

Our
Sustainability
Report 2023

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Welcome

A message from Dr Tony Ballance

Welcome to our fifth Sustainability Report. Each year, I grow increasingly proud of the work we do, and each iteration of this report demonstrates the eagerness and passion of our entire team.

In our previous report, we were pleased to introduce our Force for Good strategy, encompassing our work towards Easier Warmth, Fairer Opportunities, and a Greener Society. Our sustainability strategy has taken a firm hold in our operations and has become ingrained in everything we do. Our mission hasn't faltered; we still strive to keep people warm whilst protecting the planet. Now, we have significantly more structure in place to ensure we deliver our strategy.

Involving our whole business has been incredibly rewarding, and we're seeing more and more of our colleagues taking an interest in sustainability. We've also seen great value in sharing our strategy with our customers, by bringing key insight into the organisation to continually challenge how we are prioritising initiatives and enabling us to demonstrate the great work that we are doing in this space.



Dr Tony Ballance
Chief Strategy and Regulation Officer

“It’s a pleasure to be part of such a meaningful journey, and I greatly look forward to seeing the progress we make in years to come.”

Welcome

Continued...

Easier Warmth

Last year, in response to the growing challenge faced by so many of our customers linked to the cost of living, the Cadent Foundation refocussed 100% of its funding to support customers living in fuel poverty. We also extended the number of Centres for Warmth that provide a hands-on, professional support to thousands of our customers across the UK.

Going forward, we are committed to continuing our advice provisions and investing even further to reduce fuel poverty. During 2022/23, we spent more than £3.4 million on fuel poverty measures. This led to the implementation of over 15 separate projects to provide education, awareness, and income maximisation support, which means we are significantly ahead of the targets that we've set and confident that we'll outperform them so we can help even more of our customers in need of our support.

Fairer Opportunities

Playing our role in building a more equitable society is an ongoing commitment. As a company, we are committed to making opportunities fairer for people who are disadvantaged by their location, background, economic situation, current skill set or employment history, to create a more diverse workforce that represents the communities we serve.

In the last year, we revamped our talent scheme to ensure a fairer and more accessible recruitment process, alongside providing a wide range of training for employees both new and existing. We believe that the ability to learn new skills and progress professionally should not stop the minute you walk through our doors. Our employees receive continued career support no matter how long they stay with us.

Greener Society

As ever, we are committed to supporting the Government's climate change ambitions and pledge to achieve net zero before 2050.

To date, we are pleased to have reduced our carbon footprint by -12.2% against our 2019/20 baseline. This is just a part of our efforts to mitigate the effects of climate change, and promote a greener, healthier climate. We've also renovated our head office to create an enhanced eco-friendly workplace, and are working to transition our fleet to electric and HVO vehicles.

The next 20 years will be some of most crucial that humankind has ever faced. We must all work together to ensure the future of our planet. We intend to be part of a sustainable solution that tackles the challenges presented to the environment from reliance on fossil fuels, reduce dependence on nonrenewable energy and reduce our environmental impact.

About us

Who we are

Cadent owns and maintains the underground network of pipes that transport the gas purchased from gas suppliers into homes and businesses across our network.

We strive to be a force for good in society and have a positive social impact in our communities, whilst taking care of an essential and vital public service. We are responsible for keeping the energy flowing; warming homes and powering businesses.

We're proud to work closely with our communities to keep them safe, warm, and connected, as well as providing extra care for those who might need it in a gas emergency. We also manage the National Gas Emergency Service telephone number on behalf of the entire gas industry, displaying our commitment to wellbeing and safety as a whole.

11 million

homes and businesses connect to our network

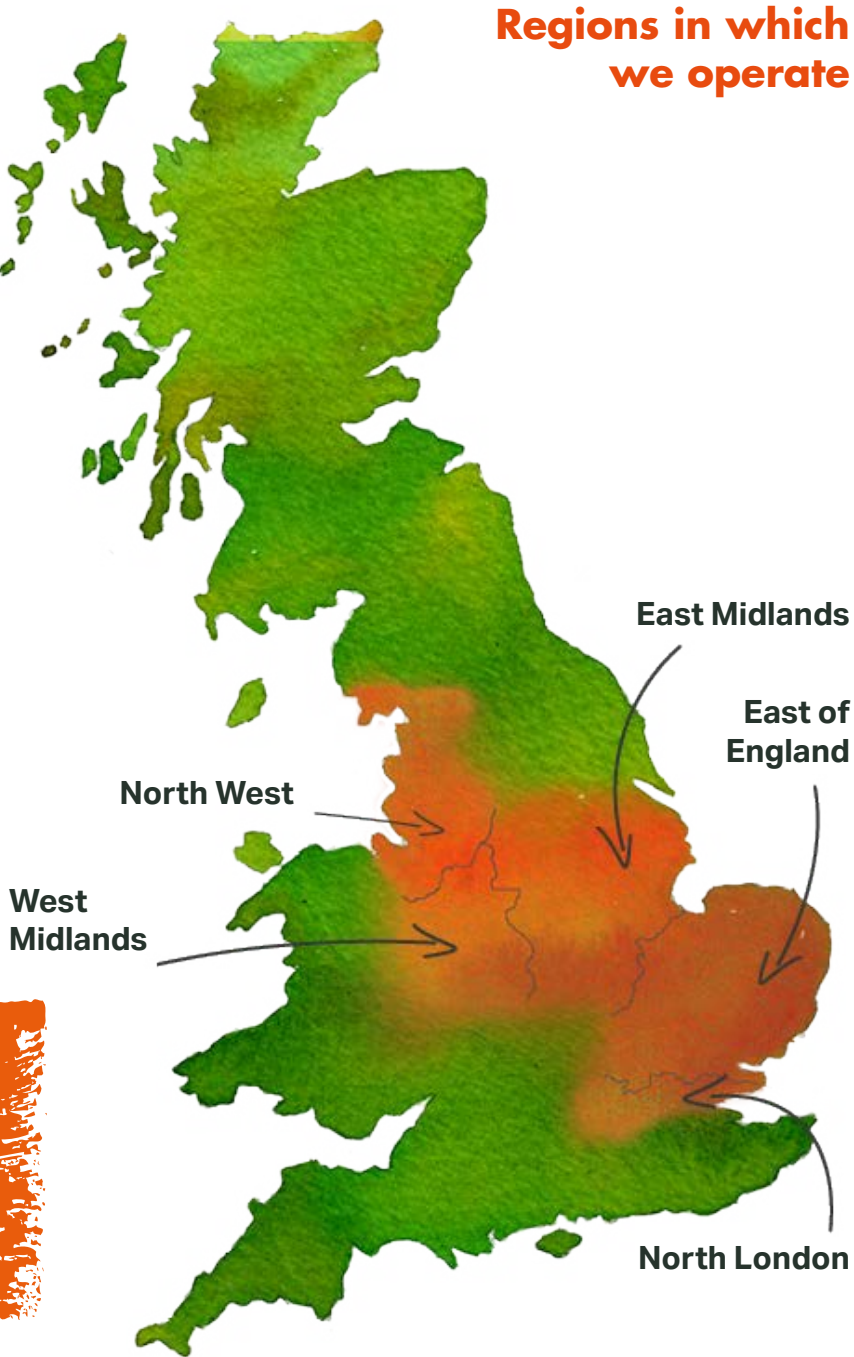
6,000

employees helping consumers in our network keep safe and warm

We look after over

131,000km

of pipeline and almost 50% of Great Britain's gas customers.



About us

What we do

The gas network in the UK today is vast, totalling more than **280,000km** in length.

This network delivers more than **242TWh of energy** to homes, businesses and industry each year - more than double the amount of electricity those same customers demand - and with a reliability record of **99.99%**. It is also increasingly modern, with **75%** of it having been installed in the last **22 years**.

- › We look after **135,000km** of the UK's gas pipes and equipment, which supplies gas to **11 million homes** and **40,000 industrial customers**.
- › We **maintain, repair** and **replace** gas pipes and associated infrastructure to ensure the safe and reliable flow of gas which will prepare us to meet the country's **net zero commitments**.
- › We provide gas infrastructure to the UK's three largest cities - **London, Birmingham**, and **Manchester** - as well as big brands like **Rolls Royce, British Sugar**, and **Liberty Steel**.
- › We connect homes, businesses and **renewable** gas suppliers to our network.
- › We **provide extra care** for those who might need it in a gas emergency.
- › We manage the National Gas Emergency Service for all gas customers in the UK. If something goes wrong, we are the first point of call to make sure it's dealt with calmly, quickly and safely. In 2021/22, we answered **1.4 million** gas emergency calls.



What we don't do

- › We don't produce gas.
- › We don't own or sell the gas that flows through our pipes.
- › We don't repair gas appliances.
- › We don't send out gas bills. The cost of our services is included in the customers' gas bill.

Awards and credentials

The recognition we receive serves as a testament to our commitment, and the hard work displayed by all of our colleagues.



Sustainalytics Top Rated

As a result of our outstanding work in 2023, Cadent is now recognised as one of the top performing companies rated by Sustainalytics, based on our ESG Risk Rating score.



Disability Confident Employer

We are accredited as a Disability Confident Employer and are striving to become a 'Leader' in this field.



GRESB Sector Leader

We are pleased to announce we have been recognised as 'Sector Leaders' for sustainability in an international ESG league table, being awarded the top mark of 100/100 for ESG performance and management.



Fertility Friendly Employer

This year, Cadent became the first utility company to achieve Fertility Friendly Employer status. We are incredibly proud of this progressive achievement, and are committed to continuing to support families in all forms.



Carbon Trust Taking Action Tier

Cadent has achieved the Route to Net Zero Standard Taking Action certification by the Carbon Trust. This validates our continuing reduction in GHG emissions, verifies our carbon accounting, and recognises our carbon management practices compared with best practice of the standard.



Green Apple Award (For MES on behalf of Cadent)

Our collaborative work with Morrison Energy on the Hammersmith Bridge Gas Main Reinforcement Project won an International Green Apple award for Environmental Best Practice.



Menopause Friendly Accreditation

As a sector that is generally male-dominated, Cadent strives for equity in the workplace. Our Menopause Friendly Accreditation commends our efforts to support menopausal and perimenopausal colleagues to be their most comfortable and confident selves at work.



Ansty BCO award

Cadent's new headquarters at Ansty Park, Coventry received first class BREEAM and EPC ratings, as well as the BCO ESG award. This celebrates projects that have game changing influence on sustainability and ESG within the commercial building sector.



Armed Forces Covenant Gold Award



RATING ACTION DATE: January 25, 2024
LAST REPORT UPDATE: January 25, 2024

MSCI Rating

Committed to being a responsible and ethical business.

The Board of Directors is responsible for the oversight of climate-related risks and opportunities impacting the Group.

Committee Chairs provide a report to the Board following each meeting. Doing so ensures that the scrutiny and consideration of matters undertaken by the Committees are factored into the Board's thinking and decision-making. Committee members are selected by reference to their relevant skills and expertise.

“A sustainable future requires clear and comprehensive governance to guide decision-making and ensure accountability at all levels.”



The UN Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) were agreed upon in 2015 by 193 world leaders as a universal call to action to address pressing global challenges and create a more sustainable and inclusive future by 2030.

Comprising 17 interlinked goals, the SDGs encompass a broad spectrum of economic, social, and environmental issues, ranging from poverty and hunger to climate action and sustainable cities.

These goals serve as a comprehensive framework for governments, businesses, and individuals to collectively work towards a better world. In our commitment to align with these global objectives, we actively embrace the SDGs as a guiding force for responsible business practices.

By integrating the principles of the SDGs into our operations, we aspire to not only enhance our environmental performance but also contribute meaningfully to social equity and economic progress, thereby fostering a more sustainable and inclusive future for all.



Materiality continued

Double materiality is identifying what matters to a business. This requires stakeholder engagement to consider the needs of groups impacting or impacted by us, to build trust and confidence in identifying and managing upcoming risks and opportunities.

Our mission aligns with the ideals set out in the SDGs. We recently conducted a double materiality assessment to ensure we prioritise the environmental, social and governance issues related to our operations within our business.

The results shown in the graph are taken directly from our double materiality stakeholder engagement exercise, in which we surveyed customers, employees, and industry peers. It compares the impact that the issues described in the SDGs can have on our operations, to the impact our operations can have on those issues, in the eyes of our stakeholders.

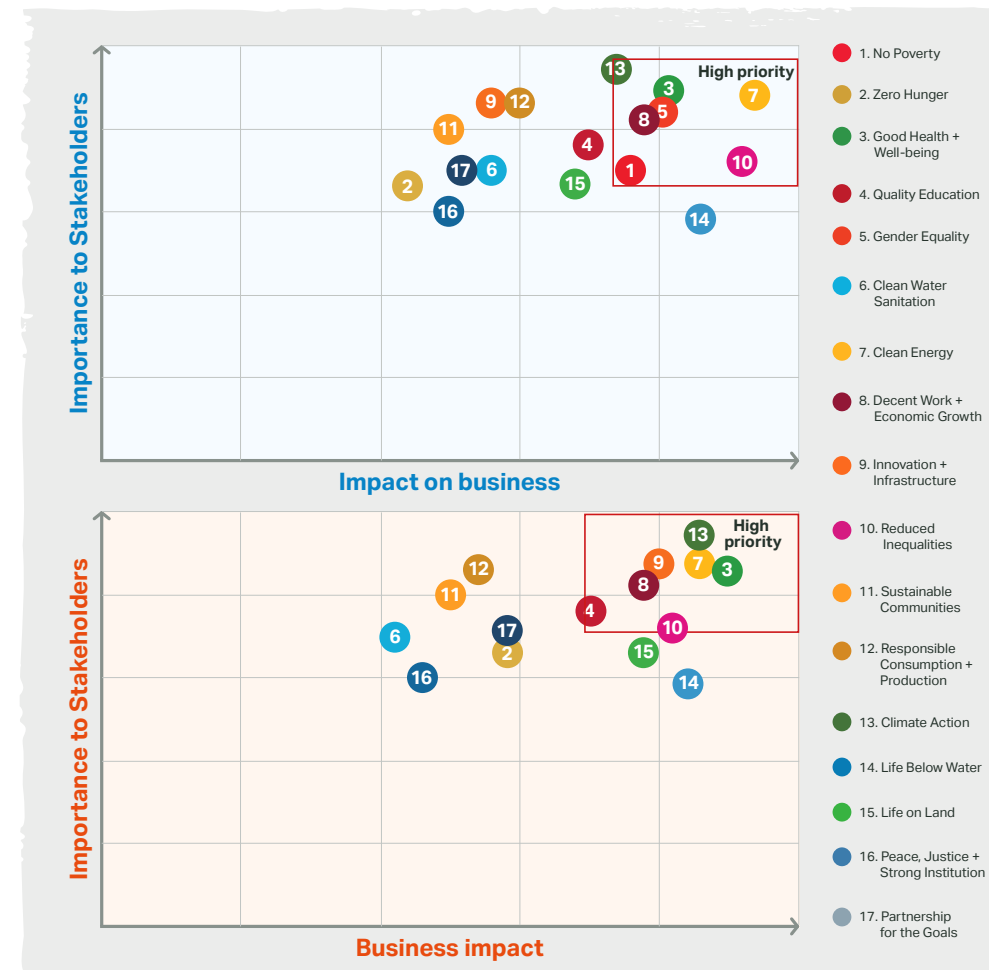
We undertook a series of workshops and engagement activities to drive clarity, purpose and relevance into our sustainability strategy. The results developed a set of double materiality matrices that weighed the importance of an SDG to stakeholders against our ability to impact or be impacted by the topic.

We used the results to develop SDGs of high impact and high importance to form the foundation of our Force for Good strategy and the basis of corporate reporting.

These cover topics including:

- › Good health and well-being
- › Affordable and clean energy
- › Industry, innovation and infrastructure improvements
- › Climate action

Moving forward, our strategy and action will focus on key deliverables towards these goals in particular, whilst continuing the great work we're already doing towards other goals. Other goals, such as 1: No Poverty, 5: Gender Equality, and 10: Reducing Inequalities, were also noted as important during our double materiality assessment, but our strategic assessments indicated we are able to continue providing value in these spaces while ensuring other SDGs remain considered.



Our Approach

Becoming a Force for Good

We strive to provide an efficient and reliable service to all our domestic and business customers. In 2021, we brought this to life by launching our Force for Good strategy.

By defining Easier Warmth, Fairer Opportunities, and Greener Society as key customer outcome areas, we hold ourselves accountable whilst simultaneously promoting more inclusive strategies to our peers.

Easier

Warmth

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

Sustainable Development Goals we are contributing towards:



Fairer

Opportunities

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

Sustainable Development Goals we are contributing towards:



Greener

Society

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

Sustainable Development Goals we are contributing towards:



Easier Warmth

Our aim is to help people stay warm and independent in their homes, no matter their personal circumstances. Living in a warm and comfortable home should be a given for everyone, but for around two million of our customers, this is not the case.

Our commitment to Easier Warmth means ensuring we can spot the signs of customers living in vulnerable situations and fuel poverty, and provide the tools and expertise to offer the best possible interventions without delay. By incorporating Easier Warmth as a key pillar of our strategy, we are actively supporting our priority SDGs of Goal 7: Affordable and Clean Energy, and Goal 9: Industry, Innovation, and Infrastructure.

We pride ourselves on our safeguarding initiatives, and we want every community to have a voice so that we can most effectively provide help.

Targets and Progress

- By 2026 we will reach one million people and provide access to tools and advice to reduce their energy consumption and maximise their income.
Through our mass awareness campaigns we have exceeded 559,409 customers. We set an additional target in the same time frame to provide 100,000 1-1 free energy and income advice consultations, and we have so far achieved 70,589. We also set a target to connect 10,000 homes to the gas grid free of charge, of which we have completed 4,405.



- By 2030, we will ensure that 50% of households in our networks know that hydrogen is a viable option for heating their homes – with over half of these located in the most disadvantaged areas of our networks.
We are awaiting a heat policy decision from the Government, to determine the potential of using hydrogen to heat homes. In the meantime, we are working closely with DESNZ and the emerging FSO to plan for this new infrastructure, including providing technical and safety guidance. We are continuing our Hello Hydrogen campaign, working with supporting organisations to raise consumer awareness of hydrogen as a low-carbon alternative to methane.



- By 2026, we will have direct conversations with over two million of our customers to inform them of our priority services register, which will ensure that they are provided with tailored service.
To date we have informed 422,318 customers of the priority services register, and have achieved 20% of our target.



- We will provide 4,000 front line colleagues with customer safeguarding training to enable them to identify and support customers in fuel poverty and vulnerable situations.
Progress on mandatory training for both customer-facing and non-customer-facing colleagues remains strong. We have surpassed our target by training 5,600 colleagues. In the third year, training content was updated to align with changes to the Priority Services Register's transition to Substantial Public Interest (SPI) as committed to our regulator, ensuring customer safeguarding in line with industry standards.



- By 2026, we will provide over 250,000 free CO alarms to customers living in vulnerable situations
Carbon monoxide (CO) is known as the silent killer. To date, we have provided over 83,083 CO alarms to our customers, and with a rising number of initiatives in place to disseminate them, we remain highly confident that we will outperform the target by 2026.



- By 2026, we will replace, repair or service over 26,000 boilers and appliances at no cost to the household.
We have carried out over 9,374 interventions to date, including boilers and appliances replaced, repaired or serviced at no cost to the household.



Our Customer Vulnerability Strategy

Half of UK adults (25.6 million people) display one or more characteristics of being potentially vulnerable. Over 1.5 million adults in the UK do not have a bank account, and 16.4% can be described as having very poor literacy skills. 4.5 million have never used the internet and 13.9 million are registered as disabled. These general UK trends can be seen across each of our four networks.

As the largest Gas Distribution Network (GDN) within the UK, we believe that we should take a leading role in supporting customers and developing the landscape for the future; one that ensures that access to services is based on customers' needs irrespective of where they live.

We aim to tackle the challenges that vulnerability presents by devising a strategy that protects and provides for our vulnerable customers. We considered several factors, which includes how we define vulnerability and consider outcomes that customers and stakeholders tell us are important to them.

“Vulnerability describes a situation, be it transient or permanent that can impact a customer at some point during their life. Vulnerability can arise through changes that happen both inside and outside the energy industry. Those customers who find themselves in a vulnerable situation are more affected by Cadent’s action or inaction than other customers.”

As such, we created our definition of vulnerability with our customers and have subsequently tested it with numerous expert stakeholder groups.

The chart to the right highlights our strategy and approach, which we ensure is always clearly defined.

Through our vulnerability strategy we are committed to deliver outputs in the four key priority areas:

- › Identifying individual needs.
- › Going beyond the meter to never leave a customer vulnerable without gas.
- › Carbon monoxide awareness.
- › Tackling fuel poverty.

We aim to continue developing and delivering this strategy in collaboration with other key providers, distributors, and a wide variety of other contributors in our industry. For further detail on our full strategy, please see the full report on our [website](#).

Our Aim
Keep all of our customers safe, warm and independent in their homes regardless of their personal circumstances

Strategy to Plan	
Positioning	Data
Services	Partnerships
Training	Leadership

Plan to Commitments
Identifying customer needs and joining up support services
Going beyond to never leave a vulnerable customer without gas
Protecting our customers from the dangers of carbon monoxide
Tackling affordability and fuel poverty

Actions



Safety Seymour strikes again

Everyone is at risk from carbon monoxide (CO) poisoning. Even brief exposures to the silent killer can cause symptoms as severe as headaches, flushing, nausea, dizziness, vertigo, muscle pain or personality changes.

CO build-up commonly occurs in the home through incorrectly installed, poorly maintained, or improperly ventilated appliances, like stoves, fuel burning devices, or water heaters. Our well-established school education programmes help us raise awareness of, and prevent, CO poisoning throughout our communities. In 2023, we educated nearly 54,000 school children on the dangers of CO.

Safety Seymour is a superhero bear from outer space on a mission to teach children and their families about carbon monoxide (CO) and how to protect themselves, making homes safer. Our loveable mascot travels to schools up and down the country, educating children on the dangers of carbon monoxide, what the symptoms are and also how to stay carbon monoxide safe.

This year, we've achieved:

714

school sessions hosted by Safety Seymour and The CO Crew

21,040

new CO Ambassadors armed with safety knowledge to share with their family.

There's a lot of work to be done, so we're helping Safety Seymour where we can. We've taken the key points from our existing school safety packages and rolled out a new CO safety video for school assemblies to ensure we can arm as many children as possible with the knowledge of how to stay safe and be carbon monoxide aware. Aimed at school children from ages four to eleven, this video continues to be a huge success and, alone, has:

- › Been shown in **117 primary schools**
- › Engaged a further **32,877 primary school children** in the dangers of CO

We'll continue to partner with The Katie Haines Memorial Trust and Bonanza Creative to further develop the Safety Seymour package to use across Scouts groups. This will support our journey towards achieving our business commitment of educating 400,000 children during RIIO-2.



Actions continued

Making hydrogen a household name

Decarbonising the gas network not only requires huge change for the network but also for the public, in both their homes and their behaviours.

There are still many unanswered questions surrounding the UK's energy transition and we are keen to play a very active role in helping to answer them. Nobody should be left behind when the UK is ready to begin the mass transformation process of decarbonising heat and energy.

Over the last 12 months, we've undertaken sizeable consumer research studies to understand people's awareness of climate change. This included how they use their energy systems today, what they know about low carbon alternatives, and what opportunities and concerns they have about the changes they will need to make.



Case study

Amanda's experience as a homeowner and mother

Amanda is very conscious of sustainability and energy use and is looking for more ways to reduce her consumption. She doesn't think of herself as an 'eco-warrior' but rather sees minimising her impact on the environment as something that should be a normal part of life.

Amanda already practices the small actions trialled in the project, so is looking into bigger changes, for example installing solar panels and heat pumps.

"All of the suggestions we already do. They're all really simple and I don't see why people don't do it. I'm not an eco-warrior but I thought that what I do is just the minimum."

Although sustainability is Amanda's main motivation, recent cost rises have also prompted her to look at these actions from a cost-saving perspective.

"I'm watching the pennies more. Reducing energy use is so hard when you're conscious about what you're doing already."

We will continue to lead the way in putting customers' needs at the core of decision making; supplementing our ongoing programme of consumer research with technical, economic, and social studies to help inform how these changes are made.

The Priority Services Register

It can be a stressful time if the gas supply to a home goes off, especially when our customers are left vulnerable. The Priority Services Register (PSR) is our dedicated way of making sure those with additional access, communication, or safety needs, get the services they require.

All energy suppliers and electricity network operators have an individual register. Our customers can register with us for free to receive essential benefits to make the management of their energy supply easier.

These include:

- › Alternative heating and cooking facilities should their gas be interrupted as part of our works.
- › A password facility to keep customers safe on their doorstep. This helps to protect the public from bogus callers, as our engineers follow a strict process to allow customers to check their credentials should they not be expecting their call.
- › For safety, if our customers are unable to reach their gas emergency control valve (ECV) due to poor mobility, we may be able to move it for ease of access. Customers can find out online if they are eligible for this service.
- › 24/7 translation services, available 365 days a year.

We have chaired a cross-utility sector working group for many years. This increases the general public's awareness of the Priority Services Register and ensures that it operates most effectively to support the energy industry and its customers.

During 2022-23, we have exceeded our target by training over 5,600 colleagues on how to spot a customer living in a vulnerable situation, equipping them with the confidence and knowledge to offer a wide range of support packages. In collaboration with other national GDNs, we also completed a six-week winter awareness campaign that reached over 20 million UK citizens and encouraged PSR registrations.

Households can join the register if:

- › someone has a chronic or serious illness.
- › someone is dependent on medical equipment including oxygen.
- › someone has poor mobility, reduced sight, hearing or sense of smell and/or speech difficulties.
- › someone is not able to communicate in English.
- › someone is of pensionable age or has living with them children under 5 years old who may benefit from additional support in the event of an interruption to their energy supply.

Reached over

20 Million
UK citizens



Actions continued



Local support away from home

Keeping your home warm over winter shouldn't be a source of anxiety, but for over 60% of adults in the UK, it's one of their biggest worries (ONS, 2023). For those who cannot afford to heat their home properly, it may feel like there is no escape from the freezing British winters.

That's why we created the Centres for Warmth scheme. Across FY22-23, we invested £1.3 million to boost the initiative to new levels, taking us to over 30 centres, each uniquely tailored to the requirements of the communities they support.

The centres combine our funding, resource, and training, with a community centre's position and trust. Our Centres for Warmth delivered much-needed support to thousands of customers most impacted by the cost-of-living crisis, with the average household being over £2,500 better off following a personal and free consultation with one of our specialist energy and income advisors. In total, the Centres have helped to put over £50m back into the pockets of some of our most financially vulnerable customers.

30
Fixed Centres
for Warmth

52
Winter Centres
for Warmth

Attended by more than
50,000
people since launch

Mobile Centres in
operation for the past
Two Years

Services *beyond* the meter

Customers in vulnerable situations have historically faced three options when their gas appliance is isolated and condemned by a GDN. Due to financial hardship, customers can either remain off gas, risk self-reconnection, or take out credit to afford the cost of repairs/replacements. Services Beyond the Meter offers these customers a fourth option.

We offer a range of additional customer services in our pioneering Services Beyond the Meter programme, that are designed to help customers get their households and appliances back on gas. Our Services Beyond the Meter include an option for our engineers to refer customers to one of two strategic partners, National Energy Action and Groundwork UK. We fund their dedicated teams to engage directly with the customer, assess their needs, and oversee the most appropriate solution – often a fully funded appliance repair or replacement.

We have also trained over 70 of our own engineers to complete additional in-home pipework and appliance repairs and replacements. We've created a bespoke training programme at our Hitchin training centre and now, in addition to making customer referrals to NEA or Groundwork UK, our engineers can raise a follow-on job for a colleague to complete, usually within 24 hours.



Fairer Opportunities

The potential to thrive should always be inclusive within Cadent, our supply chain, and our communities.

Being a responsible business with ethical practices is paramount to our ethos, and ultimately our success but at heart, we are a local business, rooted in communities, people, and their skills. To help create fairer opportunities in our regions, we hold ourselves, and the organisations we work closely with, up to the highest possible standards in how we recruit, support, and reward our employees. Our work towards providing Fairer Opportunities actively supports SDG 3: Good Health and Wellbeing, which is a priority for us.

Highlights

- › Sponsored the 'Outstanding Employer' category at the Ethnicity Awards, where Richard Court, our Director of Regulatory Strategy, was shortlisted in the 'Ally' category
- › Increased representation of ethnic minority colleagues and managers
- › Introduced a fire-retardant hijab as an inclusive PPE option
- › Received the Ministry of Defence's Employer Recognition Scheme Gold Award
- › Reconfiguration of entry requirements to Future Talent schemes
- › Introduction of the Manager Effectiveness Programme
- › Awarded Bronze Trail Blazer with Race Equality Matters

Targets and Progress

- › **By 2030, we will inspire 100,000 people from underrepresented and disadvantaged groups to gain access to career opportunities in the energy sector.**

To help achieve this, we have revised our talent schemes, and developed Future Talent programmes with lowered or removed entry barriers, to make our programmes accessible for all.

On track



- › **We aim to raise over £400,000 for Emmaus UK.**

Since our partnership, we have raised over **£250,000** for Emmaus UK. This helps their Green Community Fund, which supports our Easier Warmth mission. We have also contributed the equivalent of **£50,000** in item donations across their 30 UK communities.

On track



- › **By 2024, we will launch a hydrogen skills academy and develop a hydrogen education programme.**

Internally the Hydrogen Academy was delivered in October **2023** as a soft launch, using learning processes to deliver hydrogen competence

On track



- › **By 2025, over 30% of our training will be delivered through social learning and digital solution, helping to support a wider range of learning styles and needs.**

More than **30%** of our modules are either delivered virtually or via e-learning. Some social learning modules are also conducted in-person.

On track



- › **By 2026, 50% of our leadership team will be female.**

Female leaders' representation is **35.38%** and we work together with our active Women in Cadent Community to ensure we are supporting women throughout their career at Cadent. This includes the recent enhancement of our Family Provisions Policies, with paid time off for fertility treatment and fully paid maternity and adoption leave for up to 12 months.

Behind target



- › **By 2030, 14% of our workforce will be ethnic minorities.**

Ethnic minority representation is **11.47%**. Diverse interview panels are now standard, and feedback is integrated into the 'Future Leaders' development program, ensuring targeted support for talent development with a focus on women and ethnic minorities.

On track





Women in Cadent

Creating a network of colleagues from across our business, who are all committed to creating equality and supporting women's professional and personal development.



Embrace

Raising awareness of different faiths and highlighting issues affecting colleagues from an ethnic minority background, helping to develop an inclusive workforce that reflects the communities we serve.



Cadent Military Community

Actively supporting service leaders entering the business, including our current reservists and those that have previously served, ensuring that we continue to be an Armed Forces friendly employer.



Pride at Work

Ensuring current and future generations of Lesbian, Gay, Bisexual, Transgender, Queer (LGBTQ+) colleagues feel comfortable, safe, included, and fulfilled at work.



Thrive!

Creating awareness of the spectrum of disabilities and what this means for our employees, providing support and guidance to ensure that we become a leading employer for people with disabilities.

Actions

Creating an *environment* where everyone can thrive

We are proud to have 5 established, with 2 new communities that help us to identify and address challenges facing colleagues from disadvantaged and underrepresented groups. Each community has an established committee, sponsored by a member of the executive leadership team. The role of the communities is to support effective change across the organisation, including:

- › Signing the Social Mobility Pledge, representing a powerful shift towards being a truly purpose-led organisation committed to social mobility. The three key elements of the Pledge are: outreach, access and recruitment.
- › Continuing to pay all of our employees the Voluntary Real Living Wage to promote a fair baseline.
- › We are accredited as a Disability Confident Employer and are striving to become a 'Leader' in this field.
- › Achieving Disability Confident Level 2 status and continue to work on integrating inclusive practices and environments for people with disabilities.
- › Becoming the first gas distribution network to sign up to the Race at Work Charter, an initiative designed to improve outcomes for Black, Asian, Mixed Race and minority ethnic employees in the UK, making positive progress against the seven key actions.



- › Becoming signatories of the Armed Forces Covenant and achieving the Ministry of Defence's Employer Recognition Scheme Gold Award in October 2021 in recognition of our commitment to supporting members of the armed forces.
- › Signing the Youth Friendly Employer pledge, the BAME Apprentice Alliance Pledge and Employers Domestic Abuse Covenant.
- › Being active members of the Women in Utilities Network and partners of the Women's Engineering Society.
- › Achieving Menopause and Fertility Friendly Employer accreditations.



Grief Awareness Community:

The Grief Awareness community has been created to ensure the nobody at Cadent has to go through grief alone.



M.E.N.:

M.E.N is the Cadent community for men's allies: focusing on men's physical health, mental health, and topics contributing to the discussion around masculinity.

The Race at Work Charter

Cadent is proudly the first GDN to sign the Race at Work Charter. Becoming an Anti-Racist organisation is one of our key EDI Priorities, and we join 570 other employers dedicated to levelling the playing field for all ethnicities and boosting equality measures. Unfortunately, those from Black, Asian and minority ethnic backgrounds are still underemployed, underpromoted, and under-represented at senior levels. It's our responsibility to inspire and educate our peers and customers alike to improve outcomes for Black, Asian and minority ethnic employees in the UK.



In signing the Charter, we have:

- › Appointed our Executive Sponsor for Race, Diane Bennett.
- › Created our Anti-Racism Working Group with colleagues from across the entire business. The Group reviews key policies, drives internal communication and engagement about Race, and is producing Race e-learning courses to launch in 2024.
- › Embedded equality and diversity into our everyday conversations. For example, our Anti-Racism Working Group have started a podcast series called "Let's Embrace Race", driving an alternative way of raising awareness and discussing key topics to reach more widely across our organisation.
- › Captured ethnicity data and published our inaugural Ethnicity Pay Gap report in 2023.
- › Participated in the participating Race Equality Matters (REM) Race Equality Week in February 2023.
- › Held ourselves accountable for ensuring equal opportunities for people of all ethnicities and supporting ethnic minority career progression.

Our military community has a golden touch

This year, we were thrilled to receive the Ministry of Defence's Employer Recognition Scheme Gold Award. We've had this in our sights for a while, and this award shows our steadfast commitment to the Armed Forces Covenant and our Veteran, Reservist, Cadet, and forces family community.

We are proud to be paving the way in our sector, and achieved this award due to the following initiatives:

- › Our Workplace Military Community, established four years ago, helps us to be an Armed Forces friendly employer.
- › Signatories of the Armed Forces Covenant since 2018.
- › HR policies tailored towards military Reservists.
- › Assistance to service leaders.

Our Board, our executive team, and colleagues working with us have collectively demonstrated leadership and commitment to the forces community. This enables us to continue our journey towards cultivating an environment of genuine inclusivity and diversity for all, accompanied by the other fantastic work streams within our organisation.

Actions continued

The first menopause-friendly GDN.

As a sector that is generally male dominated, it is vital to have gender equity in our workplace. We are the first GDN to be certified Menopause Friendly, and encourage our menopausal and perimenopausal colleagues to be their most comfortable and confident selves at work.



To achieve The Menopause Friendly Accreditation, we were assessed by an independent panel, and demonstrated clear evidence of our effectiveness in the six key areas of culture, policies and practices, training, engagement, facilities and evaluation.

“We are delighted to be the first gas distribution company to become accredited as menopause friendly,”

Lucy Stuart
Head of Risk & Assurance and Women in Cadent co-chair.



To encourage a supportive and engaged environment, we:

- › Operate a monthly support group that empowers women to own their menopause and feel confident when they need to discuss their symptoms with their GP.
- › Encourage being open and talking about menopause. This changes the lives of our colleagues, and their families, by normalising a topic that had previously been somewhat taboo.

- › Implemented a bespoke Menopause Policy and Guidebook which supports all colleagues. This provides a level of knowledge that helps to make conversations between colleagues and line managers comfortable.
- › Facilitated over 70% of our managers completing the 'Menopause eLearning for Managers' module.

Our actions support all colleagues, including those who aren't going through, or never will go through menopause, to become comfortable talking about it. By doing so, they will gain the confidence to support the people around them who are experiencing menopause.

Ofsted approved:

fuelling the future

Our commitment to investing in talents and professionals seeking career changes plays a pivotal role in ensuring the sustained excellence of our GDN and helps foster unique innovation and expertise, shaping the future of the energy industry.

Recent Ofsted inspections have rated our apprenticeship training as 'Good', commending the quality of education and course structure, as well as the leadership and management, behaviour and attitudes, opportunities for personal development.

Our apprentices benefit from expert coaching and support from colleagues across the organisation. This accelerates their understanding of key concepts and practically applies their knowledge, enabling them to confidently develop the technical and vocational skills necessary to safely maintain the national gas infrastructure network.

At Cadent, we value the contributions of our apprentices and ensure they are compensated for their efforts, providing a paid role that includes at least 20% of working hours dedicated to classroom-based learning, leading to a nationally recognised qualification.

“Our people are our best asset as we continue on our journey to be future-focused and resilient Gas Distribution Network. Supporting and developing our apprentices is key to that, so I’m pleased that has been recognised by Ofsted inspectors.

I’m extremely proud of the outcome of this Ofsted inspection, which recognises the quality of our apprenticeship provision and our commitment to continuously improve the programme so it is the best it can be.”

Jenny McGreavey
People Director



Actions continued

Creating a level playing field.

For years, our Future Talent team has provided early career opportunities to encourage the community to learn and develop their skills and careers with Cadent. Recruits receive training from our expert trainers and are supported by a dedicated programme manager, business mentor and line manager. Recently, we have reduced the entry requirements for some of these courses, to allow more people to play a vital role in shaping the future role of gas and supporting Cadent as we establish ourselves at the forefront of sustainable energy.

Programme	Old Entry requirements	New Entry Requirements	Support Now Provided
Field Force Apprenticeships	5 GCSEs including maths and English grade C\4	No GCSEs required	Maths & English Functional skills level 2
Future Engineers	3 A levels or equivalent including a STEM subject	5 GCSEs including Maths Grade B/5	A Level standard Maths bridging course
Future Professionals	Degree required	No degree required	We have changed to individual tailored programmes, which prioritise the right candidate fit over qualifications. These can range from Level 2 apprentices to degree apprentices or bespoke qualifications, dependant on the successful individual and the experience and/or qualifications they bring.



Greener Society

We are driving the transition to net zero, whilst helping to improve the natural world. We are committed to supporting the Government's climate change ambitions and pledge to achieve net zero before 2050.

Although we currently transport natural gas (a fossil fuel) into homes and businesses, we are taking a leading role in demonstrating how we can decarbonise our networks using hydrogen instead. Unlike natural gas, which emits greenhouse gases including methane and carbon dioxide into the environment, hydrogen is a clean gas.

We are committed to achieving the methane reductions sooner than 2030 (as agreed at COP26) by upgrading our pipe network and helping to restore the UK's carbon balance by finding innovative ways to reduce emissions before the carbon enters the Earth's atmosphere. Through all of this, we are contributing to the achievement of one of our priority goals; SDG 13: Climate Action.

Targets and Progress

- › **By 2026 we will procure 100% certified renewable energy to meet our energy needs.**

In 2022/23 we maintained that both our gas and electricity procured contracts are **100%** renewable energy sources, supported by the Renewable Energy Guarantees of Origin (REGO) and Renewable Gas Guarantee of Origins (RGGO) certification.

On track



- › **By 2026 we will minimise the use of first time aggregate and ensure that less than 5% of our waste from excavations is sent to landfill.**

In 2022/23, we only sent **2.4%** of spoil from excavation to landfill, which puts us ahead of target.

Exceeding +



- › **By 2030, we will reduce our methane emission rates by more than the UK's 30% target.**

In 2022/23 we reduced our overall Business Carbon footprint by **-12.2%** against the 2019/20 baseline.

On track



- › **By 2035, we will demonstrate hydrogen at scale through a range of initiatives.**

We have piloted our hydrogen skills academy which will be launched alongside our hydrogen education programme. This is our first initiative to showcase the power and potential of hydrogen.

On track



- › **By 2026, we will be certified to an external Biodiversity Benchmark standard across key flagship sites.**

Since 2020, we have completed **69** baseline surveys across our networks and key operational sites, of which **60%** were conducted during 2022/23. In support of our external certification, we have completed a full technical review of our internal biodiversity and land management internal procedures.

On track



Our carbon emissions

As we continue to face a climate emergency, it's integral that we understand our carbon impact and where we should focus our emission reduction initiatives.

We have calculated our direct emissions (Scope 1 and Scope 2) and are on our way to calculating our indirect emissions (Scope 3) across our value chain. Our total emissions for FY23 are **1,260,146.88** tonnes of carbon dioxide equivalent. (tCO₂e).

Scope	Emissions (tCO ₂ e)
Scope 1	1,223,337.78
Scope 2 (location-based)	4545.33
Scope 2 (market-based)	0
Scope 3	32,263.77
TOTAL	1,260,146.88

We are actively trying to reduce our direct emissions through various carbon reduction initiatives.

So far, we have:

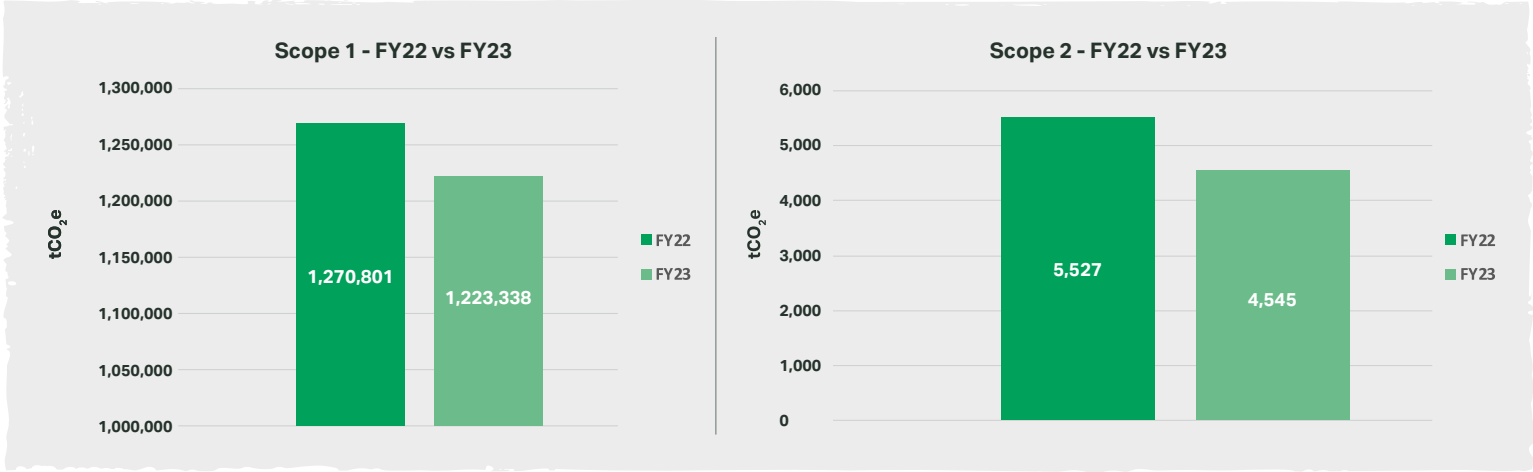
Implemented oil and natural gas leak prevention systems saving

47,190 tCO₂e

Transitioned our company fleet to electric saving

206 tCO₂e

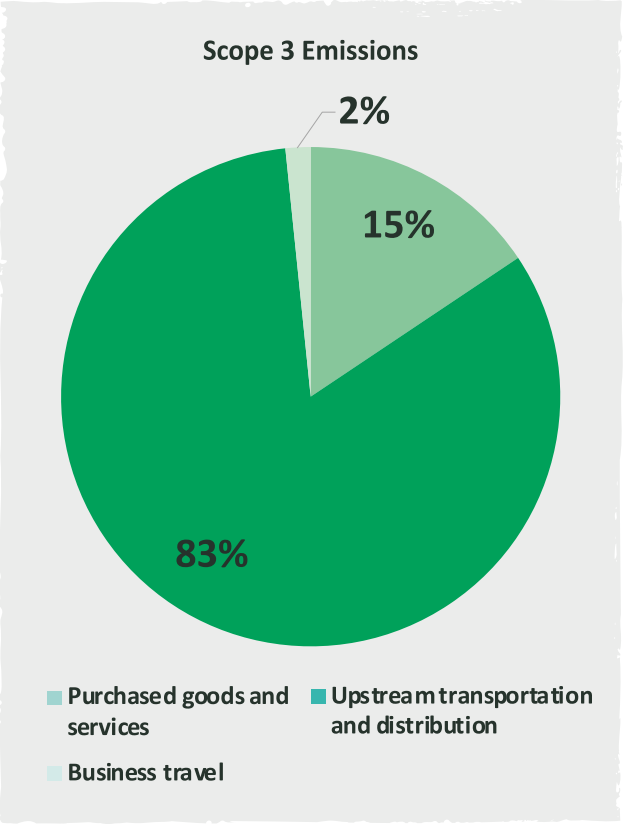
Our direct emissions consist of all emissions directly within the organisation's control and are categorised as Scope 1 and Scope 2. Scope 1 refers to carbon lost through the supply of gas, emitted through heating our buildings, or burned by company-owned vehicles. Scope 2 refers to emissions from purchased electricity. Our FY23 combined Scope 1 and 2 emissions are **1,227,883.11**.



Calculating Scope 3 emissions requires widespread data collection across our entire supply chain, both upstream and downstream.

We have conducted a materiality assessment to understand our scope 3 emissions, and always are also looking at ways to extend our scope 3 coverage. For our most material emissions, we are working closely with suppliers to ensure data accuracy, understand our environmental impact, and identify reduction initiatives.

In FY23, our Scope 3 emissions total **32,263.77** tCO₂e and include Purchased Goods and Services, Upstream Transportation and Distribution, and Business Travel. Key focus areas for our reduction efforts are contractor services and purchased goods, accounting for 83% and 15% respectively.



Our improved material efficiency process saved

4,814.2 tCO₂e in FY23.

Our Route to Net Zero

By 2050, we will reach our net zero ambition. Our journey will be difficult, but we've made good progress by achieving the 'Taking Action' Certification for The Carbon Trust's Route to Net Zero Standard, with a score of 67%.

This recognises our Governance, Implementation, Measurement and Stakeholder Engagement processes for embedding carbon reduction strategies into our operations, and instils our customers, employees, and stakeholders with the confidence of our climate leadership. We are proud to have obtained this certification and continue to strive to be a force for good - for the planet and for the people who depend on it.

We are working towards becoming non-operationally net zero by 2050. (excluding Shrinkage from the gas networks).

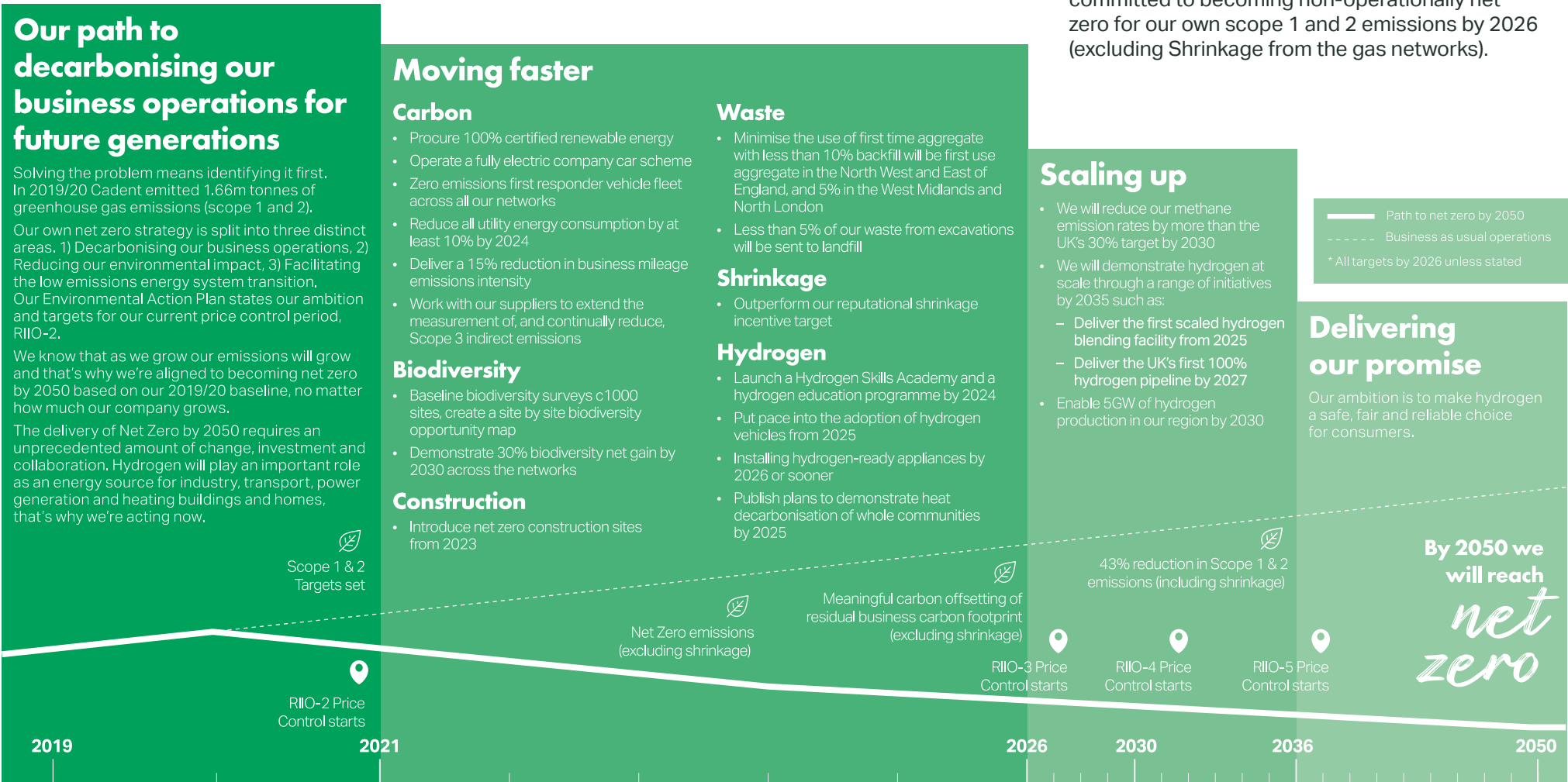
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Our net zero strategy outlines our actions to reach climate targets and reduce emissions. We have committed to becoming non-operationally net zero for our own scope 1 and 2 emissions by 2026 (excluding Shrinkage from the gas networks).



Our *Environmental Action Plan (EAP)*

Our Environmental Action Plan illustrates how we take responsibility for the environmental impacts of our network and business operations and improve our environmental performance throughout the RIIO-2 period.

Through the course of maintaining a safe and resilient our gas network, our operations can impact the environment. To effectively manage the risk and mitigate against negative impacts, we have our IO14001:2015 certified Environmental Management System. To reduce our environmental impact and strive to enhance the environment, we have our Environmental Action Plan (EAP).

Our EAP sets four specific and challenging goals:

- › We will become a net zero emissions organisation.
- › We will become a zero avoidable waste organisation.
- › We will support our employees in reducing their, and their communities', environmental footprint.
- › We will facilitate and determine the role clean gas can play to deliver a cost-effective transition to a low-carbon energy future.

This plan is a clear demonstration of our commitment to reduce our negative impacts on the environment and encourage those we work closely with to commit to more positive development.

You can find more information on our EAP [here](#) and our first Annual Environmental Report detailing progress against this plan [here](#).

Actions

New premises, new promises, and new possibilities

In 2022, we opened our new central office hub at Ansty Business Park bringing departments located in Hinckley, Coventry, and Leicester together under one roof. Our purpose-built 94,000-square-foot office embodies our culture and commitment to a greener, more sustainable future, exceeding all sustainability building regulations.



We're proud our main hub offers the following sustainable, innovative, and future-facing features:

- › Solar panels capable of generating 194 MWh and saving the equivalent of 45 tCO₂e annually.
- › Five living moss walls, proven to reduce stress, increase productivity and improve air quality.
- › Rainwater harvesting to flush toilets and reduce water consumption.
- › LED lighting with room motion sensors and daylight harvesting to save electricity.
- › Recycled or locally sourced materials for the interior, finishes and furniture, where possible. 85% of materials were sourced from local suppliers, located within 100 miles of the build.
- › Limited printing and filing facilities to encourage digital file storage and a paperless office.
- › A brise soleil on the exterior to increase shade and reduce thermal heat gain.
- › Increased shade and reduced thermal heat gain with a brise soleil to minimise air-conditioning usage and save around 20 tCO₂e each year.
- › 11% of parking for electric vehicles, with 67 EV charging points installed.

This sustainable site actively contributes towards a greener future for our business, our employees, and our stakeholders, and we hope to inspire many more companies in the UK to do the same.

Raising our game, rewilding our sites

We need to reduce emissions to deliver a sustainable future. However, increasing biodiversity resilience through restoration and conservation is also key to achieving this, which is why we are committed to enhancing our key sites with the aim of increasing biodiversity net gain. We are using Defra's Metric 4.0 to survey the current extent of biodiversity across our sites and are looking at measures to enhance key sites. Alongside this, we aim to be certified to an external Biodiversity Benchmark standard across flagship sites.

Through new aligned site husbandry measures, we are promoting best practice to keep sites operational and safe, but in ways that reduce our impact on the environment and improve biodiversity. Key site enhancement plans will include approaches such as vegetation and species management, cutting techniques, planting of wildflowers in areas safe to do so, introducing bird boxes, retaining vegetation and habitats, and reducing herbicide use.

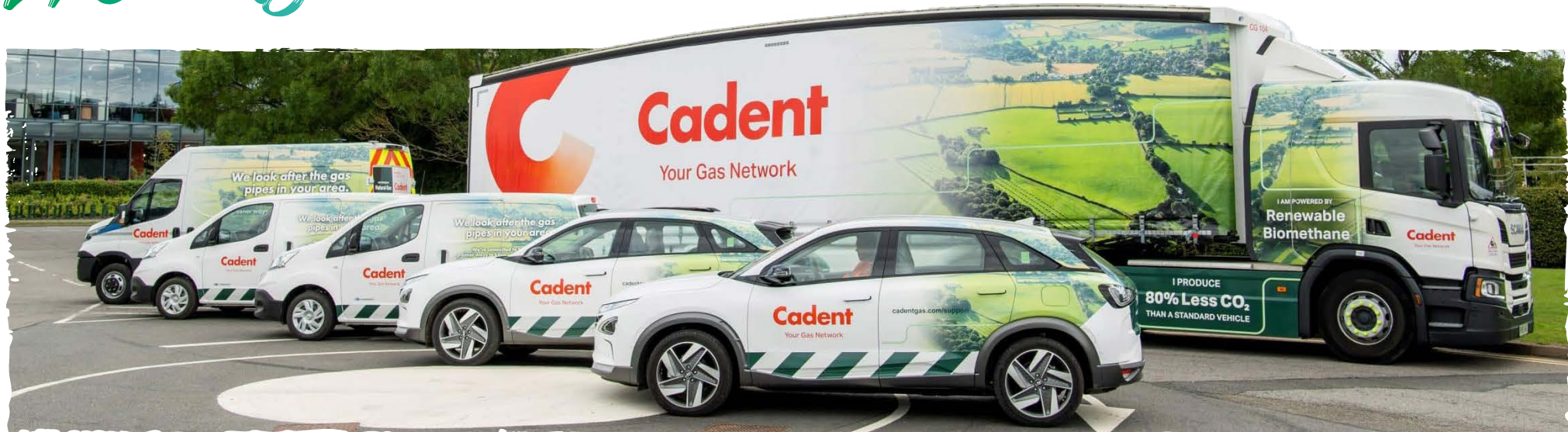
With support and advice from our Site Husbandry Supervisor, we are developing plans that trim back the vegetation and reconsiders the frequency of doing so.

“We can turn these areas into wildflower meadows. In terms of perception, that doesn't look untidy, it looks pretty. Yet it's species-rich grassland which sustains birds, hedgehogs, frogs, toads, insects, bees, butterflies and moths – and you would only need to do one annual cut”.

We are sharing this responsibility with our suppliers too, by highlighting the importance of such work with site maintenance contractors to ensure the updated Land Management and Biodiversity Management Procedure is followed, and enhancement plans are implemented accordingly.



Actions continued



Becoming a *zero-emission* FCO fleet

Our plan to become a zero-emission FCO (First Call Operative) vehicle fleet across all regions by 2026 is fundamental to our net zero ambition. This includes the replacement of up to 2,500 commercial vehicles, and around 950 will be electric vehicles. Our fleet currently consists of 488 EV commercial vehicles, so we are well on our way to achieving our ambition. We are continuously looking at zero-emission options for our vehicles to ensure we transform our entire fleet.

To address gas emergencies nationwide, our engineers must travel, and adopting a greener fleet should not have any adverse effects on the 11 million homes and businesses we cater to. We're working with key players within the industry to ensure

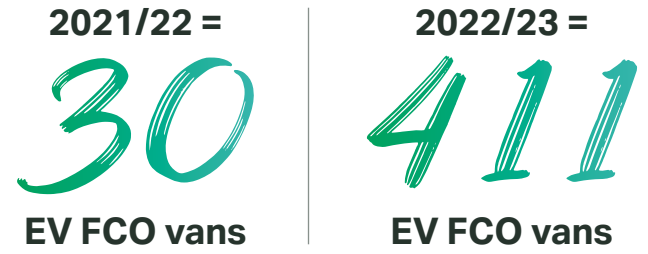
our fleet is at the forefront of what the market can provide, focusing on vehicle acquisition, conversion, maintenance, branding, and future tech.

Accessibility is key to a successful EV fleet, which is why all eligible employees have home charging points installed and resources to access existing public charging infrastructure. Plus, we're encouraging employees to support the rollout by offering EV test drives and launching a series of fleet roadshows at depots across our network.

This helps us meet our net zero ambitions, as well as key safety, compliance, wellbeing, and customer service guarantees. Fleet decarbonisation is an

important journey to embark on and provides an exciting opportunity to drive innovation and encourage the development and supplier of greener vehicle alternatives.

By the end of 2023, Cadent will have five times more EVs on the road than in 2022.



60% less waste across our North West Network

Alongside reducing our environmental impact and greenhouse gas emissions, we're prioritising our waste management. Cadent's North West Network has implemented a comprehensive program to reduce general waste and enhance recycling efforts. This consisted of two parts: assessing existing waste generation and developing targeted improvements.

To understand the composition of general waste created within the network, we examined and sampled several skips to determine any recyclable items or materials within our waste stream. Subsequently, we implemented the waste reduction and recycling segregation program, comprising the following initiatives:



- › **Environmental Champions:** Designated champions appointed at each depot to spearhead waste reduction and increase recycling efforts.
- › **Recycling Facility Review:** Assessment and adjustment of recycling facilities at each depot to ensure adequacy and efficiency.
- › **Behavioural Change Communication:** Initiatives focused on altering behaviour in line with the waste hierarchy, emphasising waste reduction and recycling.
- › **Weekly Feedback Calls:** Regular meetings involving Environmental Champions and our waste management partner, Biffa, to review progress, provide feedback, and identify further areas for improvement.
- › **SMART Objectives:** Development of a detailed plan with Specific, Measurable, Achievable, Relevant, and Timebound (SMART) objectives to enhance accountability and achieve set targets.
- › **Continuous Communication:** Ongoing communication across the network to reinforce the importance of waste reduction and recycling practices.

The program achieved a 64% reduction in general waste across the North West Network and celebrates their collective commitment to a zero-waste future. We hope to expand the program across our other operational regions in the coming years.



Involving our suppliers

Reliability, consistency, and risk management are key factors to consider when assessing the supply chain of a Gas Distribution Network.

Providing the safest and fairest service to our customers is crucial to us, and having a dynamic and engaged supply chain allows us to adapt to changing market conditions, customer demands, and emerging trends.

We have been working very closely with our supply chain during 2022 and 2023. As a distributor, the work our suppliers do constitutes a lot of what we do day-to-day, so it's vital that we engage them in our efforts to improve.

One key action that we're particularly proud of was hosting our Supply Chain Sustainability Conferences, where suppliers were able to network and learn more about our environmental and sustainability agenda, supporting us on our road to net zero, driving down emissions and working towards a circular economy.

Sarah Tobin, from our collaborators at TBL Services, helped to host the day.

"It was really interesting to work with Cadent on their supplier engagement initiatives. As part of the conference, a number of Cadent's suppliers engaged in a workshop identifying the SDGs they could focus their strategies on. We were able to help them establish what they are already doing towards the SDGs and what they could do in the future. It's very reassuring to know that so many in the industry are taking meaningful action to reduce their impacts!"

We have also continued our partnership with the Supply Chain Sustainability School, maintaining our Gold Membership and attending over 43 events, completing over 115 hours of CDP learning, and providing access to 152 unique resources.

Our partners, The Slave Free Alliance, were in attendance on the day to provide assist our supply chain with any concerns or queries on Modern Slavery.



ESG data

Here we present both quantitative and qualitative information on the different environmental, social, governance and supply chain metrics that our business records.

We are following the Global Reporting Initiative’s (GRI) framework for disclosing information on sustainability related matters, and as such have also included a section which covers key information required for reporting to GRI’s Sustainability Reporting Standards.

Environmental metrics

Greenhouse Gas (GHG) emissions

Our emissions have been calculated using the GHG Protocol Corporate Accounting and Reporting Standard.

Category	FY21 (tCO ₂ e)	FY22 (tCO ₂ e)	FY23 (tCO ₂ e)
Gross Scope 1 GHG Emissions	1,310,133.24	1,270,800.80	1,223,337.78
Gross location-based Scope 2 GHG emissions	6446.08	5527.45	4545.33
Gross market-based Scope 2 GHG emissions	0	0	0
Gross Scope 3 GHG emissions	23,489.31	31,655.37	32,263.77
Purchased goods and services	17,777.00	9,881.51	5,060.82
Upstream transportation and distribution	5,706.23	21526.71	26,818.25
Business Travel	6.1	247.15	525.26

**Market-based Scope 2 emissions are 0 based on 100% renewable energy contracts.*

GHG reduction initiatives

GHG reduction initiative	FY23 reduction (tCO ₂ e) (Estimated annual savings)
Company Fleet Transition to Electric	206.1
Oil/natural gas methane leak capture/prevention	47,190.38
Process material efficiency	4,814.2

ESG data continued

Energy consumption within the organisations

	FY21			FY22			FY23		
	Renewable sources (MWh)	Non-renewable sources (MWh)	Total (MWh)	Renewable sources (MWh)	Non-renewable sources (MWh)	Total (MWh)	Renewable sources (MWh)	Non-renewable sources (MWh)	Total (MWh)
Consumption of Energy within organisation	0	33721.526	33721.526	26,032	5,392.46	31,424.46	28,173.19	0	28,173.19
Electricity	0	27648.986	27648.986	26,032	0	26,032.00	23,504.68	0	23,504.68
Heating	0	6072.54	6072.54	0	5,392.46	5,392.46	4,668.51	0	4,668.51

Additional environmental metrics

Category	Data
Percentage of total workforce who received sustainability/ESG-related training over the reporting period.	98%
Percentage of all operational sites for which an environmental risk assessment has been conducted	100%
Percentage of operational facilities certified against ISO14001	100%

ESG *data* continued

Waste data

Our waste data covers waste across all Cadent’s operations.

	Recycling	Landfilling	Other		
				Total waste generated (metric tons)	703,005.15
Hazardous waste diverted from disposal	390.602	14360.104	3152.218	Total waste diverted from disposal (metric tons)	661,797.20
Non-hazardous waste diverted from disposal	661,406.60	17968.491	5,727.32	Total waste directed to disposal (metric tons)	41,208.13

Social metrics

Occupational health and safety

Category	Number of high-consequence work-related injuries (excluding fatalities)	Number of fatalities from:		Number of recordable cases of:		Number of hours worked
		Work-related injury	Work-related ill-health	Work-related injury	Work-related ill-health	
All employees	0	0	0	3	19	12,786,752
All workers who are not employees but whose work and/or workplace is controlled by the organization	0	0	0	2	Not available	11,005,030

Non-compliance issues

No. of non-compliance issues	0
Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	100% of our services are delivered in a safe manner, controlled by Gas Industry Standard Safety Process and Procedures. We do not sell any products.

ESG *data* continued

Employee turnover

Employees, employee hires and employee turnover in FY23 based on head count at the end of the reporting period.

	FY21			FY22			FY23		
Category	Female	Male	Total	Female	Male	Total	Female	Male	Total
Total number of employees	1,306	4,827	6,133	1,263	4,738	6,001	1,348	4,871	6,219
<i>Permanent</i>	1,222	4,764	5,986	1,215	4,699	5,914	1,300	4,827	6,127
<i>Temporary</i>	84	63	147	48	39	87	48	44	92
<i>Non-guaranteed hours</i>	Not Applicable								
<i>Full-time</i>	1,089	4,784	5,873	1,067	4,696	5,763	1,134	4,811	5,945
<i>Part-time</i>	217	43	260	196	42	238	214	60	274
Total number of new employee hires	633	2,092	2,725	197	564	761	241	606	847
<i>Employee aged under 30</i>	308	763	1,071	101	238	339	99	284	383
<i>Employee aged 30-50 years</i>	222	936	1,158	65	248	313	104	247	351
<i>Employee age over 50</i>	103	393	496	31	78	109	38	75	113
Rate of new employee hires	48.47%	43.34%	44.43%	15.60%	11.90%	12.68%	17.88%	12.44%	13.62%
Total number of employee turnover	102	284	386	241	658	899	151	465	616
<i>Employee age under 30</i>	42	67	109	82	166	248	55	127	182
<i>Employee age 30-50 years</i>	30	79	109	115	296	411	68	195	263
<i>Employee age over 50</i>	30	138	168	44	196	240	28	143	171
Rate of employee turnover	7.81%	5.88%	6.29%	19.08%	13.89%	14.98%	11.20%	9.55%	9.91%
Number of workers who are not employees but whose work is controlled by the organisation	N/A	N/A	751	N/A	N/A	288	N/A	N/A	306

ESG *data* continued

Employee diversity and pay

Category	Unit	FY21	FY22	FY23
Board of Directors	% female	17.65%	17.65%	12.50%
	% ethnic minority	Not known	Not known	Not known
	% under 30 years	0%	0%	0%
	% age 30-50 years	41.20%	35.30%	37.50%
	% over 50 years	58.80%	64.70%	62.50%
Leadership	% female	34.93%	37.30%	35.36%
	% ethnic minority	9.87%	10.00%	13.51%
	% under 30 years	4.27%	3.78%	3.60%
	% age 30-50 years	69.86%	72.44%	74.78%
	% over 50 years	25.87%	23.78%	21.62%
All employees	% female	21.29%	21.05%	21.68%
	% ethnic minority	7.78%	8.82%	10.81%
	% under 30 years	24.83%	23.63%	23.03%
	% age 30-50 years	54.18%	55.46%	55.88%
	% over 50 years	20.99%	20.91%	21.09%
UK pay reporting				
Average (mean) gender pay gap	Percentage	13.19%	9.51%	7.89%
Average (median) gender pay gap	Percentage	24.27%	19.44%	16.58%
Average (mean) ethnicity pay gap	Percentage	4.47%	3.15%	1.98%
Average (median) ethnicity pay gap	Percentage	9.11%	4.68%	5.99%

ESG *data* continued

Employees entitled to parental leave

	FY21		FY22		FY23	
Category	Female	Male	Female	Male	Female	Male
Employees entitled to parental leave	3,445	1,032	4,242	1,092	4,349	1,138
Employees that took parental leave	129	76	192	85	180	81
Employees due to return to work after parental leave	129	76	192	85	180	81
Employees that returned to work after parental leave	129	71	192	80	180	79
Employees returning from parental leave in the prior reporting period(s)	100	58	129	71	192	80
Employees retained 12 months after returning to work following a period of parental leave	121	67	183	75	171	77

Collective bargaining

	FY21	FY22	FY23
Employees covered by collective bargaining agreements	83.42%	87.17%	87.59%
Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	There is no risk to freedom of association and collective bargaining.		
Actions taken by the organisation to support rights to exercise freedom of association and collective bargaining	Employees are free to and are not prevented from joining a trade union. Cadent recognise several trade unions (GMB, Unite and UNISON) for the purpose of collective bargaining and as such have forums attended by the company and trade union representatives that meet at least four times a year and may meet more depending upon company activity relating to the collective bargaining agreements i.e. organisational change.		

ESG *data* continued

Training and education

Category	FY21		FY22		FY23	
	Female	Male	Female	Male	Female	Male
Average training hours completed in reporting period	7	29	15	47	12	42
Total employees who received a regular performance and career development review during the reporting period.	82.48%	70.04%	83.45%	76.83%	95.05%	87.01%

Upskilling employees

Training programme	Training programme details
Repair upskilling	NCO2 up to 180mm Main laying upskilling delivered July through to October consisting of 16 courses which provide the underpinning knowledge and skills to undertake 3 on patch assessments and attain a city and guilds qualification leading to registration with EUSR.
Pipelines exhires	Pipelines exhires - Pipelines experienced Hires delivered over an 18-month period, consisting of 35 courses to provide the underpinning knowledge and skills in order to complete 17 on patch assessments to attain competence in Plant Protection and Cathodic protection. The program is accredited by a level 3 NVQ qualification.
FCO experience hires	FCO ex hires are recruited with CCN1 gas core and upskilled via a 4-month program consisting of 17 courses which provide the underpinning knowledge and skills required to attain CESP1, REGT1, MET 1 & Met4 and registration to Cadent's gas safe licence.
Transition assistance programs to support retired or terminated employees	Employees that are retiring are eligible to two pre-retirement days for employees. Cadent has arranged with 'Close Brothers' access to their public retirement programme for those Cadent employees who are preparing for their retirement. The programme includes both face to face seminars and live online webinars, available for both them and their partner/spouse. When employees book onto an event, they are given access to an exclusive retirement hub with further resources, materials and tools that address lifestyle and financial elements of planning for retirement.
Further training	Cadent's training hub (Learning Link) comprised of 475 courses. The courses are devoted to safety or engineering competency associated with specific roles, as well as tailored ESG material. The system prompts all employees to undertake required training programmes, records courses completion, scores and pass marks as appropriate and sets refresher training dates.

ESG *data* continued

Governance metrics:

Economic value generated and distributed

Direct economic value generated in revenue	£2,340,000,000			
	Operating costs	Employee wages and benefits	Payments to providers of capital	Community investment
Economic value distributed	£1,395,000,000	£255,000,000	£455,000,000	£5,627,536
Economic value retained	£490,000,000			

Financial assistance received from government

Type of financial assistance received	Total monetary value of financial assistance received
Grants (for apprenticeship levy)	£1,247,000

Percentage of salary contributed towards benefit or retirement plans

By employee	By employer
Defined Benefit Scheme: 5% Defined Contribution Scheme: 5.1% (Average)	Defined Benefit Scheme: 47.1% Defined Contribution Scheme: 9.98% (Average)

ESG *data* continued

Tax

Tax information for the period 01/04/2022 - 31/03/2023

Tax jurisdiction	Number of employees	Revenues from third party sales	Revenues from intra-group transactions with other tax jurisdictions	Profit/loss before tax	Corporate income tax paid on a cash basis	Corporate income tax accrued on profit/loss
United Kingdom	6,018	£2,340,000,000	£0	£740,000,000	£101,000,000	£97,000,000

Anti-corruption

Percentage of operations assessed for risks related to corruption (%)	Details
100	We have a fraud risk assessment across all of Cadent’s operations, that is regularly reviewed.

Total number of confirmed incidents of corruption.	0
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption.	0
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.	0

ESG *data* continued

Supply chain metrics

Procurement practises

Category	Data
Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation.	99.9% is spent locally with local suppliers.
Geographical definition of local	Cadent operates the gas network within England, and therefore define 'local' as anything British.
Definition of significant locations of operation	Areas within Cadent’s operated networks.

Supplier environmental assessment

Category	Data
Percentage of new suppliers that were screened using environmental criteria.	Following the launch of the Sustainable Procurement Standard GD/CFO/MS/011 in September 2021, all tenders have used a degree of screening for environmental criteria. This means all suppliers are screened for environmental criteria where relevant (100%).
Supplier environment information	Relevant suppliers (contractors for key operational works) are able to report their carbon emissions through the Action Sustainability Tool. Questions to assess the environmental impact of our suppliers are included in tenders since September 2021.

ESG *data* continued

Supplier social assessment

Category	Data
Percentage of new suppliers that were screened using social criteria.	Information is currently unavailable; We plan to engage with our suppliers further on social impacts and values in 2023-2024.
Supplier social information	Information is currently unavailable; Cadent are working towards increasing supplier social assessments. Currently, 100% of suppliers are required to adhere to the Modern Slavery Act and we mandate compliance at the time of PQQ, RFP and Contract. We also conducted a site based and company-based audit for Modern Slavery to identify improvement areas and implement changes.

Supplier engagement

Actions	Description
Building supplier capacity on environmental and social issues	Sustainability Conference and Sustainability Procurement Strategy and Supplier Code of Conduct
Incentivising suppliers on environmental & social performance	Membership to the Supply Chain Sustainability School is offered and encouraged free of charge. Over 90% have joined and regular feedback given on how useful it is for them. A Carbon Calculator is also provided free of charge to our Supply Chain.
Advancing diversity, equity, and inclusion in the supply chain	A survey was offered, funded and encouraged that allowed our entire supply chain to assess their EDI status in 2022. We are now preparing and launching a fresh Procurement Strategy in 2024 that will incorporate this aspect.
Percentage of suppliers that have signed the Supplier Code of Conduct	Over 90% signed on. This is measured and monitored to ensure suppliers have read and support our Code of Conduct.
Percentage of suppliers with contracts that include clauses on environmental and social issues	All contracts have clauses to have carbon reporting where applicable, ban the use of single use plastic packaging since October 2020. Suppliers are encouraged to join the Supply Chain Sustainability School.

ESG *data* continued

GRI alignment responses and information:

GRI disclosure number and title	Response
2-1 Organizational details	Cadent Gas Ltd. Private Entity Ansty Park, Pilot Way, Coventry CV7 9JU. United Kingdom
2-2 Entities included in the organization's sustainability reporting	Reporting Company only.
2-3 Reporting period, frequency, and contact point	Financial year 22/23 Annual Mark.Belmega@Cadentgas.com
2-4 Restatements of information	None
2-5 External assurance	<p>Board-level committee: Provides scrutiny and oversight of the scope, adequacy, and effectiveness of the company's approach to setting and delivering against its sustainability strategy. It also monitors environmental key performance indicators, associated trend data analysis and progress against the RIIO2 Environmental Action Plan.</p> <p>Other C-Suite Officer: Chief Strategy and Regulation Officer - responsibility for setting Cadent's Sustainability Strategy, which includes the approach taken to climate change issues.</p> <p>Chief Executive Officer (CEO): Ultimate responsibility for overseeing the implementation of Cadent's sustainability strategy which includes climate change targets and initiatives.</p> <p>As such, no external verification is sought, and only internal verification occurs.</p>

ESG *data* continued

GRI disclosure number and title	Response
2-6 Activities, value chain and other business relationships	Cadent Gas Ltd. operates in the oil and gas – midstream sector.
2-7 Employees	For details, see table entitled ‘Employee turnover’ under the social metrics section of this report.
2-8 Workers who are not employees	For details, see table entitled ‘Employee turnover’ under the social metrics section of this report.
2-9 Governance structure and composition	For details, see the section entitled ‘Governance’ in this report.
2-10 Nomination and selection of the highest governance body	<p>The Nomination Committee is responsible for reviewing the long and short-term strategy and plans for succession of all Executive Directors, members of the Executive Committee, the Chair and the Sufficiently Independent Directors, in conjunction with our investors. In doing so, the Committee keeps under review the balance and diversity of skills, knowledge, experience of Board members and those in these roles. The Committee also reviews and provides guidance on the company’s Talent and Succession Strategy, including reviewing plans relating to roles reporting into the executive team and their direct reports.</p> <p>The Committee has three categories of business, upon which it makes recommendations to the Board. Firstly, in respect of potential candidates to fill Executive and Sufficiently Independent Director roles as and when they arise, or to fill strategic appointment requirements; secondly in relation to the terms of the proposed service contracts of Executive Directors or Sufficiently Independent Directors, including their initial remuneration package (in line with existing approved remuneration policies and in conjunction with the Remuneration Committee); and thirdly on any matters relating to the continuation in office of any Executive Director or Sufficiently Independent Director (including the suspension or termination of service). In conducting its business, the Committee will take soundings from the Chief Executive Officer and seek guidance from the Chief People Officer, General Counsel & Company Secretary and outside advisers and consultants, as appropriate.</p>
2-11 Chair of the highest governance body	The chair of the highest governing body is not also a senior executive in the organisation.

ESG *data* continued

GRI disclosure number and title	Response
2-12 Role of the highest governance body in overseeing the management of impacts	In performing its principal role to promote the success of the company, the Board considers a range of factors and stakeholder interests. Pursuant to the Companies (Miscellaneous Reporting) Regulations 2018, the company applied the Wates Corporate Governance Principles for Large Private Companies during this year, with the Board’s oversight. Our Board’s continuing philosophy is to uphold the highest standards of corporate governance appropriate to its size, the essential public service it provides and the regulatory framework that applies to it. We recognise that doing so is fundamental to our ability to deliver against our purpose, values and commitments.
2-13 Delegation of responsibility for managing impacts	The Board has approved a matrix of Delegations of Authority that sets out which key matters (within clearly defined monetary limits) may be authorised at various levels of the governance framework, from those matters reserved to the investor shareholders of TopCo, to those reserved to the Board, or delegated to the Chief Executive Officer and Chief Finance Officer and sub-delegated to other members of management. This is reviewed annually to ensure it remains appropriate. The Board has also established several committees to carry out specific duties. This allows the Board to operate more efficiently, concentrating on providing leadership and decision-making for the business. We are dedicated to making sure that both the Board and its committees are clear on their roles and are supported to ensure the Board can provide an appropriate level of focus and consideration to relevant matters. Each of our committees has Board-approved terms of reference setting out their respective remits, and these terms of reference are kept under regular review including to reflect emerging best practice.
2-14 Role of the highest governance body in sustainability reporting	<p>Board-level committee: Provides scrutiny and oversight of the scope, adequacy, and effectiveness of the company’s approach to setting and delivering against its sustainability strategy. It also monitors environmental key performance indicators, associated trend data analysis and progress against the RII02 Environmental Action Plan.</p> <p>Other C-Suite Officer: Chief Strategy and Regulation Officer - responsibility for setting Cadent’s Sustainability Strategy, which includes the approach taken to climate change issues.</p> <p>Chief Executive Officer (CEO): Ultimate responsibility for overseeing the implementation of Cadent’s sustainability strategy which includes climate change targets and initiatives.</p>
2-15 Conflicts of interest	Given the composition of the Board, with Non-Executive Shareholder Nominated Directors, we are aware that potential conflicts of interest may arise. Our Directors are conscious of their statutory duties in relation to conflicts of interest and their duty to make the Board aware of any situations which may create a conflict of interest. The General Counsel and Company Secretary maintains a register of Directors’ interests and the Board reviews and considers any potential conflicts of interest as they arise.

ESG *data* continued

GRI disclosure number and title	Response
2-16 Communication of critical concerns	<p>Critical concerns are communicated to the Boad. This year, the Board planned and held six formal meetings, and in addition, the following meetings were held which covered some of the organisation's concerns:</p> <ul style="list-style-type: none">• Two Strategy days held in June and November 2022, focusing on Cadent's Future of Gas Programme.• Two 'meet and greet' sessions; manager's session in September 2022 and ED&I session in January 2023.• Five focussed sessions covering the energy price crisis (June and August 2022), RIIO-3 (September 2022 and January 2023) and the Hydrogen Village (March 2023).
2-17 Collective knowledge of the highest governance body	<p>Cadent updates it's Board and Director's skills matrix annually. This was last updated in November 2022. Members are asked to complete a section entitled "CSR/ESG/Sustainability" where they are asked to list relevant experience and/or qualifications. Currently nine Board members have experience/qualifications/competence relating to climate-related issues.</p>
2-18 Evaluation of the performance of the highest governance body	<p>Audit & Risk Committee The Committee's focus this year was on ensuring management continued to deliver against its strategic plans in a resilient and sustainable way despite the instability in the wider political and macroeconomic environment. This meant the Committee both challenged and supported management in considering the robustness of current controls, and the response to our key risk in relation to the future role of hydrogen in the developing green economy.</p> <p>The Committee received regular reports in respect of the ever-increasing cyber threat and noted that there had been a significant increase in the company's controls in this area, leading it to reach baseline compliance with the Cyber Assessment Framework (CAF). The Committee was particularly pleased to note, that these improvements were not just in relation to controls owned by the IT function, but that the entire organisation had been engaged. The Committee, reinforced with management the need for ongoing improvements to keep pace with the ever developing profile of the cyber threat including the resilience of the Company's suppliers.</p> <p>The Committee reviewed risk from a range of perspectives including risks with a high residual potential, emerging risks and risks with a catastrophic potential (i.e. High Impact, Low Likelihood (HILL) risks). It took an active role in gaining assurance that risk, including opportunity risk, is being responded to in line with the company's risk appetite, using the three lines of defence model.</p> <p>Throughout the year the Committee ensured that management was taking action to address the risk of climate change, including the Company's adaptation to it. Beyond this, the Committee was focused on the plans and actions management had in place to address the company's key risk, and opportunity, in relation to the role of hydrogen as part of the green economy. Related to this the Committee was pleased to see management's continued focus on Environmental, Social and Governance (ESG) matters, and received both reports and audits related to these areas.</p>

ESG *data* continued

GRI disclosure number and title	Response
2-18 Evaluation of the performance of the highest governance body	<p>Looking to the year ahead, the Committee's priorities will be on ensuring management continue to deliver against its RIIO-2 plans whilst remaining mindful of the needs of its customers facing the ongoing 'cost of living crisis'. The Committee will also continue to ensure management work to enhance the company's resilience, especially to external events, whilst focusing on the key role the company has to play in the UK's transition to hydrogen as part of responding to climate change.</p> <p>Role and composition of the Audit & Risk Committee: The Audit & Risk Committee plays an important governance role on behalf of the Board, dedicated to giving assurance to the Board that internal control and risk management systems are reliable and that Cadent reports appropriately on financial performance, including consideration of climate related risk.</p> <p>The Committee is appointed by the Board, with a minimum requirement of three Non-Executive Directors, two of whom shall be investor nominated Non-Executive Directors; and one member must be a Sufficiently Independent Director, bringing independent challenge. Dr Catherine Bell CB, and (from November 2022) Paul Smith, performed this latter role. Key to the successful operation of the Committee is the requirement that one member is a financial expert with recent and relevant experience and Mark Braithwaite, as Chair, brings this experience to the Committee.</p> <p>For the remaining key judgements and estimates, the Committee was satisfied with the assumptions made and the accounting treatments adopted.</p>
2-19 Remuneration policies	<p>Annual salary review and policy application for 2023/24 The Committee reviewed salaries for the Executive Directors during the year, taking into account the salary increases across the workforce, and external factors such as market data on salary increases and inflation data.</p> <p>It was agreed that the salaries of Steve Fraser, Howard Forster and Anthony Bickerstaff should be increased by 5%, 8% and 4% respectively, with effect from 1 July 2023. The resulting salaries will therefore be £668,304 for Steve Fraser, £374,434 for Howard Forster and £400,192 for Anthony Bickerstaff. These increases, which are considerably lower than the increases for employees across the business, reward the performance of the executive directors and ensure that salaries remain market-aligned.</p> <p>Policy on recruitment remuneration Salaries for new Executive Directors appointed to the Board will be set in accordance with the terms of the remuneration policy at the time of appointment, and in particular will take account of the appointee's skills and experience as well as the scope and market rate for the role.</p>

ESG *data* continued

GRI disclosure number and title	Response
2-19 Remuneration policies	Where appropriate, salaries may be set below market level initially, with the Committee retaining discretion to award increases in salary in excess of those of the wider workforce and inflation to bring salary to a market level over time, where this is justified by individual and Company performance.
	Benefits consistent with those offered to other Executive Directors under the remuneration policy at the time of appointment will be offered, taking account of local market practice. The Committee may also agree that the Company will meet certain costs associated with the recruitment, for example legal fees, and the Committee may agree to meet certain relocation expenses or provide tax equalisation, as appropriate.
	Pensions for new Executive Directors appointed to the Board will be set in accordance with the terms of the remuneration policy at the time of appointment.
	Ongoing incentive pay (STIP and LTIP) for new Executive Directors will be in accordance with the remuneration policy at the time of appointment.
	For an externally appointed Executive Director, the Company may offer additional cash payments that it considers necessary to buy out current entitlements from the former employer that will be lost on recruitment to Cadent. Any such arrangements would reflect the delivery mechanisms, time horizons and levels of conditionality of the remuneration lost. In order to facilitate buy-out arrangements as described above, existing incentive arrangements will be used to the extent possible.
	In exceptional circumstances, the Committee may use discretion to grant an additional short or long term incentive award on joining, where it believes such an award is necessary to secure the recruitment of an Executive Director.
	For an internally appointed Executive Director, any outstanding variable pay element awarded in respect of the prior role will continue on its original terms.
	Fees for a new Chair or Non-Executive Director will be set in line with the policy at the time of appointment.

ESG *data* continued

GRI disclosure number and title	Response
2-20 Process to determine remuneration	The Remuneration Committee is responsible for recommending to the Board the remuneration policy for Executive Directors and the other members of the Executive Committee and for the Chair, and for implementing this policy. The aim is to align remuneration policy to Company strategy and key business objectives and ensure it reflects our shareholders', customers', and regulator's interests.
	The following principles govern our approach to remuneration policy for our Executive Directors, and are unchanged since last year:
	<ul style="list-style-type: none">• Alignment with Cadent's strategy: the Executive Directors' remuneration package should be strongly linked to the achievement of stretch targets that are seen as indicators of the execution of Cadent's strategy in the short and long term. Targets should be set with an emphasis on providing long term and sustainable positive outcomes for our stakeholders, in particular our customers.• Pay for performance: the majority of the Executive Directors' remuneration should be linked directly to Cadent's performance through variable pay schemes. The structures should incentivise both collective and individual performance, reinforcing the skills, behaviours and values which underpin our future success.• Competitiveness: remuneration levels should be determined by reference internally against Cadent senior management and externally against companies of comparable size, complexity, and scope to enable Cadent to attract and retain key talent.• Consistency: the remuneration structure for Executive Directors should generally be consistent with the remuneration structure for Cadent's senior management, whilst retaining flexibility to react to necessary changes within the organisation and externally. This consistency builds a culture of alignment with Cadent's purpose and a common approach to sharing in Cadent's success.• Simplicity: remuneration arrangements should be simple, clear, valued and easy to understand (both by participants and external stakeholders in relevant remuneration disclosures). This includes the structure and associated performance targets
2-21 Annual total compensation ratio	For details, refer to Cadent's Annual Report 2022/23, pages 89 – 101.
2-22 Statement on sustainable development strategy	For details, see the section entitled 'Welcome' at the beginning of this report.

ESG *data* continued

GRI disclosure number and title	Response
2-23 Policy commitments	<p>For details on our policy commitments, refer to the following documents:</p> <p>Modern Slavery Statement: https://cadentgas.com/nggdwsdev/media/Downloads/about/Cadent-Gas-Modern-Slavery-Report-2023.pdf</p> <p>Always Doing the Right Thing: https://cadentgas.com/nggdwsdev/media/Downloads/about/Always-Doing-the-Right-Thing-October-2019.pdf</p>
2-24 Embedding policy commitments	<p>‘Always Doing the Right Thing’ is Cadent’s ethical code of conduct - it is a mandatory part of all induction processes and mandatory refresher training and permeates all that Cadent does at all levels of the business. It follows that strategy set by the Executive Team (with oversight by the Cadent Board) and policies and procedures, which are reviewed through the Policy Approval Committee and sub-committees all have regard to ADtRT as part of the structured review of policies/standards/ procedures and any revisions. (See ‘Our Policies’ here: https://cadentgas.com/about-us/reports-and-publications)</p>
2-25 Processes to remediate negative impacts	<p>For details, see our ‘Speaking up policy’ here: https://cadentgas.com/nggdwsdev/media/Downloads/about/Speaking-Up-policy.pdf</p>
2-26 Mechanisms for seeking advice and raising concerns	<p>For details, see our ‘Speaking up policy’ here: https://cadentgas.com/nggdwsdev/media/Downloads/about/Speaking-Up-policy.pdf</p>
2-27 Compliance with laws and regulations	<p>No significant instances of non-compliance have been reported.</p>
2-28 Membership associations	<p>Cadent Gas Ltd. has close working partnerships with the Energy Networks Association, Energy Innovation Centre and with DESNZ, Ofgem and third parties to share innovations and implement best practice.</p>

ESG *data* continued

GRI disclosure number and title	Response
2-29 Approach to stakeholder engagement	<p>Engagement sits at the heart of our strategy to deliver our vision. We have engaged with over 30,000 customers across 33 segments using over 50 engagement techniques. We have embraced a framework that recognises a hierarchy of needs. We have sought insight on customer needs, present and future, conscious and unconscious, as well as insight from stakeholders and experts in the areas of our propositions. We have followed an ‘innovative’ six-phase process, recognising the unique and diverse nature of our customer and stakeholder base. Our engagement incorporates best practice and learning from multiple industries. Our Business Plan commitments have been shaped and revised based on the feedback from our engagement programme. We have had effective challenge from our CEG and as a result we have modified our approach. Our plan has been substantially shaped by the results of our engagement with changes noted from July to October and again from October to December. We have made a long-term commitment to enhanced engagement. More information and in depth detail can be found in our business plan: https://cadentgas.com/about-us/our-company/business-plan</p>
2-30 Collective bargaining agreements	<p>For details, see the table entitled ‘Collective bargaining’ under the social metrics section of this report.</p>
201-1 Direct economic value generated and distributed	<p>For details, see the ‘Economic value generated and distributed’ tables under the governance metrics section of this report.</p>
201-2 Financial implications and other risks and opportunities due to climate change	<p>Full details of the climate-related risks and opportunities the organisation faces are available in the annual report and accounts on pages 39-46. The financial impact of each risk / opportunity identified and described there aligns with our internal risk management framework, with ‘very significant’ risks representing an impact of typically >£25m, ‘major’ risks representing an impact of typically £8-25m, ‘moderate’ risks representing an impact of typically £3-8m and ‘minor’ risks representing an impact of typically £500k-£3m.</p>
201-3 Defined benefit plan obligations and other retirement plans	<p>Information currently unavailable.</p>
201-4 Financial assistance received from government	<p>Details provided in table entitled ‘Financial assistance received from government’. No government is present in the shareholder structure of the organisation.</p>

ESG *data* continued

GRI disclosure number and title	Response
204-1 Proportion of spending on local suppliers	Cadent operates the gas network within England therefore our definition of local is anything British. The organisation's definition of 'significant locations of operation' is areas within Cadent operated networks. For further details, see the table entitled 'procurement practises' under the supply chain metrics section of this report.
205-1 Operations assessed for risks related to corruption	Information currently unavailable.
205-2 Communication and training about anti-corruption policies and procedures	Cadent's Counter-Fraud, Bribery and Corruption policies are available on our external website. In addition to this, all of our suppliers are required to sign up to and confirm compliance with our Supplier Code of Conduct, which can also be found on our website. Within this, amongst other things, we state that: we will not tolerate poor ethical standards from our suppliers; we have a zero tolerance approach to fraud, bribery, corrupt business practices, and tax evasion; and we expect our suppliers to have in place procedures to prevent these things (and reserve the right to review such procedures).
205-3 Confirmed incidents of corruption and actions taken	There were no confirmed incidents of corruption in the reporting year.
206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	There were no legal actions relating to anti-corruption in the reporting year.
207-1 Approach to tax	<p>Tax is considered in all of the significant commercial transactions we undertake. The tax team actively collaborate and consult with the relevant business teams to ensure that relevant and timely taxation advice is considered and factored into our commercial activities. As a responsible taxpayer we claim the appropriate UK tax deductions, reliefs, credits and exemptions available to us in accordance with UK tax legislation</p> <p>During the year and in accordance with our obligations under Finance Act 2016 Schedule 19, we published our Tax Strategy statement (which can be found on the corporate governance pages of cadentgas.com). We are committed to being a responsible and compliant taxpayer and the Tax Strategy statement sets out our approach to a number of key tax policies including our approach to tax governance and risk management, our attitude towards tax planning, our risk appetite in relation to UK taxation and our approach to dealing with HMRC. Following the business review carried out by HMRC in the year we have been given a low risk rating.</p>

ESG *data* continued

GRI disclosure number and title	Response
207-2 Tax governance, control, and risk management	<p>Our Chief Financial Officer (CFO) and Director of Finance are responsible for developing the tax strategy which is approved by the Board and ensuring we are compliant with our tax obligations. They are supported by the tax team who have detailed knowledge of UK taxation matters which affect us. Given the complexity of tax rules and their constantly changing nature we ensure that all of the tax team keep up to date with professional development in tax and related areas. We aim to be fully compliant with UK tax legislation and ensure that tax risks are identified and managed appropriately. Decisions on significant UK tax matters are taken against a Board approved delegations framework, ensuring appropriate oversight to tax matters which can represent a significant cost.</p> <p>On significant matters we also seek external advice from our advisers, whether because of the complexity of UK tax rules or uncertainty as to their application to our business and as part of an open and transparent approach we also engage with HMRC in these instances. We have clearly defined risk management procedures throughout the business and any tax risks identified are managed within this process. We categorise risks based on the likelihood of occurrence together with their likely financial and reputational impact and this allows for escalation of tax risks as appropriate to the CFO and the Board where necessary. We ensure that risk registers are maintained and updated for new and existing tax risks on a regular basis and report these through the companywide risk management procedure.</p> <p>Tax is considered in all of the significant commercial transactions we undertake. The tax team actively collaborate and consult with the relevant business teams to ensure that relevant and timely taxation advice is considered and factored into our commercial activities. As a responsible taxpayer we claim the appropriate UK tax deductions, reliefs, credits and exemptions available to us in accordance with UK tax legislation</p> <p>As a large, regulated business our appetite for risk in connection with UK taxation is low. In assessing the level of tax risk in a particular commercial transaction we look at the issue holistically and ensure that potential reputational impacts with HMRC, OFGEM and customers are assessed together with the potential economic position in arriving at our assessment of risk.</p> <p>Our relationship with HMRC is very important to us. We aim for a constructive relationship with HMRC, sharing information on the business and tax issues in an open and timely manner. We aim to minimise uncertainty and disputes with HMRC and therefore proactively engage with HMRC, entering into real time dialogue where possible. If any errors are identified, we aim to disclose these to HMRC as soon as practicable and settle any tax liabilities which may arise as a result. As a very large business and employer in the UK, we also take an active part in shaping future UK tax policy where we can, responding to HMRC consultations and other proposals on UK tax policy which may impact the group</p>

ESG *data* continued

GRI disclosure number and title	Response
207-3 Stakeholder engagement and management of concerns related to tax	The Board is committed to stakeholder engagement and the Directors take their responsibilities and duty to them under Section 172 of the Companies Act 2006 seriously. You can read more about the Board’s approach to stakeholder engagement in our Section 172 Statement in the Strategic report on pages 50 to 54.
207-4 Country-by-country reporting	For details, see the table entitled ‘Tax’ under the governance metrics section of this report.
302-1 Energy consumption within the organization	For details, see the table entitled ‘Energy consumption within the organisation’ under the environmental metrics section of this report.
302-2 Energy consumption outside of the organization	Information currently unavailable.
302-3 Energy Intensity	Information currently unavailable.
302-4 Reduction of energy consumption	Information currently unavailable.
304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Information currently unavailable.
304-2 Significant impacts of activities, products and services on biodiversity	Information currently unavailable.
304-3 Habitats protected or restored	Information currently unavailable.

ESG *data* continued

GRI disclosure number and title	Response
304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Information currently unavailable.
305-1 Direct (Scope 1) GHG emissions	For details, see the table entitled ‘Greenhouse Gas (GHG) emissions’ under the environmental metrics section of this report.
305-2 Energy indirect (Scope 2) GHG emissions	For details, see the table entitled ‘Greenhouse Gas (GHG) emissions’ under the environmental metrics section of this report.
305-3 Other indirect (Scope 3) GHG emissions	For details, see the table entitled ‘Greenhouse Gas (GHG) emissions’ under the environmental metrics section of this report.
305-4 GHG emissions intensity	Information currently unavailable.
305-5 Reduction of GHG emissions	For details, see the table entitled ‘GHG reduction initiatives’ under the environmental metrics section of this report.
305-6 Emissions of ozone-depleting substances (ODS)	Information currently unavailable.
305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Information currently unavailable.
306-1 Waste generation and significant waste-related impacts	Information currently unavailable.
306-2 Management of significant waste related impacts	Information currently unavailable.
306-3 Waste generated	For details, see the table entitled ‘Waste data’ under the environmental metrics section of this report.

ESG *data* continued

GRI disclosure number and title	Response
306-4 Waste diverted from disposal	For details, see the table entitled 'Waste data' under the environmental metrics section of this report.
306-5 Waste directed to disposal	For details, see the table entitled 'Waste data' under the environmental metrics section of this report.
308-1 New suppliers that were screened using environmental criteria	For details, see the table entitled 'Supplier environmental assessment' under the social metrics section of this report.
308-2 Negative environmental impacts in the supply chain and actions taken	Information currently unavailable.
401-1 New employee hires and employee turnover	For details, see the table entitled 'Employee turnover' under the social metrics section of this report.
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Information currently unavailable.
401-3 Parental leave	For details, see the table entitled 'Employees entitled to parental leave' under the social metrics section of this report.
402-1 Minimum notice periods regarding operational changes	Information currently unavailable.

ESG *data* continued

GRI disclosure number and title	Response
403-1 Occupational health and safety management system	<p>The Safety, Health, Environment and Security (SHES) Management System (SHES MS):</p> <ul style="list-style-type: none">• Describes the arrangements that ensures SHES is being managed throughout Cadent.• Provides a framework which enables us to comply with UK Legislation and drive continuous improvement, and is supported by Supplementary Documents and other document types throughout the organisation.• Applies to everyone employed by Cadent where directed to work on its undertakings. Our contractors are expected to meet a similar standard, but do not have to follow our procedures.• Conforms to the requirements of the international standards ISO 14001 Environmental Management System Standard. As a regulated Gas Company, Cadent is also required to have a "Safety Case", which is a document which sets out how we safely transport gas through our network, which is then approved by the HSE.
403-2 Hazard identification, risk assessment, and incident investigation	<p>Cadent ensure effective risk assessment systems are in place to systematically identify and eliminate or control the different safety, health, environmental and engineering risks associated with its activities.</p> <p>Cadent operates a number of risk assessment processes:</p> <ul style="list-style-type: none">• The business risk process.• Systems to identify and manage workplace hazards.• Specialist quantified risk assessment systems used in association with high-pressure pipeline and distribution mains replacement. <p>The Business Risk Process is used to prioritise the application of Safety, Health, Environment and Engineering Management Systems.</p> <p>This includes the prioritisation of:</p> <ol style="list-style-type: none">1. Resources to eliminate, reduce, isolate or control the threats.2. Monitoring systems to assess the implementation of controls.3. Audit programme to assess the effectiveness of controls. <p>The Cadent process for identifying and managing workplace hazards includes systems for the assessment of workplace hazards, details of precautions to be applied and the development of an action plan to improve the management of workplace hazards by either elimination, reduction, isolation or the introduction of additional control measures. All Cadent employees are made aware of the importance of assessing hazards and minimising risks irrespective of the type of work or environment they work in.</p>

ESG *data* continued

GRI disclosure number and title	Response
	<p>Documented hazard identifications are carried out for all operations including:</p> <ul style="list-style-type: none">• Operational activities on the gas network.• Travelling• Procurement• Design/planning• Contractor activities• Activities n the offices, workshops, warehouses, training centers and depots. <p>And cover issues such as:</p> <ul style="list-style-type: none">• Plant and work equipment• Processes and procedures• Materials, substances, and chemicals• Personal protection equipment
403-3 Occupational health services	<p>In line with our Safe & Well framework, we recognise the importance of good physical and mental health and promoting positive wellbeing so that our people can thrive. We appreciate the need to understand health risks, both work-related and none work related so that we can mitigate these risks, provide pro-active prevention and early identification and intervention for any ill health.</p> <p>Cadent have an internal team of occupational health professionals who help to assess and manage occupational health risks, conduct health surveillance and case management.</p> <p>Health risks associated with the work that people do are identified through our job role health matrix. These health risks are incorporated into the SHES management system and the management procedures define the standards required to ensure these risks are controlled within Cadent. The main Occupational Health management procedures include, DSE, Hearing Protection, Hand Arm Vibration and Occupational Health arrangements.</p> <p>The OH team conduct a health surveillance programme to monitor our employees exposed to health hazards such as noise and vibration. The programme assures that our controls defined in the procedures are adequately controlling the risk and it ensure early detection of any potential occupational illness.</p> <p>We also conduct health monitoring from pre-employment and safety critical medicals to ensure our employees remain fit for their roles.</p>

ESG *data* continued

GRI disclosure number and title	Response
	<p>Occupational health also offer management referrals where If you are struggling with your mental or physical health due to work related issues, or if it is impacting on your ability to undertake your job then you should inform your line manager who can make an occupational health referral which may lead to advice and access to further support</p> <p>Cadent also offer a large suite of health and wellbeing services including:</p> <p>The employee assistance programme: a free confidential service that can provide signposting support to colleagues and their immediate family over on a range of topics such as Emotional Support, counselling, Financial Advice and Legal information.</p> <p>Mental health first aiders provide initial support and signposting for people experiencing signs or symptoms of mental health issues</p> <p>Physiotherapy: Access to telephone and face to face physiotherapy treatment</p> <p>Financial Wellbeing: Our financial wellbeing provider Salary Finance has collated a list of resources, to help if you are worried about paying bills, the cost of everyday essentials, paying off debt or having limited savings.</p>
403-4 Worker participation, consultation, and communication on occupational health and safety	<p>Safety and Engineering Committee</p> <p>The role of the Safety Committee is to assist the Board by providing assurance regarding the scope, adequacy and effectiveness of the Company’s management of safety. The Committee reports to the Board on its proceedings and makes recommendations it deems appropriate on any area within its remit.</p> <p>The Committee is appointed by the Board and comprises two Shareholder Nominated Directors (membership having been reviewed and revised following the Board Effectiveness review in July 2022) and two Sufficiently Independent Directors</p> <p>These occur monthly.</p> <p>A key element of the Committee’s work is maintaining oversight of the company’s approach to managing and progressing safety performance. To assist it in doing so, the Committee receives a number of reports at each meeting including a summary of safety performance, a detailed process safety review and incident reports and, importantly, resultant actions taken. The Committee also took the opportunity to see safety management first hand through a series of site visits. Feedback from the visits was shared with the management team to inform their approach to future works.</p>

ESG *data* continued

GRI disclosure number and title	Response
	We also have local, network and then corporate Trade Union Health and Safety committee meetings, where employees are represented by HS TU Reps. The corporate meetings are also attended by the Director of SHES, the HEad of Safety and the HEad of Health and Wellbeing. These meetings discuss topics brought ot the meeting by either the company or TU reps and decisions made to drive improvements.
403-5 Worker training on occupational health and safety	All our employees all receive a suite of basic awareness training including basic safety awareness, but then those in operational roles have role specific curriculum which set out minimum standards of training and competency. These training requirements are then checked in an regular review with their manager to ensure that they still address the tasks are risks that the colleague is involved with, and that they are competent to undertaken the task.
403-6 Promotion of worker health	<p>Our Employee Assistance Program (EAP) is a valuable workplace resource designed to support employees in various aspects of their lives. EAP's provide confidential and professional assistance to employees facing personal or work-related challenges, such as stress, mental health issues, financial concerns, or family difficulties.</p> <p>Using this service can help our employees navigate life’s challenges more effectively, reducing stress, improving mental health, and enhancing work-life balance. It’s a confidential and free service that demonstrates our commitment to well-being and success in and outside of the workplace.</p> <p>At Cadent, we believe in the importance of the health and wellbeing of all our colleagues and their families, and our offering just keeps getting better! With such busy and on-the-move schedules, setting time aside for wellbeing can be hard. As part of our My Choices benefits programme we’ve partnered with Gympass to make wellbeing accessible for everyone.</p> <p>Virtual GP is a free benefit which allows employees to book a video conference or telephone call appointment with an experienced GP at a convenient time. It includes immediate family members who live at the same addresses too.</p>
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<p>HSE guidance states: ‘Employers who control a number of similar workplaces containing similar activities may produce a ‘model’ risk assessment reflecting the core hazards and risks associated with these activities’.</p> <p>Following this principle, Cadent has developed a series of 3rd generation risk assessments.</p> <p>Managers and supervisors shall ensure that the 3rd generation risk assessment is broadly appropriate for the type of work being carried out and shall apply these risk assessments. These risk assessments shall be reviewed and assessed to take into account any additional onsite hazards and it shall be converted into a site-specific risk assessment.</p>

ESG *data* continued

GRI disclosure number and title	Response
403-8 Workers covered by an occupational health and safety management system	The SHES MS applies to everyone employed by Cadent, either directly or via contract, where directed to work on its undertakings. It address the means by which we comply with our legal obligations and conform to the requirements of the international standards ISO 14001 Environmental Management System Standard and ISO 45001 The Occupational Health and Safety (OH&S) Management System, which are commonly used to provide a framework for SHES management. The SHES MS specifies mandatory requirements for higher levels of management, with business functions retaining the responsibility for the implementation of procedures in compliance with Cadent Policy and elements of policy, which are made explicit in management procedures and work procedures.
403-9 Work-related injuries	<p>Our main cause of injury is slips, trips and musculoskeletal injuries. In the last few months we have shared messages around key root causes in relation to these incidents and these have been delivered through briefings to colleagues. The most significant hazards are, for example:</p> <ul style="list-style-type: none">-Working in Confined Spaces- Working with natural gas- Risk of striking underground services- Falls from height <p>These have been identified through risk assessment and bow tie analysis.</p> <p>We are currently working on a new focus relating to these safety critical risks. Having now identified them, we will focus on delivering assurance around the key controls for these risks.</p> <p>The main work-related illness are Hand arm vibration or Carpel Tunnel Syndrome as a result of working with vinrating tools. Some of these are from previous employment or a long history of exposure. We manage the risks of vibration by eliminating and reducing exposure through a number of methods such as job rotation, planning work, improved tooling and using automation such as diggers/peckers.</p> <p>Health surveillance is provided to all employees exposed to vibration to ensure early detection and to assure the controls in the management procedure.</p> <p>We have a HAV working group to continually improve how we manage and reduce vibration risk.</p>
403-10 Work-related ill-health	We only provide Occupational Health services for our own employees but our contractors are encouraged and expected to provide access to health surveillance and OH services as required. We conduct pre-employment assessments for all new employees to Cadent, and baseline health assessments when required, this also applies for any TUPE arrangements.

ESG *data* continued

GRI disclosure number and title	Response
404-1 Average hours of training per year per employee	For details, see the table entitled 'Training and education' under the social metrics section of this report.
404-2 Programs for upgrading employee skills and transition assistance programs	For details, see the table entitled 'Upskilling employees' under the social metrics section of this report.
404-3 Percentage of employees receiving regular performance and career development reviews	For details, see the table entitled 'Training and education' under the social metrics section of this report.
405-1 Diversity of governance bodies and employees	For details, see the table entitled 'Employee diversity and pay' under the social metrics section of this report.
405-2 Ratio of basic salary and remuneration of women to men	For details, see the table entitled 'Employee diversity and pay' under the social metrics section of this report.
406-1 Incidents of discrimination and corrective actions taken	No incidents of discrimination leading to a upheld claim occurred. With regards to taking corrective actions, we are currently developing the reporting process further.
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No operations or suppliers in which the right to freedom of association and collective bargaining may be at risk have been identified.
414-1 New suppliers that were screened using social criteria	This information is currently unavailable. Based on an EDI survey and Supply Chain Sustainability Conference, we plan to engage with our suppliers on Social impacts and values during 2023-24 period.
414-2 Negative social impacts in the supply chain and actions taken	This information is currently unavailable. This is something we are working towards. 100% of suppliers are required to adhere to the Modern Slavery Act and we mandate compliance at the time of PQQ, RFP and contract. We have also conducted a site-based and a company-based audit for modern slavery. Improvements were identified as a result of the audits and implemented over a period of 12 months.

ESG *data* continued

GRI disclosure number and title	Response
415-1 Political contributions	No political contributions were made by the organisation in the reporting year.
416-1 Assessment of the health and safety impacts of product and service categories	100% of our services are delivered in a safe manner, controlled by Gas Industry Standard Safety Process and Procedures. We do not sell any products.
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	There were no incidents of non-compliance concerning the health and safety impacts of products and services during the reporting year.

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Cadent Gas Ltd has reported the information cited in this GRI content index for the period 1st April 2022 – 31st March 2023 with reference to the GRI Standards.

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Thank you