)	310 tCO ₂ e
		Data coverage: 100%
2	Company owned/controlled vehicles	4,844 tCO ₂ e
		Data coverage: 100%
	Electricity (marked based)	5 tCO ₂ e
		Data coverage: 100%
3	Electricity (location based)	728 tCO ₂ e
		Data coverage: 100%
	Category 1, good and services: gas mains replacement, reinstatement and vegetation maintenance contractor vehicles emissions; reinstatement materials (asphalt, aggregates etc); helicopter pipeline surveys; and consumables (batteries and electrical items issued to customers during emergencies).	13,090 tCO ₂ e
		Data coverage (across categories 1 and 2): ~45%
	Category 2, capital goods: purchased plastic, steel and copper pipe	6,830 tCO ₂ e
		Data coverage (across categories 1 and 2): ~45%
	Category 3, fuel and energy related activities: well to tank emissions associated with natural gas, electricity (market based), and company owned/controlled vehicles	1,237 tCO ₂ e
		Data coverage: 100%
	Category 4, upstream transportation and distribution: logistics contractor vehicle emissions	90 tCO ₂ e
		Data coverage: 100%
4	Category 5, waste generated in operations: excavation waste, operational waste, and office and depot waste	349 tCO ₂ e
		Data coverage: 100%
	Category 6, business travel: business travel in personal cars, hire cars, rail and air, and hotel stays	493 tCO ₂ e
		Data coverage: 100%

APPENDIX B - Data Tables

NGN Greenhouse Gas Emissions

Scope	Description	1 January – 31 December 2023
3	Category 7, employee commuting: employee commuting and homeworking emissions	1,141 tCO ₂ e
	Categories 8 -15	Data coverage: 100%
		Not relevant
	Total Scope 1 emissions	331,847 tCO ₂ e
	Total Scope 2 emissions (market based)	5 tCO ₂ e
	Total Scope 2 emissions (location based)	728 tCO ₂ e
	Total Scope 1 and 2 emissions (market based)	31,85 tCO ₂ e 2
	Total Scope 1 and 2 emissions (location based)	32,574 tCO ₂ e
	Total Scope 1 and 2 emissions (market based) per £m turnover	649 tCO ₂ e/£m
	Total Scope 1 and 2 emissions (market based) per Gwh gas transported	5.80 tCO ₂ e/Gwh
	Total Scope 1, 2 and 3 emissions (market based)	355,082 tCO ₂ e
	Total Scope 1, 2 and 3 emissions (location based)	355,804 tCO ₂ e
	Total Scope 1, 2 and 3 emissions (market based) per £m turnover	694 tCO ₂ e/£m
	Total Scope 1, 2 and 3 emissions (location based) per Gwh gas transported	6.21 tCO ₂ e/Gwh

Notes:

NGN turnover was £511.68m during 2023.

NGN transported 57,207 GWh of natural gas during 2023.

APPENDIX B - Data tables

other sustainability indicators

Metric	NGN Performance 2023
Company activity in the fossil fuel sector	NGN own and operate a natural gas distribution network located in the north of England
Share of non-renewable energy consumption and production	Renewable energy use: 3,588,573 kwh (1.2%) Non-renewable energy use: 301,539,178 kwh (98.8%) – includes gas shrinkage Total energy use: 305,127,151 kwh NGN do not produce energy
Energy consumption intensity	Energy consumption (including gas shrinkage) = 0.596 GWh per £ million of turnover
Activities negatively affecting biodiversity-sensitive areas	NGN do not operate any sites or operations which significantly negatively impact biodiversity sensitive areas in the locality.
Water consumption	18,963 cubic metres of municipal mains water used in NGN premises during 2023.
Emissions to water	132,437 cubic metres of waste water created by NGN premises and works during 2023, comprising: 84% (114,483 cubic metres): discharge of water from gasholders during structure decontamination, demolition and infilling (multiple locations). All water is subjected to comprehensive multi-stage on site treatment prior to discharge to third party municipal sewerage network under site specific consent. This comprehensive treatment process removes visible oils and typically reduces all dissolved phase contaminants to concentrations below laboratory detection limits. Based on this sophisticated treatment method quantities of priority substances discharge to the sewerage network under consent are de minimis. 16% (17,953 cubic metres): discharges of surface water and sewage from NGN premises in municipal sewerage network.
Hazardous waste and radioactive waste ratio	Total waste creation = 464 tonnes per £m turnover Hazardous waste creation = 0.002 tonnes per £m turnover

APPENDIX B - Data tables

other sustainability indicators

Metric	NGN Performance 2023
Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	None
Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	None
Unadjusted gender pay gap	Median gender pay gap = 18.6%
Board gender diversity	Northern Gas Networks Holdings Limited Board Members: Male = 10 (91%) Female = 1 (9%)
Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	None

Want to know more about our
sustainability journey?

Please get in touch with us at:
sustainability@northerngas.co.uk

