

Foreword

Welcome to our 2021 Safety & Sustainability Report



Dr Tony Ballance
Chief Strategy & Regulation Officer

"We're passionate about fuelling a thriving world, providing easier warmth, fairer opportunities and a greener society."

Tony



We're committed to putting our colleagues, customers and the environment at the heart of everything we do, to make a positive and lasting difference to the communities that we serve.

We want to do more than simply survive and grow as a business, by fueling a thriving world where we make things easier, fairer and greener. As we work towards fulfilling this ambition, we strive to be known for delivering exceptional performance in terms of safety, customer experience, equality, diversity and inclusion, and the environment.

This past year has exposed just how vulnerable society is to unexpected natural events and made the threat of climate change even more apparent. The good news is that this realisation is spurring on change: sustainability has become a global priority across public and private sectors, and with policymakers and individuals alike. At Cadent, we're working with our stakeholders to ensure sustainability is at the core of our business strategy, and every day we work alongside customers and partners to ensure their decarbonisation journeys are just as ambitious as ours.

The Coronavirus pandemic brought with it a challenge never encountered before, and I thank every one of my colleagues who has worked tirelessly to distribute gas safely to our customers. In continuing our operations, we've supported our colleagues by adopting new ways of flexible working, with no-one placed on the government's furlough scheme. Of course, we are now also realising the environmental benefits of flexible working and we will ensure these practices continue to have a positive effect on the environment in the future.

Perry talked a little about our force for good strategy in his introduction and I'd like to elaborate a little on each of the three themes.

Easier warmth

We want to see a world of *easier warmth*, where everyone has easy access to secure warmth, today and into the future. Our role goes beyond delivering our core services and this can often have the greatest impact on the lives and communities we serve every day.

Part of this means never leaving a customer vulnerable without gas. In the rare occurrence when their gas supply is interrupted, we offer an extensive suite of additional welfare options, ranging from portable heaters and showers to meal vouchers and even temporary alternative accommodation. Our new innovative 'welfare decision tool' app allows emergency engineers to tailor welfare products and services for customers who might find themselves in a vulnerable situation, especially those on the Priority Services Register ('PSR').

We recognised the need to make it easier for engineers to get the right support quickly, with customer safeguarding training delivered to all front line colleagues every year. This year we supplemented the training to include content specific to the Coronavirus pandemic, including how front line engineers could go above and beyond, for example in buying groceries for shielding customers.

We're proud to be the only Gas Distribution Network to be noted by our regulator, Ofgem, for going above and beyond expectation in this area, and whilst we're not experts in vulnerability, we have over 80 strategic partnerships in place with Fire and Rescue Services, NHS Trusts, and numerous charities who advise us on our strategy and expand our reach to support customers with various additional requirements.

Carbon-monoxide awareness is another area we're passionate about. This includes spreading the word about the dangers of carbon-monoxide poisoning to school age children in key stage 1 and 2 as we moved both our Safety Seymour and CO Crew programmes to a virtual platform.

Fairer opportunities

We want to see a world where there are *fairer opportunities* for all.

Part of this is about how we communicate with our customers. We recognise that customers expect choice and we have invested into several new communication channels to deliver this. These include digital channels such as WhatsApp and SMS (offering up to the minute updates on the engineering work we're completing) and updating more traditional methods to be more inclusive (e.g. publishing leaflets and our web content in multiple languages and using videos).

We have continued our charitable partnership with Alzheimer's, which has now raised over £400,000 through a combination of employee fundraising, Cadent matched giving and additional charitable contributions. During the pandemic, with the restrictions and lifestyle challenges imposed, the amount raised through fundraising in the first half of the year was significantly lower than in previous years. To support this, we took the decision to quadruple the funds matched by the business to £4 for every £1 raised between October and December 2020. In addition to this, the most innovative fundraising ideas could be matched by up to £10 per £1 raised. The result was a fantastic success with over 82 Matched Giving claims being made during the quarter leading up to Christmas, with colleagues raising over £38,000 and the company donating over £70,000 through our Matched Giving Scheme.

And I'm delighted that the work of The Cadent Foundation continued over the last 12 months. 100 new grants have been awarded to charities and organisations that can support some of the most deprived communities across our networks, that amounts to just over £4.8m.

A greener society

We are fully committed to our role in tackling climate change, seeing ourselves as an enabler for decarbonisation, with the future role of gas being an exciting part of a low-energy emissions system solution.

In November 2020, the government published its ten-point plan for the UK's green recovery which further cemented our crucial role in shaping and decarbonising the energy industry. We are demonstrating the benefits of hydrogen energy to heat homes through the launch of Hydrogen Homes, our HyNet project in the North West region of the country, and work leading the Transport Pathways project for hydrogen-powered vehicles.

Our track record in reducing Greenhouse Gas emissions is evident and our commitment to lead the way to net zero is demonstrated by setting new carbon reduction targets in line with the latest science-based methodology, joining over a thousand companies who are committed to real climate progress through the setting of Science-based targets. Our new Scope 1 and 2 emission targets are incentivised annually in employee reward packages – making it a personal challenge as well as a collective one.

Our polyethylene mains replacement programme continues to contribute to a reduction in leakage as well as future proofing our network ready for low-carbon alternatives such as hydrogen.

We have started to introduce zero-emission vehicles into our operations and company car scheme, and will continue to implement infrastructure to support this transition.

Reducing our environmental impact through streamlined waste segregation is another area of increased focus, and we continue to minimise the amount of waste we send to landfill; last year recycling or diverting over 96% of our general waste (excluding spoil from excavations) and at the same time ensuring our contract partners share the same sustainability ambitions as we do. And we're not only reducing our waste but we're ensuring that the resources we buy are used to their maximum. Part coil PE pipe is now re-issued for use, limiting the amount of new PE pipe we have to buy.

We have successfully continued certification of our Environmental Management System against the ISO14001:2015 standard and are proud to have held this standard for 23 years. We are focusing on improving biodiversity through our new strategy which will enable us to enhance the communities where we work whilst contributing to the net zero agenda.

We are committed at every level of our organisation, and we monitor and measure our commitments through stretching targets together with Board-level oversight through both our Safety and Sustainability Committees. We've also ensured our executive remuneration is aligned to our long term sustainability ambition, a bold move approved by our Board.

I'm personally excited that Cadent has ambition to lead the way in all areas of sustainability and would like to thank all our colleagues for their continued hard work to move us forward to a low-carbon future.



Read more about our commitments online at

<https://cadentgas.com/nggdwsdev/media/Downloads/business-plan/Commitments-2021-2026.pdf>