

An aerial photograph of a suburban neighborhood with green fields and trees. The image is partially obscured by a large orange speech bubble shape that contains the main text. The background shows rolling green hills and a dense residential area with houses and trees.

Cadent

Your Gas Network

Delivering a safe and sustainable future

Safety & Sustainability report

2018/19





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Our sustainability framework



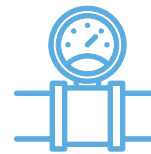
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Welcome to our first Safety & Sustainability report

On behalf of the Safety & Sustainability Committee, it gives me great pleasure to introduce Cadent's first Safety & Sustainability report. As a business under new ownership, it's important to both the Board and the company that we embrace the challenges of the future.

Society's expectations of energy companies have increased significantly and it is now more important than ever to achieve public legitimacy for our business and industry in the eyes of consumers. As the largest Gas Distribution company in the UK, we provide an essential service that keeps the energy flowing to over 11m homes, offices and businesses. We recognise that Cadent has a significant part to play in providing a cleaner, greener, responsible and sustainable future.

As Chair of the Safety & Sustainability Committee, I am committed to supporting, steering and challenging Cadent to realise its ambitions around safety and sustainability. There is still work to do, but we are building the foundations of a socially responsible business. We're thinking hard about our role in the transition to a cleaner energy future, providing industry leadership in setting a clear direction to meet the energy needs of tomorrow.

The gas network is at the centre of the energy system in the UK, delivering critical energy to homes, businesses and industry; reliably, efficiently and securely. It delivers more than twice as much energy in a year than the



We are very conscious of our leadership role in making a positive contribution to the climate change agenda."

electricity network, with a typical home receiving over five times as much energy from the gas network on a cold winter day, than from the electricity network. The gas network also provides a hugely reliable and flexible energy storage source, enabling back-up gas-fired generation to operate at short notice to secure the electricity grid. While the gas networks have done an excellent job delivering energy safely and economically, the UK cannot carry on using fossil fuels in the way it does today and still meet our carbon emissions reduction targets.

Setting a course

In 2018 we set up a new Safety & Sustainability Committee to provide independent assurance to the Board regarding the scope, adequacy and effectiveness of the company's safety and sustainability policies, their management systems and application. The Committee has been active in setting out our direction and ambition for sustainability, and advising on material topics for the business to consider.

The Safety & Sustainability Committee is supported by a great wealth of expertise from a wide range of sectors and international perspectives, including the utility sector, global business and Government. The Committee is supported by the Executive Safety and Engineering Committee.

It is seeking to understand better where we are today, which includes undertaking Sustainability Benchmarking (with 'GRESB') in 2019, to provide a basis to build and learn.

The Board have committed to setting up a community fund to support communities, customers and particularly those in vulnerable situations – investing 1.25% of our post-tax profits and this will be launched in the summer. This fund is a key part of how we can demonstrate a clear public purpose and our commitment to supporting the communities we serve.

Howard Higgins

Chair of the Safety & Sustainability Committee



Setting out our priorities and progress, our challenges and ambitions and how we're measuring ourselves

This report reflects the actions we have taken to deliver our business activities in a responsible way, aligning to meet the needs of our customers, reducing our impact on the environment and ensuring safety remains a priority.

Energy networks in transition

We see an important role for gas in delivering low carbon energy to households across the UK. Reducing emissions will help us to achieve our climate change ambition through the distribution of low carbon sustainable fuels. We continue to engage with Government, regulators and a broad group of stakeholders, supported by robust research and carefully focused pilot schemes to ensure the importance of gas is properly understood.

Delivering on our safety ambition

The safety of everyone who "touches" Cadent is a priority and we strive to deliver our "zero harm" ambition for everyone. The safety of the general public is a key focus of the business and last year we answered 1.4m emergency calls and attended 393,620 reported gas escapes. Of these, approximately 83,201 (21%), were directly related to our network. Occupational safety of employees and contractors is a key focus and whilst the indicators remain stable, we see scope for further improvement.

In 2018 we saw an increase in road traffic incidents involving our employees. This report outlines some of the management initiatives that are being implemented to help address these matters.

Our contribution to society

The Board has challenged management to take a fresh look at the way the business interacts with its customers and stakeholders in general. This includes the establishment of an independent Customer Engagement Group to help bring an external perspective on the way we approach the delivery of customer service.

Through our interactions in the community, our engineers often identify customers in vulnerable situations or in need of additional support. Whilst this is part of our normal business, we recently announced the launch of our community fund, focused on providing additional support to customers in vulnerable situations. Whilst the community fund will be managed separately, there will be very close collaboration with the Safety & Sustainability Committee and some of their work will be showcased in future Safety & Sustainability reports.

Our future

The last year has seen us make good progress in many areas but we recognise there is more for us to do.

We faced challenges last year in relation to our data for high rise multi occupancy buildings and the length of time it was taking to get our customers back on gas. We worked with our regulators to take accountability for these issues and put them right.

Being a socially responsible business and bringing safety and sustainability to the forefront of what we do means we can build on our heritage but also make a significant contribution to the future. Our people are excited about being part of a company that takes its role in society seriously and one that is determined to make a meaningful contribution to addressing the climate change challenge. This report sets out a baseline that we will use to chart our future progress as we transition into a customer led, low carbon future for gas where safety is embedded in everything we do.

Ed Syson

Chief Strategy & Safety Officer



Who we are

We distribute gas to 11m homes and businesses across our four networks, with more than 131,000 km of pipeline

✓ What we do

✗ What we don't do

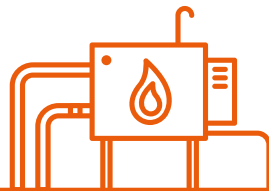
✓ **Keeping the energy flowing**

In 2018/19 we replaced 1,701km of pipework above and below ground to ensure a safe and secure service for our customers.

✓ **We believe in providing great quality service**

and value for money to our customers, whether that means minimising disruption during our works or keeping them updated.

✗ **We don't send out gas bills**



✗ **We don't sell gas**

Gas supply in the UK comes from a wide range of sources and suppliers, including biomethane and renewable gas, but most gas in the UK passes through National Grid's transmission system on its way to customers.

✓ **Ensuring a safe & reliable network**

Upon leaving the transmission system, gas enters the distribution networks at high pressure, where it's distributed through a number of reducing pressure tiers until it is delivered to customers. We ensure the gas passes through the network safely and reliably to end customers.

✓ **Providing energy**

We help industrial and agricultural customers connect to our networks, for example, to provide energy to new housing estates or enabling alternative gas suppliers to inject gas into the mains system.

✓ **There when you need us**

We manage the National Gas Emergency Service for the UK gas industry and are the first point of call to make sure when there's an incident it's dealt with calmly, quickly and safely. Our aim is to never leave a customer without gas in a vulnerable situation.

✗ **We don't repair gas appliances**

Our sustainability framework

Making a positive impact through our strategy

Trusted to act for society

Acting in a responsible and ethical way

Our Board and leadership at all levels are committed to operating as a responsible business, from our regulatory commitments and practices to our social actions.

UN SDGs



Ensuring a resilient network

Renewing our network for the future

Delivering a reliable and resilient network to keep the energy flowing safely and reliably to all of our customers.

UN SDGs



Our priorities



Delivering our safety commitment

Safety is the foundation of our business

We are committed to ensuring the safety of our people, our customers, and the general public.

Responding to challenges

We are committed to responding to a changing world and the new challenges and trends that may affect our ability to meet our business objectives, and our commitment to doing business responsibly, including:

- climate change;
- resource scarcity;
- social inequality in the communities in which we operate; and
- health and safety challenges.

Supporting the United Nations Sustainable Development Goals ('UN SDGs')

The 17 UN SDGs show us what a sustainable future looks like. They provide a framework for businesses to work together with governments and other partners to tackle climate change and fight inequality on a global scale.

These goals will not be achieved without genuine collaboration. We have reviewed the Global Goals to understand how they relate to what we do, and identify where we can make the biggest contribution. We believe that seven goals are particularly relevant to our activities, and will work towards them by achieving our own internal targets.

Shaping a more sustainable future

Contributing to the energy transition

Providing leadership to the provision of networks ready to transport the low carbon fuels whilst committed to improving the environment by implementing our decarbonisation policy.

UN SDGs



Making a positive contribution

Creating a place where employees can thrive

We believe that by creating an inclusive, motivated and committed workforce, where talent and attitude shine through, we will drive performance and deliver excellence.

Putting customers and communities at the heart of everything we do

Our vision is to set standards that all of our customers love and others aspire to.

UN SDGs



- 7** Affordable and clean energy
- 8** Decent work and economic growth
- 9** Industry, innovation and infrastructure
- 11** Sustainable cities and communities
- 12** Responsible consumption and production
- 13** Climate action
- 17** Partnership for the goals

Reporting against our ambition

This table represents a selection of key measures and metrics that reflect the direct impact of our operations on people, our customers, communities and the environment. We use these to drive our ambition, define priorities and measure our performance. Currently we are committed to reducing our greenhouse gas emissions by 80% by 2050 and in 2016 introduced our

goal of zero avoidable waste to landfill by 2021/22. Our ambition over the coming years will take us even further along a path to becoming the leading gas distribution business. More information on our performance, definitions of the indicators and the referenced goals are provided in this report.

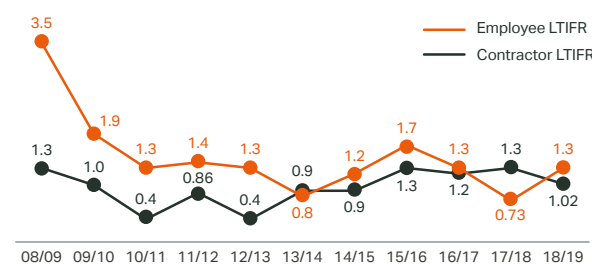
Goal for 2018/19

Occupational Safety

Our ambition is to prevent all injuries associated with our activities. Our goal for 2018/19 was to achieve a lost time injury frequency rate per million hours worked - below 0.9 for employees and contractors.

Progress in 2018/19

Employee and contractor LTIFR



Our combined lost time injury frequency rate per million hours worked was 1.12, missing our target. The main change from 2017/18 was a significant increase in injuries associated with road traffic collisions.

Goal for 2019/20

Our target for 2019/20 is for no more than 0.8 lost time injuries per million hours worked and we aspire to improve further.

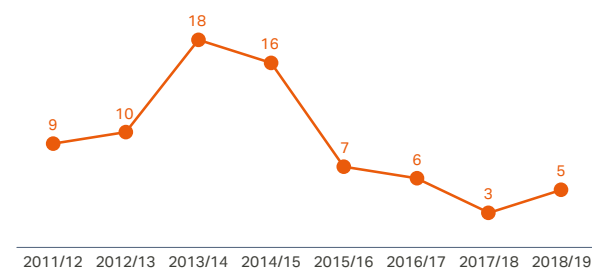
Priorities for 2019/20:

- Our Safe Driving Group will focus on reducing driver safety risk.
- Simplify our management systems and reinvigorate our zero harm culture.
- Focus on more visible safety leadership for managers and front-line staff.

Public Safety

In line with our ambition to ensure that no one is injured as a result of our activities, our goal for 2018/19 was for no more than 35 attributable injuries to members of the public with no increase in the number of serious injuries.

Serious injuries to members of the public



47 attributable injuries were recorded and serious injuries increased from 3 to 5.

Our target for 2019/20 is for fewer than 33 attributable injuries to members of the public.

To achieve this we will:

- Reinforce our safety commitments with our employees and contractors.
- Continuing focus on the safety on our employees, contractors and members of the public around excavations.
- Reduce the time taken to backfill and reinstate excavations in public areas.
- Manage improvement in all site environmental baseline scores.
- Review site emergency preparedness and response plans.

Environment

We are committed to ensuring that there are no serious environmental incidents as a result of our operations, and we will ensure that Cadent manages risks and puts in place plans to prevent all serious (Category 1) incidents.

Category 1 environmental incidents

Year	Number of incidents
2012/13	1
2013/14	0
2014/15	2
2015/16	1
2016/17	2
2017/18	0
2018/19	0

In 2018/19, for the second year in succession, there were no Category 1 incidents associated with Cadent's activities.

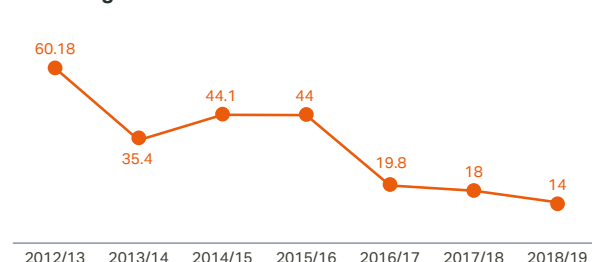
Goal for 2018/19

Resource Management

We believe that no avoidable waste should be sent to landfill. Our goal is for zero avoidable waste to landfill by 2021/22.

Progress in 2018/19

Percentage of waste to landfill



In 2018/19 we sent 14% of our waste to landfill, continuing our progress towards our goal for 2021/22.

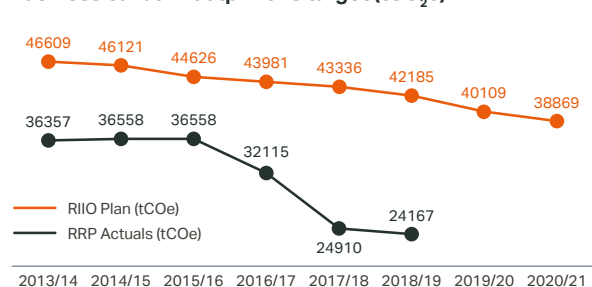
Goal for 2019/20

- Improve facilities for waste segregation and employee awareness.
- Embed new recycling activities including barriers, signage and cones from streetworks.
- Engage with suppliers to minimise packaging and other waste at source.

Energy and emissions

As a responsible, regulated business we aim to reduce our business carbon footprint ('BCF'). Our goal for 2018/19 was to reduce our business carbon footprint, as defined by Ofgem, by 4%, including a reduction relating to electricity consumption by 5%.

Business carbon footprint vs target (tCO₂e)



In 2018/19 we reduced our BCF by 3%. This follows relatively strong performance in prior years and as a result we remain ahead of our long-term target trajectory.

Our 2021/22 target is to reduce BCF by 17% from 2013/14 levels and to achieve this our priorities for 2019/20 are to:

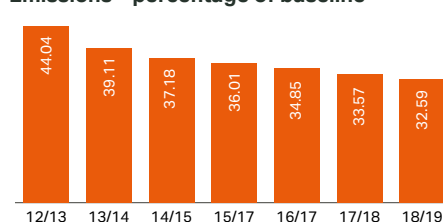
- Procure certified renewable energy.
- Further reduce business travel.
- Support greater use of low emissions vehicles.
- Work with contract partners to reduce their emissions.

Greenhouse Gas ('GHG') Emissions

Our overarching goal is to reduce our emissions by 80% against a 1990 baseline by 2050.

Our most important reduction activity is the mains replacement programme.

Emissions – percentage of baseline



In 2018/19 we delivered a 68% reduction in GHG emissions against the 1990 baseline. We are significantly ahead of and remain on target to achieve our goal ahead of 2050.

- Ensure continued delivery of our mains replacement programme.
- Engage with all stakeholders and regulators to highlight the environmental benefits of continued and accelerated mains replacement.

Social Performance

Cadent is committed to delivering improved levels of customer service. We are particularly focused on three things that matter most:

- Customer safety
- Customer satisfaction
- Engagement

Improved

Our customer satisfaction scores in all three primary customer facing areas, but improvement is still needed.

Improved

Our same-day closure rates for complaints to over 70%.

Issued

Carbon monoxide safety advice to 294,990 customers and ran 151 carbon monoxide awareness classes for school children.

Supplied

Over 24,000 carbon monoxide alarms to customers at elevated risk.

Supported

Over 4,600 households in fuel poverty.

Engaged

Over 20,000 customers on a wide range of issues relating to our customer service

- Improve our understanding of vulnerability to target our support in the right way.
- Establishing partnerships and working with third parties to meet the needs of customers in vulnerable situations where we do not have the expertise to help directly.
- More active targeting of subsidised connections to the gas grid for eligible households to help tackle fuel poverty.



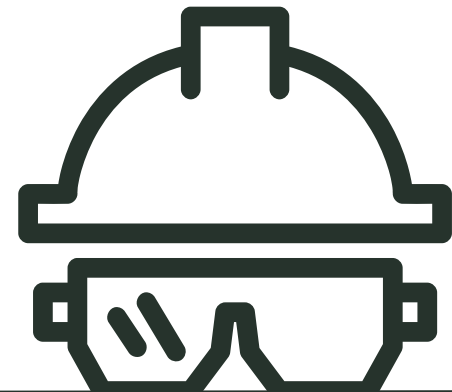


Delivering our safety commitment

We are committed to ensuring the safety of our people, our customers and the public.

We will never compromise on safety, as we keep energy flowing safely and reliably to meet the needs of our customers today and tomorrow. We endeavour to prevent any incident, accident or injury. Our safety management system provides strength in depth through multiple layers of hazard management and protection.

This encompasses the actions we take to keep our people and contractors safe; to protect members of the public and to ensure safety standards around our street works and other operational activities.



Delivering our safety commitment

Keeping our people and partners safe

One of our top priorities is occupational safety and ensuring the safety of our people and our contractors undertaking their day-to-day work activities.

Our aim is to prevent our people and the public getting hurt as a result of our work activities and we require our contract partners to maintain the same critical focus on safety, particularly in their work in proximity to members of the public. We work with our people and contractors, reviewing safety performance and learning from incidents, providing training and targeted programmes to reinforce the importance of safety in everything we do.

Our key safety focus is to achieve long-term reductions in our Lost Time Injury Frequency Rate ('LTIFR'), with a specific target of 0.7 per million hours worked by 2021. We have focused on underground services, driving and linked occupational health activities, to raise awareness of the risks of musculoskeletal injury.

Our safety performance has improved. Over the last decade we have improved our employee LTIFR from 3.5 per million hours worked to close to 1. The severity of our injuries is also decreasing.

Embedding the highest possible level of safety in all our activities is always a challenge. Over recent years, our LTIFR performance has plateaued. This year it will be more than 1 per million hours worked, due in part to an unusual number of injuries from no-blame road traffic collisions.

We will always strive to improve our safety performance and as part of a three-year plan we are focusing on reinvigorating our safety culture, investing in training our leaders and front-line staff, simplifying our management system and focusing on driving improvements in areas where the risk to our people and members of the public are highest.

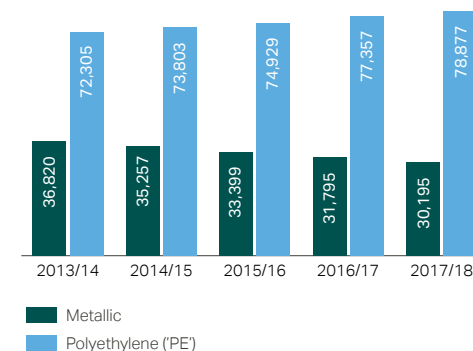
Through 2018/19 we have established an Executive-led Safe Driving Group dedicated to reducing driver safety risks. We have driven a focus on underground cable strike risks, safety leadership visits sharing learning between us and our contract partners and embedded a consistent approach to assuring the competence and capability of all our contractors.

Cable strikes

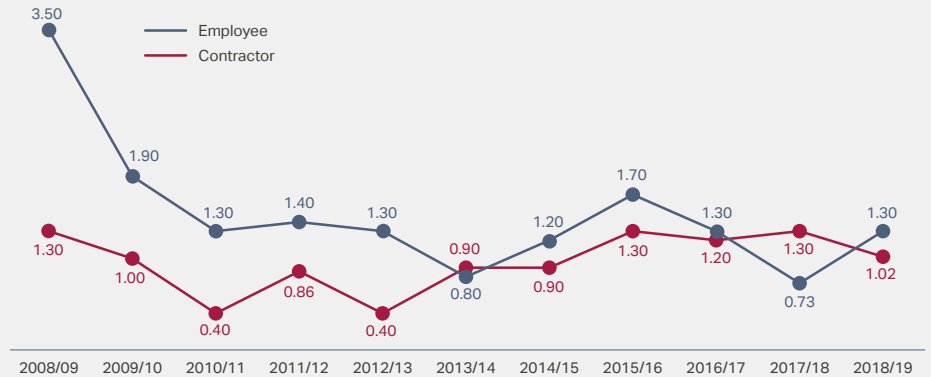
The accidental striking of an electrical cable, known as a cable strike, is a significant risk that our people and contractors are exposed to when working on our buried pipes and equipment.

Early in 2018/19, we noticed a sharp increase in the cable strike rate. We have engaged our employees and contractors with a renewed focus on this area by sharing good practice and learning from previous incidents. We have also run workshops led by cable location specialists. This has all helped to reduce the risk of cable strikes and forms part of our specific improvement pathway for cable strikes.

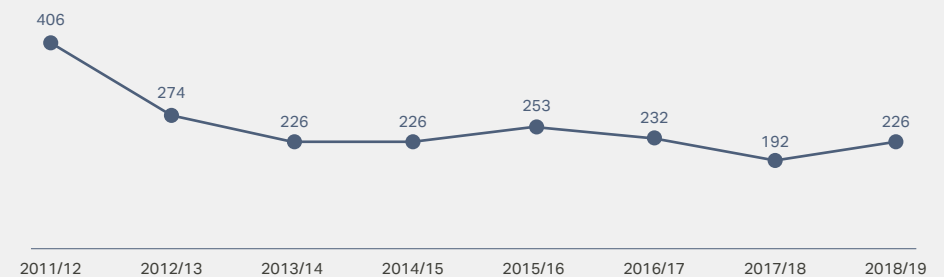
Mains replacement – length of metal and plastic



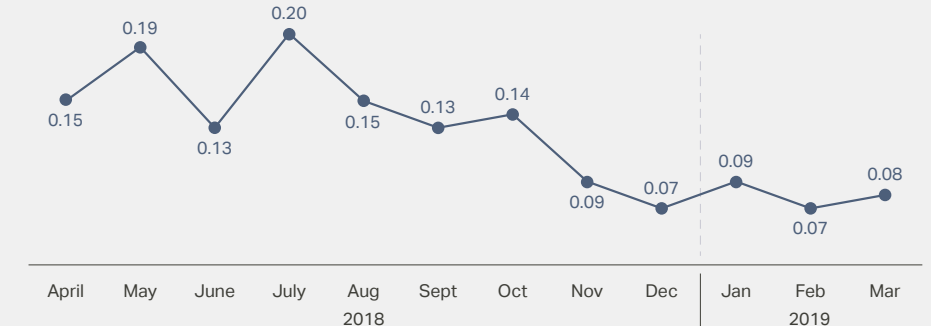
Lost Time Injury Frequency Rate (per million hours worked)



Number of cable strikes



Cable strikes per km pipe as part of our replacement programme



Case study:

Leadership safety visits

The Safety Leadership Days are organised twice a year to provide an opportunity for the Board members and Senior Leadership team to visit teams at work, as they perform their daily duties and experience a day 'on the front line'. This allows the leadership team to discuss safety as it happens, and to understand how safety messages filter down and whether lessons learnt are communicated and applied effectively. It's also an opportunity for our workforce to engage on safety with leaders in the business.

The principal focus areas for 2018/19 were:

- Protecting the public from our works.
- Protecting our employees in the highway.



I thought the pre-briefing materials and the theme for the day were excellent. It was clear that a lot of work had gone into it. I met front line staff and the level of engagement and pride in their work was first class."

Mark Mathieson
Board member

Keeping the public safe

We operate the National Gas Emergency Service contact centre, taking calls and giving safety advice on behalf of the industry. In 2018/19 we answered 1.4m gas emergency calls, of which 93% were answered within 30 seconds.

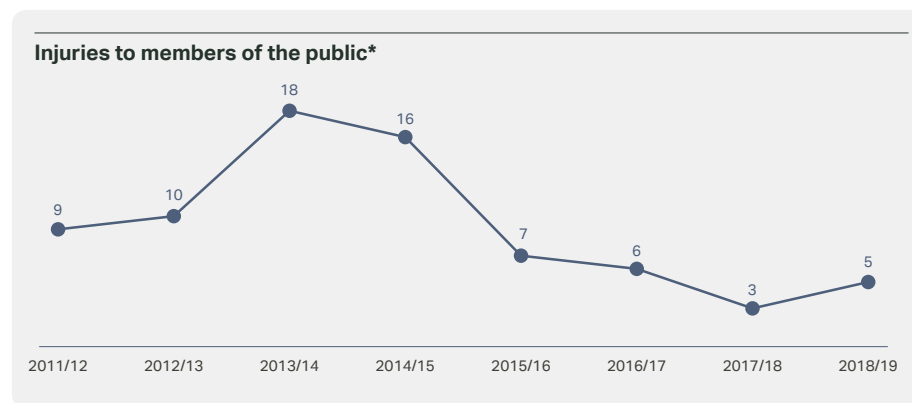
Of these 1.4m calls, approximately half are related directly to our network and of these 393,620 were reported gas escapes that required attendance. There are many reasons why someone might report a gas escape including leaks from our network, problems with pipework or appliances, meter problems, issues with a third party network or suspected carbon monoxide. We provide assistance for all gas emergencies irrespective of cause to ensure public safety. Of these reported gas escapes, 83,201 (21%) related specifically to the Cadent network, that is the pipes and equipment owned and operated by Cadent upstream of the emergency cut off valve and meter.

We are also responsible for keeping members of the public safe from injury during work on our gas mains and assets. In 2018/19 we have replaced 1,701 km of ageing metallic pipes with new, longer-lasting plastic pipes, predominantly through works in streets and highways. This programme reduces leakage from our networks whilst preparing for a range of future fuels and driving a long-term improvement in public safety.

The graph below shows a downward trend in injuries to members of the public and unfortunately last year we saw a slight increase which has led to a renewed focus on our safety commitments.

Our works in the streets and highways will inevitably have an impact on residents, communities and businesses in the areas we serve. We recognise the safety risks involved when our work sites are in locations that pedestrians use. Although we have clear policies for signing, lighting and guarding around our work sites, accidents can still happen, but we are committed to reducing the likelihood of accidents and the risk to members of the public from our works.

During 2018 we have worked with our teams and contractors to reinforce our safety commitments. We are committed to the highest levels of safety around our excavations and never leave an excavation in the street or pathway open or unguarded to stop accidental entry of work sites, further reducing risk to members of the public.



*A major injury is one where the affected person is taken away from site of incident for treatment.





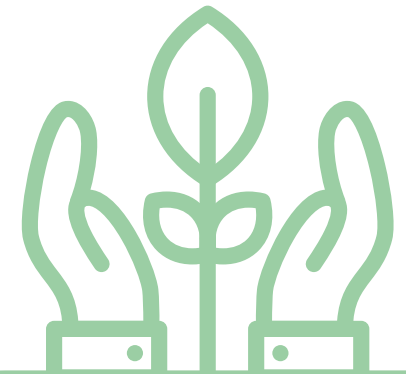
Shaping a more sustainable future

The gas network is at the centre of the energy system and will play an important role in the transition to a low carbon society.

As the largest gas distribution business in the UK, we have a responsibility to provide leadership with Government and regulators and work with other distribution networks and relevant stakeholders to help set the right policy frameworks to ensure that low carbon gas plays an important part in the future energy system.

We have a major role to play in the delivery of low-carbon fuels, now and into the future. We are undertaking important research and demonstration projects to support the transition to a sustainable energy system, in the home, for industry, and for transport. These innovative projects mean we are well positioned to play a key role within the changing energy landscape.

As a business, the biggest impact we have on the environment is leakage from the networks we operate, excavation waste, vehicle emissions and waste from our direct activities. We have successfully implemented several initiatives to address these issues and are committed to meeting our environmental targets.



Shaping a more sustainable future

Providing leadership through the energy transition

Gas is an extremely important part of the UK's energy landscape. Consequently it's difficult to anticipate a time when gas does not play a significant role in meeting society's energy needs.

We will continue to engage with Government, regulators and a broad range of stakeholders supported by robust research and carefully focused demonstration projects to ensure the importance of gas to society, now, and into the future is fully understood.

We have published a series of documents on the Future Role of Gas, including its role in the provision of heat and fuel for transport. We have taken the lead in engaging Government, regulators and other key stakeholder groups, to ensure that policy decisions recognise the importance of gas.

Our gas networks are at the centre of this energy transition, and we must play a leading role, through our own activities, and move towards a low carbon future.

We support the Energy Networks Association ('ENA') Gas Decarbonisation Pathways Project (for further detail see our Annual Report and Accounts 2018/19), a major industry initiative to build a low cost, low carbon network and develop new technologies that make the most of renewable gas and hydrogen. It will help coordinate network activity and support policy making for decarbonised gas.

We are also taking action by developing projects and partnerships at scale to demonstrate that this future is realistic and deliverable, and provides a route to decarbonisation, at lower cost and with less disruption to customers and communities.

To find out more visit www.cadentgas.com/innovation/projects/the-future-role-of-gas



Finding alternatives to natural gas

As part of the process to decarbonise the energy system, there are clear opportunities to exploit alternatives to natural gas. Hydrogen represents a highly credible low-carbon alternative fuel, and we have led a number of projects to understand its potential. We have used our scale and leverage to build awareness and a range of partnerships working towards real, workable solutions, developing supporting technologies that can lower emissions now and providing evidence to inform policy and future investment decisions.

The HyDeploy project (see case study) is providing evidence that substantial percentages of hydrogen can be blended with methane, reducing its carbon intensity, without having to change any customer equipment.

Once the safety case is proven for blending, it is technically feasible to inject hydrogen across the UK gas distribution system. This would reduce carbon emissions, enable a significant gearing up of the hydrogen supply chain, and the exploration of new energy system solutions, such as hydrogen power generation.

We will continue to support the Government's climate change commitments, upgrading and developing the gas distribution network to transport low carbon fuels.

Committed to decarbonising heat and transport

We lead the gas networks in supporting growth of the UK biomethane sector – turning food, farm and other wastes into a gas to fuel homes and HGVs.

We now have 32 biomethane producing plants on our networks, with volumes entering our network equivalent to the heating demands of as many as 110,000 homes. Acting on stakeholder feedback, we held a series of workshops and events to facilitate the standardisation of gas distribution network processes. We coordinated a very successful biomethane engagement day in March, with plans for another later in 2019.

32

Biomethane connections to the end of 2018/19

7

CNG fuelling stations



Case study:

Collaborating with our partners: HyDeploy

HyDeploy is a collaborative project led by Cadent in partnership with Northern Gas Networks, Progressive Energy, ITM Power, the Health & Safety Executive and Keele University, funded through Ofgem's Network Innovation Programme, to demonstrate the steps required to develop a hydrogen fuel network.

A major part of the HyDeploy project (in which a blend of up to 20% hydrogen and natural gas is being tested in 100 domestic homes) has been to assure safety before we start delivering the blended gas. Working with our partners Progressive Energy and the Health and Safety Executive, we have safety tested every single gas appliance in 100 homes. In addition to the gas safety checks, we have also tested all 130 appliances with bottled hydrogen. All appliances passed this test which is strong initial evidence that customers will not need to replace their gas appliances should a hydrogen blend be made available more widely.

The energy networks will play a vital role in supporting the Government as they gather the evidence for strategic decisions to be taken. A lot of the technical work to show the capability of the gas network to support the transition is already in train. Getting real feedback based on actual experiences through large-scale trials will provide the strong evidence base required.

We play a central role in filling that evidence gap, and undertaking activities to prepare the gas network for a low-emission future.

HyDeploy is a major step forward for our industry and, working with partners, we are looking at further investments, such as our Carbon Capture HyNet project in the North West to ensure the industry continues to play a vital role in reducing carbon in the UK's energy mix.

Aerial photo of Keele University

Shaping a more sustainable future



Case study:

Accelerating clean growth: HyNet

We identified a critical need to decarbonise heavy industry after engaging with a number of organisations.

Further engagement with stakeholders highlighted the potential value of incorporating hydrogen in transport fuel. Clean air is a top priority for many of our regional stakeholders, including the Metro Mayors in the North West. This requires clean, low-carbon energy sources for low-emission vehicles, including trains and shipping.

We have been working with local partners to develop the HyNet project, designed to provide hydrogen at scale for heavy industry. HyNet was launched in May 2018 at an event attended by over 100 stakeholders and we continue to work closely with our partners with the aim of being operational in the mid 2020s.

Hydrogen will be produced from natural gas using the steam reforming process which produces CO₂ as a by-product. The resulting carbon dioxide ('CO₂') will be captured and together with CO₂ from local industry, which is already available, sent by pipeline for storage offshore in the nearby Liverpool Bay depleted gas fields. Following on from our work on this project, in July 2018 we were the only gas distribution network invited to provide evidence to the Department for Business, Energy & Industrial Strategy ('BEIS') select committee investigating carbon capture technology.



Case study:

Decarbonising transport

A clear opportunity exists to help reduce emissions and achieve cleaner air in our cities by using gas as the fuel of choice for heavy goods vehicles and buses in the UK.

Our partnership with CNG Fuels delivered the first commercial high pressure compressed natural gas ('CNG') refuelling station at Leyland in Lancashire which has been operating since 2016, supporting HGV fleets for Waitrose, John Lewis and others, significantly reducing their transport emissions.

The latest facility opened in January 2019 in partnership with GasRec in Hatfield will support Ocado's growing fleet of 29 gas powered HGVs. Using conventional fossil fuel CNG from this station, Ocado have reported a 29% CO₂ emission reduction compared with its diesel fuelled HGVs, alongside a 12 pence per km cost saving.

The fuel dispensed at the facility which will support up to 80 vehicles is offset by government certified renewable biomethane under the Renewable Transport Fuel Obligation ('RTFO') which allows Ocado to achieve a greater CO₂ reduction than with fossil gas alone. CO₂ emissions reductions of up to 84% will be delivered by vehicles running on renewable CNG fuel.

We are both facilitating this growing use of CNG as an HGV fuel and building a station in Birmingham. GasRec expect to invest in two more directly connected filling stations over the next 12 months. Nottingham City Council is driving the growth of the world's largest gas fuelled double decker bus fleet through filling facilities directly connected to our gas network.

We are also exploring a range of technologies including investing in 3 new CNG Iveco vans which incorporate a split-drive power take off system that enables the vehicle to generate electrical power and pneumatic air. These vehicles produce lower engine emissions and are being used to support our street work operations.

Shaping a more sustainable future

Improving the environment

Managing the environment is about more than just reducing risk and minimising our impact. Best practice environmental solutions drive efficiency, save money and preserve natural resources.

We are now in our 21st year of having our environmental management system certified to the international standard ISO14001. Over the past 21 years, we have dramatically reduced our impact on the environment, by managing our waste and reducing greenhouse gas emissions.

68%

Reduction in GHG emissions compared to our 1990 baseline

>95%

Of excavated spoil diverted from landfill

>250,000tn

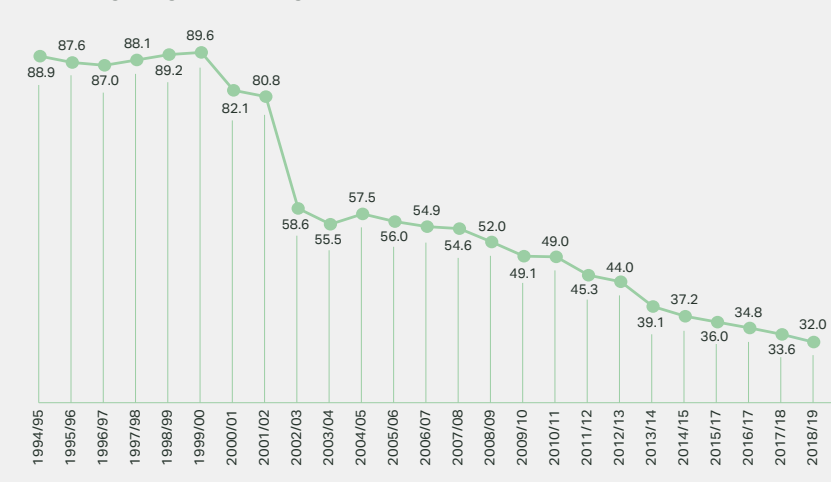
Reduction in annual emissions since 2012/13

Lowering our greenhouse gas ('GHG') emissions

We have publicly committed to medium and long-term targets to reduce our GHG emissions and have successfully exceeded our 2020 target ahead of schedule (cutting emissions by 68% vs the 2020 target of 45%).

Our emissions reductions programmes, especially replacing and repairing leaks on our distribution pipelines, mean we are on track to achieve our longer-term target ahead of schedule to reduce GHG emissions by 80% (from 1990 levels) by 2050.

Percentage of greenhouse gas emissions

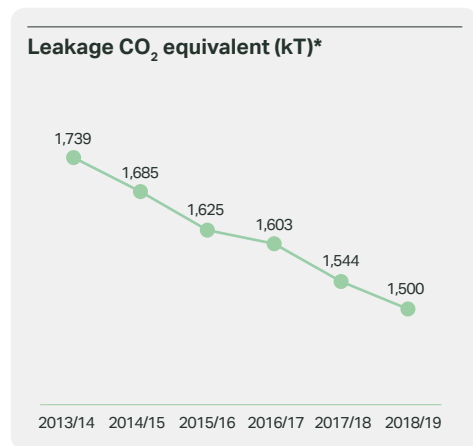


Reducing leakage from our network

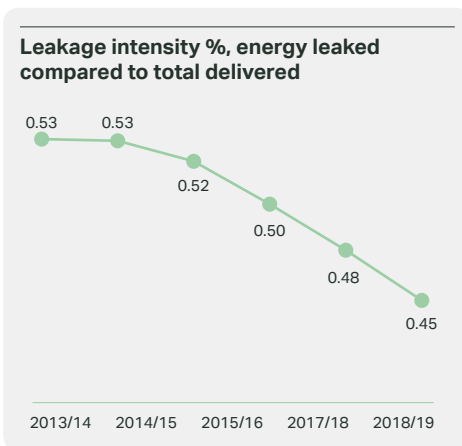
The majority of our GHG emissions are from leakage – the gas that is lost during the operation of the gas network. Across our networks however, the amount of energy we lose as a result of these losses is less than 0.5% of the total we transport.

Our mains replacement programme delivers our greatest reduction in greenhouse gas emissions. Since 2013/14 we have replaced over 10,000 km of metallic pipe with polyethylene ('PE'). This has delivered a reduction of over 250,000 tonnes CO₂e per year, the equivalent of taking more than 100,000 vehicles off the road.

We are actively engaging with government departments and Ofgem to explore how to carry out our mains replacement work faster over the remaining years of the programme to deliver even greater reductions in emissions.



NOTE: *Leakage here refers to gas lost from the gas distribution network – this can either be due to leaks, gas lost in the course of our repair/maintenance operations, or illegal connections to our network.



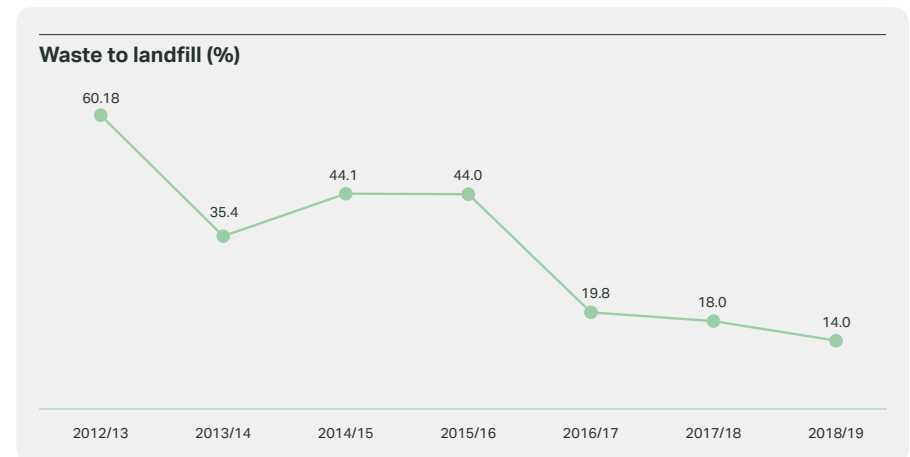
Diverting our waste from landfill

In 1990, over 90% of the waste we produced was sent to landfill. At the end of 2017/18, that came down to 20%, but it is still not good enough. So we introduced a waste management strategy in 2018 with three goals:

- zero avoidable* waste to landfill by 2021;
- zero single use plastics in our offices and depots; and
- zero avoidable* plastic in our supply chain by 2025.

We are already making progress and have signed up to HRH Prince of Wales' 'Waste to Wealth' Commitments.

* We use the TEEP (technically, environmentally and economically practicable) test to determine which wastes we can divert from landfill.



Shaping a more sustainable future

Phasing out single-use plastic

One of the biggest challenges in meeting our waste management targets is making sure we segregate our waste effectively to allow higher levels of recovery and recycling. In 2018/19, we reduced the amount of waste we sent to landfill to 14%, and expect to reduce it further to 10% next year.

We have successfully phased out all plastic water cups and hot food containers; and introduced the sale of reusable travel mugs. In April 2019, we removed all non-reusable cups across our sites.

Minimising waste from our worksites

Our mains replacement programme – digging up and replacing thousands of kilometres of old gas pipes – has the potential to create significant amounts of waste.

We have regulatory targets to ensure that we send no more than 10% of excavated spoil wastes to landfill, and import no more than 30% virgin aggregate for backfill.

We regularly beat these targets by:

- using low dig and no-dig techniques;
- inserting new plastic pipe into old metallic services;
- using vacuum excavation; and
- working with partners in the recycled aggregates sectors.

We have reduced waste volumes significantly over the past five years for our mains replacement programme and routinely divert more than 95% of our waste from landfill.

Limiting our carbon footprint

GHG emissions include our business carbon footprint ('BCF') together with our energy use in offices, vans and company cars.

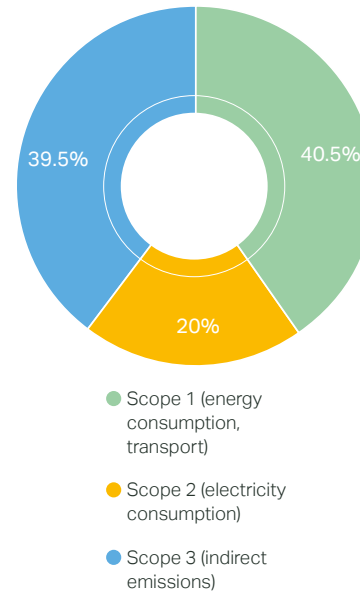
In 2018/19 we reduced energy consumption in our offices and depots by 9% and over 90% of the electricity we use to light and power our offices and depots is from certified renewable sources, contributing to further reductions in our business carbon footprint.

We have reduced our average emissions from our company car fleet from 106g/km to 94 g/km over the course of 2018/19 by:

- procuring efficient vehicles for our fleet;
- having a cap on company car emissions;
- offering 'green' incentives to company car users, which are taken up by 90% of drivers; and
- operating a no-idling policy for our vans at worksites.

Overall, we have reduced our business carbon footprint by over 23% since 2013.

Business carbon footprint



23%

Reduction in our business carbon footprint since 2013

Going beyond compliance

While we focus on waste and emissions, we have set ourselves challenging standards of environmental performance across all our sites. This is our Compliance Plus target.

In 2017/18, we introduced a monitor of baseline and improvement against a 52-point checklist, including oil storage, drainage plans, and emergency response.

We have made significant strides in reducing our impact on the environment, and continually strive to do better.



Case study:

Winning awards for a greener fleet

This year we won a Gas Industry Innovation Award for our Sustainable Vehicle Auxiliary Power System. Partnering with Clayton Power UK, we took the initiative to add hybrid vehicles to our fleet to drastically reduce emissions and running costs within the gas industry.

Clayton Power UK's Easipower LPS system is a lightweight, compact lithium battery-based power solution, which charges while the vehicle is being driven to site. Once on-site, the unit can be used to power compressors and other equipment, without the need for engine idling. It can even be removed and mobilised where required. Should the charge level drop below set parameters, the vehicle will automatically start to top-up the charge rapidly; all without having the key in the ignition.

Compatible with old and new vehicle technology, the LPS improves the working environment for employees and customers, by eliminating the noise pollution and unhealthy fumes caused by engine-driven generators.

The equipment is installed in 75 vehicles and will be rolled out in our fleet, especially where air quality and emissions are a concern.

We have already seen a 15% reduction in standing fuel consumption and a 30% reduction in CO₂ emissions. As early adopters of this innovative technology we are helping to lead change in the industry, embedding this clean technology and raising standards.



Making a positive contribution

We have worked hard to engage with, listen to and learn from our customers, communities and stakeholders.

We are transforming our business to put customers and communities at the heart of everything we do. We are tracking our performance, building on our successes and focusing on the areas we need to improve.

Our responsibility is to ensure the services we provide are tailored to the needs of our customers, particularly those who are disadvantaged or less able, with a focus on safeguarding communities and customers in vulnerable situations. We are supporting the safety of our customers in their home, helping alleviate fuel poverty, and making sure our services are accessible to everyone.

As an employer, we make a positive contribution by creating a workplace where our people can thrive. We aim to bring in talent from all sections of society and support them in their roles, with a strong focus on health and wellbeing.



Making a positive contribution

Our vision is to set standards that all of our customers love and others aspire to

We serve customers from all sectors and walks of life, ranging from young families to Chelsea pensioners, fish and chip shops to major manufacturers.

All of our customers quite rightly expect great service, availability and responsiveness from all the companies they deal with, and we are no exception.

Our goal is to ensure our service is affordable to current and future customers by driving the efficiency of our operations. We recognise that we must deliver these outcomes in a way that builds trust in how we operate, making a real and sustainable difference to the communities we support.

We are working hard to understand our customers better, recognising that no two customers are the same. We are constantly developing new and more accessible ways for our customers to interact with us.

We will work closely with the regulator and our other stakeholders to structure our business to deliver this ambition. Over time, we will publish measures showing the impact we have on our customers' lives, demonstrating clearly when we meet expectations, and when we do not.

In the last 12 months we have worked hard on:

- ensuring the voices of all customer and stakeholder segments are heard;
- fully utilising the millions of customer insights we gathered throughout RIIO-1*;
- understanding our regional customers' requirements and tailoring our engagement approach to meet the needs of our customers and stakeholders;
- gathering feedback and insight from all our engagements with customers and stakeholders to ensure we are continuously learning and improving our proposals; and
- gaining support from our customers and stakeholders for our future RIIO-2** Business Plan.

We have increased our social media following by 132% and are using Facebook to engage with customers about our forthcoming mains replacement programme. We have developed a series of videos and infographics to engage with customers and stakeholders on who we are and the services we operate and have enhanced our website, offering customers and stakeholders another route into Cadent.

Tracking our performance

We are now delivering a better quality customer experience than ever before. We have seen an improvement in the measures that are of interest to our customers, and a step change improvement in how we respond to complaints when they occur.

For each of our four networks, we measure customer satisfaction across the three primary customer-facing areas of our business: emergency response and repair, planned works, and connections. During 2018/19, we have improved across all three primary customer facing areas, registering gains of over 0.3 in two areas which is amongst the biggest improvement for all our networks.

We are making progress but we are not yet meeting our targets in three areas but we will drive further improvements to meet external benchmarks.

Customer Satisfaction

Performance by Network	Emergency Work (out of 10)	Planned Work (out of 10)	Connections (out of 10)
East of England	9.45	8.62	8.22
North London	9.12	8.22	7.50
North West	9.35	8.26	8.69
West Midlands	9.39	7.75	8.35
Average of other networks*	9.49	8.84	9.04

*SGN, NGN, WWU: Source Ofgem.

We have not delivered a consistent improvement in customer service across our networks – in particular, in relation to planned works in the West Midlands, and connections in our London network. We have worked hard to improve and manage the welfare of our customers on the infrequent occasions when their gas supply is interrupted.

* The RIIO-1 price control sets out the outputs that the Gas Distribution Networks ('GDNs') need to deliver for their consumers, and the associated revenues they are allowed to collect, for the eight year period from 1 April 2013 until 31 March 2021.

** RIIO-2 will be the second price control period using the RIIO framework and will start in April 2021 until March 2026.

Improving customer experiences

We are changing how we work with our customers and taking immediate steps to build a better connection with them. We have developed a longer-term approach to deliver better customer experience, improved responsiveness and flexibility to meet changing demands.

→ Meaningful engagement...

...with customers and stakeholders, making sure we learn from these experiences, and act on the insights they provide to shape short-term business improvements and long-term strategy.

→ Transforming our business...

...by transforming our operating model from a highly centralised process-centric model into a regional delivery model that put greater emphasis on local accountabilities for delivering customer outcomes. Now we are in closer proximity to our customers, this puts the emphasis on our local teams to engage with their own stakeholders and customers, to shape and define standards, and to deliver them day after day.

→ Technological innovation...

...by investing in artificial intelligence and machine learning to support the gathering of additional insights into the Customer Insights team, now allowing complex sentiment analysis to be used and acted upon.

→ Working together...

...with Ofgem to shape a RIIO-2 framework that provides real value and benefit to all of our customers.

→ Investing...

...in technology and people so we can deliver outstanding customer experiences. We spent c. £800,000 delivering new enhanced engagement work, this included the recruitment of a new full time team to oversee the overall programme.



Case study:

Supporting the Knife Angel's journey

We're committed to operating with a clear sense of public purpose, including supporting and playing a key role in our local communities. Using extensive knowledge and expertise, our skilled volunteers recently made a real difference through supporting the installation of the Knife Angel sculpture in Birmingham and Coventry.

Our volunteers in Birmingham and Coventry – with support from electrical contractors Aughton Automation – liaised with Coventry City Council to plan the installation of the Knife Angel sculpture in Coventry and also assisted by installing floodlighting free of charge. This helped to showcase the striking 27 foot statue which serves as a reminder of the devastating impact of knife crime in the city.

Case study:

Making a difference in our communities

Our people volunteer for a variety of reasons. For some, it offers the opportunity to give something back to the community, or make a difference to the people around them. For others, it provides the chance to develop new skills, or build on existing experience and knowledge. Regardless of the motivation, what unites volunteers is that they find it both challenging and rewarding.

Volunteering Matters delivers a programme of team volunteering opportunities for up to 400 employees. In the last year, we have improved our employee engagement and supported our people to connect with our communities.



Making a positive contribution

Engaging, listening and learning from our stakeholders

Why we engage

We are committed to listening to and connecting with our customers and stakeholders. Engaging with our communities helps us to understand what they want and expect from us, what matters to them, what services they require, and how we can provide those services in the most effective way.

Over the last 18 months we have been actively engaging with our customers and stakeholders to understand their needs, priorities and expectations of us. We've spoken to over 20,000 customers across all of our operational regions using over 50 different engagement techniques. We've combined this with over 1 million data points that we have gathered over the last 3 years either receiving services from us or being impacted in some way by our work. This has provided us with rich and incredibly insightful information that we are using to focus our business plan for RIIO-2 (April 2021 to March 2026), especially when determining the customer commitments that we intend to make.

Our customers, communities and other stakeholders have told us:

- Safety and reliability are critical, but givens.
- Disruption is the single biggest customer issue.
- We have a role to play in improving the environment and reducing emissions.
- We must not just focus on today, but on future generations.
- We must provide additional services to those who need them most.

In response we are taking the lead on several collaborative cross-industry groups including chairing the industry-wide Safeguarding Customers Working Group. This plays a key role in providing better services to all customers, but especially customers in vulnerable situations. By linking with existing services to help those in need, such as the Local Authority Referral Schemes.



The Local Authority Referral Schemes are based on well-established partnerships within a local council or the local authorities where customers can be put in contact with organisations such as Age UK, the Fire Service, the British Red Cross, and many more.

We are also establishing expert partnerships to effectively promote the Priority Services Register ('PSR'); and raise awareness of the risks and dangers of carbon monoxide poisoning.

Stakeholder feedback has also told us we lack a regional voice so through 2018/19 regional stakeholder managers have been building greater opportunities for engagement across our networks, so we can better respond to the diverse needs of our communities. We now routinely engage with regulators, Government Departments, Regional Mayors, peer companies, and trade associations.

Engagement is central to the role we play in providing the Government and strategic partners with evidence as decisions about our future energy system are made. We are already carrying out large scale trials to demonstrate that the gas network can support the transition to a low carbon future.

Further engagement with our stakeholders highlighted the need for evidence to support the decarbonisation of heavy industry and transport, leading to our HyNet project.

In June 2018 our Customer Engagement Group was established ('CEG'). The CEG was initiated by Ofgem to bring together independent members from a variety of backgrounds to provide examination and challenge to us and our plans to improve now and the RIIO-2 period. To date the 13 members of our CEG have covered topics including our overall stakeholder engagement approach, the future role of gas and the role we play, finance, investments and vulnerability.



Making a positive contribution

Our performance

We have maintained our focus on keeping our networks safe, but if things go wrong we need to ensure we are listening and responding to our customers' needs.

What we do

Our **connections** work is not only limited to customers with a new gas supply or demand requirements. It also includes alterations to existing connections; for instance, when a customer is undertaking renovation work, or no longer requires their gas supply.

With our **planned works programme**, we are upgrading metallic sections of the gas network with longer-lasting plastic pipe. Our primary objective is to enhance the safety and sustainability of the network, with the added benefit of reduced impact on our environment due to fewer gas escapes.

While our planned works programme is reducing the number of gas escapes from our network, we still respond to nearly 400,000 escapes every year, with circa 80% of these being internal and not a result of our assets failing.

Our **emergency response service** includes receiving emergency calls from the public, providing safety advice over the telephone on behalf of the gas industry in the UK, and where an incident involves our networks, attending the site of the escape or other gas emergency to resolve the situation as quickly as possible and with the least disruption to the customer.

Responding to major incidents

Our customers expect a reliable 'on demand' gas supply. We keep the energy flowing 99.996% per cent of the time. But occasionally, and often because a third party has damaged our pipes, we lose gas to a significant area. We had three big such incidents in 2018/19 – with more than 1,000 customers 'off gas' in each case, including Deanshanger in July 2018.

We have learned from previous incidents and acted on stakeholder feedback to improve our communications with customers and stakeholders when these occur.

In addition to continuing to create incident specific pages on our website, we are the first gas distribution network to create individual Facebook pages dedicated to supporting communications with impacted customers.

We used these to post real-time updates, answer incoming questions and gather customer data to support restoring gas as quickly and safely as possible.

We have been utilising social media more in the latest incidents in the East of England and have found this to be an excellent way to communicate with affected residents. It has assisted us to reach out to the community, not only from our own Facebook incident pages but by linking in to local pages co-ordinated by residents. We can reach people when they are away from their homes and it has assisted us with speeding up the process of isolating and restoring the gas supplies at properties.

We work hard to keep in touch and support those who may not have access to online services.

In January 2019 in Wilstead, Bedfordshire, we used a digital information sign at the main entry point into the village, and we have made more use of our ability to send SMS messages. This contributed to us getting a customer satisfaction score of 9.45 out of 10.



Case study:

Looking after our customers: Deanshanger

In July 2018 when more than a thousand families in a rural village faced being off gas for three days after a third party incident that caused a major leak, you might have excused them a grumble or two.

But more than 60 of our engineers made such an incredible impression on the small community, as they worked to get everyone reconnected, the locals were sad to see them go. With so many customers without gas, our teams used all means of communication to keep affected customers informed and particularly meeting the needs of those customers in vulnerable situations.

The major outage, which affected 1,500 homes in the Northamptonshire village of Deanshanger, forged a bond between our team and their customers. Mrs Hance, a local resident, said: "We had some compensation but Cadent were so efficient, I am donating mine to Newlife charity for children with disabilities. It's nice that something wonderful came out of something that was not too much inconvenience."

Our Facebook page and dedicated customer centre helped us manage the incident, which saw almost all properties back on gas inside 72 hours, thanks to our engineers from across all our networks.



75%
Same day closure rate

Dealing with complaints

We have seen a step change in our handling of complaints, improving the percentage of complaints we resolve on the same day from around 25-30% to 70% in an 18 month period. We are now achieving a 75% same day closure rate. This demonstrates the progress we have made to be far more responsive to our customers. We have moved accountability to a local level to make sure our customer specialists are closer to our communities and we can handle complaints more effectively.

We have implemented new technologies to analyse the information we get from customers to provide invaluable insights that can help us shape a better experience for our customers.

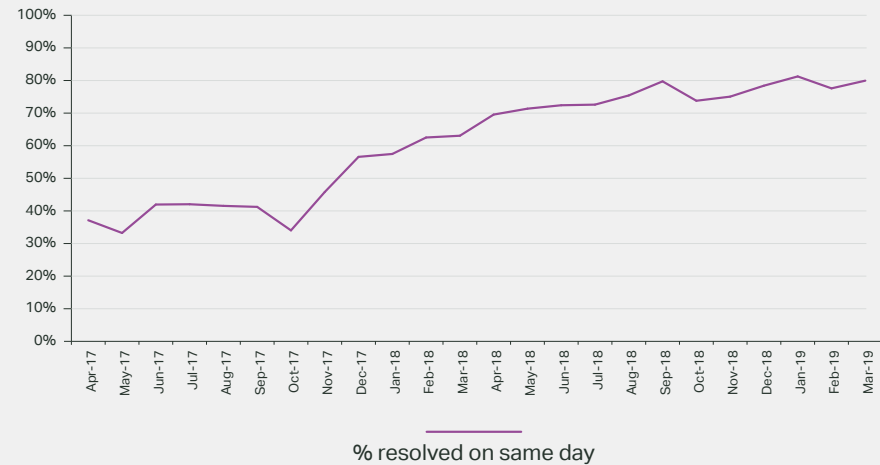
Within our customer contact centre, for example, technology is helping us capture expressions of dissatisfaction to help us continuously improve our interactions with customers.

We are now generating far more insights through the introduction of real-time feedback SMS, targeted social media campaigns, and artificial intelligence and machine learning technology to analyse calls.

These initiatives allow us to identify any problems our customers experience throughout their journey, which in turn allows us to target actions to improve our processes and develop services tailored to our different customer groups.

Our customer liaison officers get to the heart of how our customers feel, and engage the right people, in the right order, to resolve issues swiftly and fairly. They play a proactive role in preventing dissatisfaction, by providing support during an incident, building relationships with landlords, and managing agents in high-rise buildings, to name but a few of their activities.

Same day closure of complaints performance



Making a positive contribution

Safeguarding our customers and communities

It is essential that we deal with the needs and expectations of customers as individuals and recognise that no two customers are the same.

While undertaking our works we may come across circumstances where our customers are in vulnerable situations. In these situations we take the time to provide additional services to keep our customers safe and warm in their homes.

We are improving our understanding of vulnerability to target our support in the right way. We have engaged with our Stakeholder Advisory Panel and key external organisations, such as Citizens Advice, to develop the following definition:

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 our action or inaction than other customers.

Vulnerability can arise in many different situations and we are supporting our staff to recognise these situations and respond in the right way. We have worked with our stakeholders to develop a strategy that enhances our core capabilities and supports our customers. This strategy focuses on three distinct but parallel areas:

- Raising awareness of, and preventing, carbon monoxide poisoning;
- Providing tailored services to address and tackle customer vulnerability; and
- Providing subsidised connections to the gas grid for eligible households to help tackle fuel poverty.



Raising awareness of carbon monoxide poisoning

We have made significant progress in raising the public's awareness of carbon monoxide poisoning, by focusing on the groups of our customers most at risk. Our RIIO-2 Business Plan looks to build on this success. We are increasing the scale of our activity and investigating how we can prevent the underlying causes of carbon monoxide poisoning, developing support systems to ensure appliances are serviced and problems identified sooner.

We have delivered specific carbon monoxide awareness training to our people, providing them with the tools, techniques and confidence to intervene and advise if they come across instances of carbon monoxide risk as they meet customers. In 2018/19 we:

- Issued safety advice to 294,990 customers, warning them of the dangers and signs of carbon monoxide, and advising them of the steps required to keep safe.
- Supplied 24,162 carbon monoxide alarms to customers at elevated risk.
- Increased the number of formal partnerships with fire and rescue services from 6 to 19 and provided awareness of the risks and symptoms of carbon monoxide poisoning.

24,162

Carbon monoxide alarms supplied to customers at elevated risk.

Identifying customers in vulnerable situations

Over the past 12 months we have continued to improve our safeguarding activities and have worked across the industry to improve the Priority Services Register (PSR), which is used to identify customers in vulnerable situations and ensure that they get the best possible service in the event of a gas emergency.

This service is operated by all the GDNs, and customers can find out more about the PSR through our website if they are disabled, living with dementia, a carer, have a chronic or serious disease, or have children under five. We have carried out campaigns in our communities to raise the profile of the PSR; our most recent campaign drove a very significant increase in visits to the website and increased the number of new registrations in 2018/19 to 5,106, an increase of 20% from the previous year.

We have established a cross industry group to develop a common set of 'needs codes', which can be used to develop the right services for customers. We've been trialling and developing schemes where we can refer a customer to further sources of support, such as our partnership with National Energy Action.

We developed a new Incident App, which provides a real time link between frontline colleagues and our customer support team. These are vital step-changes, as they minimise the amount of times customers in vulnerable situations need to engage with us, while still delivering the best possible service for them.

Working with the Alzheimer's Society and others, we also supply and fit locking appliance valves free of charge to people in vulnerable situations, enabling their carers

to temporarily lock their appliance in the 'off' position to reduce the risk of it being used unsafely. In 2018/19, we fitted 442 of these, a 30% increase on the previous year.

Tackling fuel poverty

In the first five years of RII0-1, we have connected over 28,131 properties under the Fuel Poor Network Extension Scheme. In addition, we created a Community Interest Company called Affordable Warmth Solutions, which ensures that heating and other energy efficiency measures are installed alongside fuel poor customers' gas connections, and helps them access funding. This approach has been developed with input from National Energy Action and government fuel poverty policy committees. Through 2018/19 £7.1 million was invested in fuel poor connections, benefiting 4,608 households.

Enabling access for all

It is vital that all our customers have equal and easy access to all of our products and services. We aim to embed a culture of addressing vulnerability in all of our business services and ensure none of our customers get left behind. We now have 63 different offerings that can be made to customers in vulnerable situations, ensuring that responses are tailored to the needs of the individuals from directly addressing fuel poverty in partnership with Affordable Warmth Solutions, advice on energy efficiency, tailored support working with Age UK or Maggie's, a cancer charity, to better support those affected by the disease.

Our relaunched website went live early in 2019 offering easier ways to contact us and get information, which can now be read, or heard, in more than 100 languages. We have also developed sign language videos showing what to do if you smell gas, lose power or want to join the PSR.



Case study:

Educating young people about carbon monoxide: Safety Seymour

Our Safety Seymour campaign is aimed at raising awareness of carbon monoxide among school children aged 6-8 years.

Safety Seymour comprises a series of fun, engaging and accessible classroom sessions for children, led by trained art workers, including those whose first language may not be English. At the end of the session, children take home a carbon monoxide alarm, an information pack, and a treasure hunt to identify the signs of carbon monoxide with their family and friends.

We use data on carbon monoxide hotspots to identify our target schools. Over the last four years, we have reached around 9,000 school children and their families. In 2018/19 we ran 151 classes across our networks. This initiative has now been adopted by all the gas distribution networks ('GDNs').

In 2018/19 we partnered with Northern Gas Networks and linked up with Fun Kids Radio and to launch a multi media campaign. Content included on-air broadcasts, podcasts, video and competitions. This reached an audience of 384,000 listeners through 60 broadcasts. The podcast was downloaded 3,260 times and social media posts drove 6,912 views of a webpage with educational carbon monoxide content. A second campaign will launch later in 2019.

Establishing partnerships

There may be situations where we do not have the required skills or expertise to help our customers directly. However, we can still play our part by establishing partnerships and working with third parties to deliver the required customer outcomes. We issued partnership booklets to 8,100 partner organisations in 2018/19 including 6,500 GP surgeries.

Making a positive contribution

Creating a place where our people can thrive

With a dedicated workforce of over 4,000 people, we are focused on recruiting the right people, supporting them to share our values, and helping them develop. We know that we will drive performance by creating an inclusive and motivated workforce, where everyone's contribution is valued.



Delivering our commitments

Our people are essential to delivering our services and improvements. We need the right balance of skills to ensure our operational performance is future proofed. Since becoming a standalone gas distribution business, through the Board and Executive Committee, we have continued to invest and approve strategies to engage, develop and grow our people, including the:

- Maintenance of Competence Board;
- Leadership & Capabilities Strategy;
- Employee Opinion Surveys;
- New Talent Strategy; and
- Education & Skills Strategy (our schools outreach programme).

Collectively these help the business attract and develop talent and deliver all the training, skills and professional capabilities that we need. Our aspiration is to be recognised as a great place to grow, for our people and those who want to join us.

Building for the future

Identifying, recruiting and retaining the skilled workforce we need to deliver our vision is crucial. This means we need to develop a pipeline of talent: supporting science, technology, engineering and mathematics ('STEM') skills in schools; making sure our organisation and values resonate across our communities; and supporting our people with training and development.

Our Education & Skills Strategy focuses on STEM enrichment, careers inspiration, and work experience. By building relationships with a number of schools in our recruitment hotspots, we provide opportunities for our people to volunteer as mentors across a range of subjects and age groups.

We are collaborating with energy and utility organisations to promote engineering as an interesting, exciting and valuable career proposition. As a member of the Energy & Utility Skills CEO Skills Partnership, we have led the sector's Apprentice and Technical Education Advisory Group.

We support the new 'Talent Source Network' programme, which focuses on the engagement, attraction and awareness of key target audiences, including:

- Women;
- Black, Asian and minority ethnic ('BAME');
- Service Leavers;
- Parents;
- Unemployed; and
- Not in Education, Employment or Training ('NEETS').

We have created peer-to-peer networks to further support our people's development.

Attracting in new talent

As we look forward to supporting the transition to a low carbon energy future it is vital that we build the capability to deal with a changing climate, to innovate and embed new technologies. We continue to bring in new talent with apprenticeships, graduate schemes and our Engineering Training Programme. We recruit around 50 apprentices each year. This year, the first cohort completed the new 'Gas Network Craftsperson' apprenticeship standard. We also recruited nine graduates onto our Graduate Development Programme and five onto our Engineering Training Programme to help improve and sustain our talent pipeline.

We won the Number 1 Apprentice Employer in the Job Crowd Top 50 Companies, and 20th place in the Top 100 Graduate Employers across all sectors. In Energy and Utilities, we were named best Apprentice Employer.

Taking positive steps for gender pay

In April 2019 we published our second gender pay gap report, which outlines our continued work to close the gender pay gap and highlights some additional key areas of future focus.

Our mean pay gap is 12.5% and whilst we recognise this has increased from last year, we are working hard within our business and across our industry to help change what has traditionally been a male dominated sector. We are taking positive steps forward, but this level of change takes time as we work within our communities to inspire and attract a diverse range of talent.

We support the development of our employees, with initiatives such as the Spring Forward programme, designed to coach, train and support women in the workplace.

- We support flexible working opportunities and provide tools to allow remote working where feasible;
- We require assurance across our processes to ensure consistent and fair approaches are taken, such as performance and pay reviews; and
- We have an Inclusion and Diversity Conscience Group to ensure this remains a key focus for our business.



Addressing Diversity & Inclusion

Our current workforce demographic shows imbalance in some areas, for example female representation at Board and senior leadership levels are 18% and 15% respectively. This is partially symptomatic of our industry, where 83% of the energy and utility sector's workforce are male.

However, we are seeking to redress that imbalance and achieve greater diversity. It is our policy that people with disabilities are treated fairly in relation to job applications and opportunities for training, career development and promotion. When employees are unable to continue working in their current role due to disability, every effort is taken to make reasonable adjustments, provide suitable training and identify alternative roles, if required.

It is our ongoing intention to represent the diversity of our customers through fair and equitable recruitment processes to build a workforce that truly represents the communities in which we serve. To drive change and work collaboratively to attract, recruit and retain a more diverse talent to the sector, we have signed up to EqualEngineers and the Energy and Utility Skills Sector Inclusion Commitment along with 32 other leading employers. Furthermore, we are part of the Talent Source Network, offer the Springboard development programme for female employees and run the EmployAbility programme with great success.

Case study:

Changing lives for the better: EmployAbility

We sponsor the 'EmployAbility – Let's Work Together' supported internship scheme to build confidence, develop skills, raise aspirations and provide a step on the career ladder for students with special educational needs and disabilities ('SEND').

Students from our partner SEND schools join Cadent for a year to complete three work placements, while studying for a BTEC in work skills. During that time, they are supported by Job Coaches employed by our partner schools and funded by the Department for Work and Pensions.

The programme has enjoyed long-term success rates, with 73% of interns achieving paid employment, against the national average for this group of just 6%. Other interns have gone on to further education in mainstream colleges to pursue particular careers; and we were recently awarded 'Most Supportive Employer' by the National Autistic Society.

Our experience shows that supported internships can be life-changing for interns and provide a valuable talent pool for our business.

Making a positive contribution

Driving performance

We believe in supporting our people with training and development, to ensure their safety, and help them to thrive within their chosen career.

We established an Organisation Development team when we separated from National Grid in 2016, comprising 40 employees – a mix of existing, experienced technical trainers and new professionals in leadership, new talent and planning.

During 2018/19 we delivered 23,400 training days, with 93% of these focused on safety and technical skills. The proportion of on site training, rather than bringing colleagues to our training centres, rose from 17% last year to 33% in 2018/19. We have modified training approaches, in conjunction with on-site inspections and technical updates, to assure the competence of our staff.

We are moving increasingly towards digital e-learning solutions; providing many more options for our people to shape their personal learning journeys; when, where and how they need it and to support them at the point of transition to a new role or level.

Our new IT platforms are creating new opportunities to improve our ways of working, collaborate more and learn via social cohorts. We are making strong progress in building our core capabilities curriculum in areas of commerciality, change and customer and added a rich range of e-learning from the Institute of Contract and Commercial Management to support people.

Our two main dedicated training centres at Hitchin & Hollinwood are now supported by satellite centres at Windsor Street and Slough which came on line this year to improve local delivery and operational productivity. We plan to expand our specialist 'Gas Pressure Control' training facility at Windsor Street to incorporate Pipelines, Electrical and Instrumentation training, with a view to being self sufficient by March 2020.



Case study:

Celebrating success

Our new recognition scheme, Cadent Congratulates, was launched in October 2018. The scheme is designed to make it really easy to say 'thank you' to our colleagues creating a social culture that recognises each other via peer to peer recognition. Our people use a Social Wall to post their 'thank you' messages; this is a great way of sharing the fantastic work across our business. Since the launch around 600 recognitions have been posted on the wall.

In addition to the Social Wall, colleagues can nominate each other for a monthly Value Award. Recognition is strongly linked to our values and we select up to five nominations per value per month. Nominations are considered by a Recognition panel with representatives from across our business to ensure a consistent approach. Only the best nominations that

have exemplified our values will be awarded. Successful nominations receive financial award and also a pin badge. To date, 134 nominations have been received with 41 awards being made.

Each quarter we award a CEO Spotlight Award. These recipients are selected as the very best and demonstrate either outstanding work or behaviours that showcase our values. Winners receive financial recognition and a CEO Spotlight Award trophy.

Celebrating success is really important to us and receiving recognition from the wider community is highly valued. We celebrate individual stories and share the great work and behaviours reinforcing what success looks like.



Behaving in a sustainable way for the good of future generations is second nature for Cadent's people in their day-to-day lives."

Ian Glover
Environment Manager

Case study:

Working together for impact: Graduate Sustainability Challenge

This was the overarching objective of our first ever Cadent Sustainability Challenge, created by 12 individuals from the 2017 graduate cohort.

With members spread across different locations, the success of the project depended on good co-ordination, flexible working and teamwork. The team had to engage at all levels of the organisation – including the Executive level – build a great story, and a strong message for people to engage with, to gain the traction the project required.

312 people volunteered to take part in the four-week challenge to talk about travel, energy, waste and water. As a result of the project, those involved made changes to their daily lives that:

- saved £4,000 for individual participants and Cadent;
- saved 11,080 kilogrammes of CO₂;
- saved 280,000 litres of water; and
- diverted ¼ tonne of waste from landfill.

This proves the value of many people doing small things as a result of minor changes to daily routines, and got people at all levels of the organisation talking about the environment and our impact on it.

Case study:

Becoming dementia friendly: the Alzheimer's Society



Our people chose the Alzheimer's Society as our corporate charity in 2017, agreeing a two-year partnership with an initial target of raising £100,000, and increasing the profile of dementia within the organisation.

Since then, our employees have raised funds by jumping out of aeroplanes, climbing Snowdon, playing football, and cycling 100 kilometres through London at night, among many other activities. Our fundraising target was reached six months early and has already exceeded £115,000 and we have separately donated £10,000 to the national helpline.

Over 3,200 of our people have completed a Dementia Awareness course, including the majority of our First Call Operatives, our customer contact centre teams, and the Executive Committee; while 2,200 staff have been trained as Dementia Friends.

Our overall efforts support both the Prime Minister's challenge on dementia and the Alzheimer's Society's 'New Deal on Dementia'. We've now committed to work with and support the Alzheimer's Society until June 2020 and an important part of this pledge is to become a 'Dementia Friendly Utility'. By taking simple and practical steps as an industry, we can reduce or eliminate the barriers faced by customers affected by dementia when interacting with their utility providers.

Making a positive contribution

Supporting the health and wellbeing of our people

Health and wellbeing is integral to the success of our business.

We are building a culture of personal ownership by employees for their health and wellbeing with business support, increasingly focused on early, proactive engagement and targeting risks. Our vision is to embed a culture and offer supportive programmes that have a positive impact on the health and wellbeing of all our people.

We have focus areas that correspond to our main health and wellbeing risks along with promotion of healthy lifestyle choices and support services open to all our people.

1 Managing vibration exposure

Our greatest work related health risk remains vibration exposure and the potential for long-term impacts on health through Hand-Arm Vibration Syndrome ('HAVS').

We currently have 139 injured employees with 4 new cases confirmed in 2018. We have worked to embed consistency in our approach to supporting anyone with a vibration related injury. Our ambition is to eliminate all new cases of HAVS in our workforce.

We are building a targeted, three pronged programme to help reach our ambition. Firstly, improving training and awareness for all of our people who may use vibrating equipment and initiating better monitoring of any exposure, particularly through trialling and deploying new, wearable technology. This step will enable our people to better manage their own exposure, within accepted limits, to eliminate HAVS risk. Secondly we are reviewing all equipment used and through an analysis of their vibrations putting procedures in place to procure progressively lower and eventually eliminating vibration equipment.

2 Management of musculoskeletal injuries

Musculoskeletal injuries are the primary reason for our employees to be absent from work and be referred to our occupational health provider.

This affects the day to day lives of our employees and adversely impacts their ability to work productively; we believe many employees may be working below their optimum whilst coping with these types of injuries at work.

Proven techniques of raising awareness and training, particularly for lifting and handling, and work to better control risks across all activities are fundamental to our controls. However, to help drive a real reduction in such injuries we are working with our occupational health provider to embed early interventions and support to our people to help minimise the severity of injuries and accelerate recovery. A particular success for us has been provision of a self-referral system to access physiotherapy services, which are much more likely to be taken up earlier than waiting until medical attention is required.

3 Management of mental health conditions

Mental health conditions are the second highest reason for our employees to be absent from work across all employment sectors.

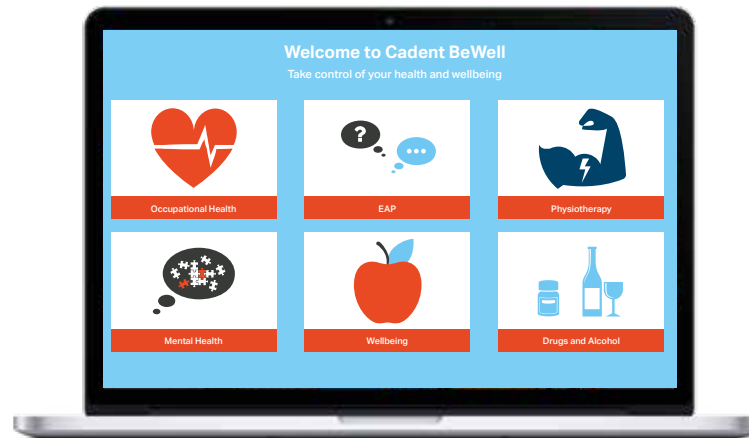
For a variety of reasons, it is also one of the most challenging to identify and provide effective support to employees. However, against this background we are committed to a step change in awareness, culture and provision of support to employees and managers to help manage this growing health issue.

We have established an Executive led group to drive improvements in the way we handle cases of poor mental health in the business. We have piloted Employee Mental Health Awareness training modules which will now be rolled out more widely alongside Mental Health First Aid Risk Assessment tools and training. We recognise that to deliver our step change we need expert support. That is why we are working with the national mental health charity MIND to benchmark our level of provision and build a year on year action plan to progress, reaching Bronze and progressing to Gold against this externally recognised benchmark within two years.

Engaging on wellbeing

We will embed our wellbeing engagement platform – Cadent BeWell – and use this to promote the comprehensive range of support services, tracking its use at a Business Unit level so Wellbeing Leads can identify areas to focus on.

We are working with our health care provider to develop innovative ways to encourage employees to register on our BeWell service to evaluate their wellbeing and set personal targets to improve their health during 2019/20.



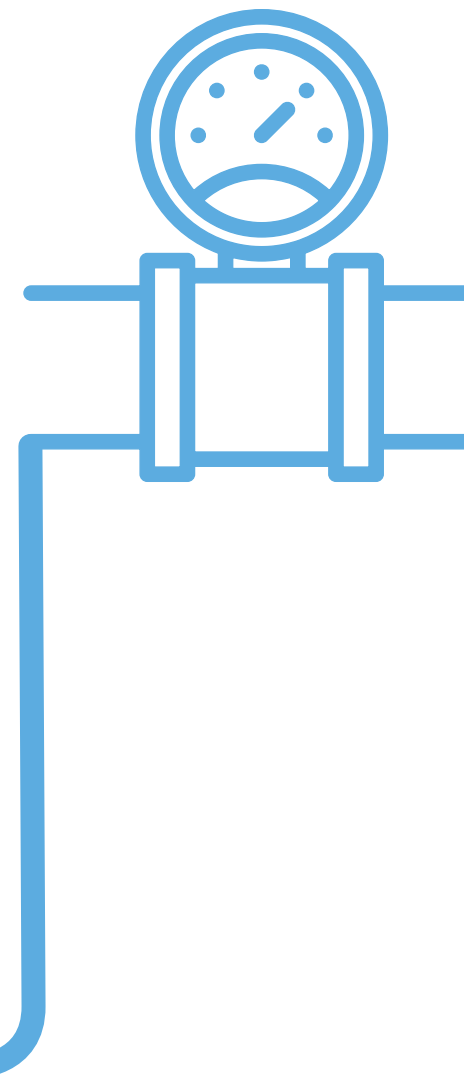


Ensuring a resilient network

We own, operate and maintain the largest gas distribution network in the UK, providing our customers with the energy they need to stay safe, warm and connected.

Our skilled engineers and specialist teams are committed to the communities we serve, working day and night to ensure gas reaches 11 million homes and businesses.

Our networks comprise over 131,000 km of pipeline, with some parts of the networks originally built 200 year ago. This presents us with a range of challenges: from continually improving the safety of our networks; to ensuring exceptionally high levels of reliability, so that gas is there when people need it, and responding quickly when it isn't.



Ensuring a resilient network

Responding to keep you safe

We are focused on delivering reliable gas supplies, when our customers need it. We are proud to say we consistently provided overall network reliability of 99.996% this year.

A typical residential consumer on our gas network could expect to lose their gas supply just once in 200 years and, on average, they should expect to have their supply restored within 9 hours.

In 2018/19, we have focused on reliability and responding rapidly to restore supplies. We have performed well against most measures, with particular strength in our response to reports of potential leaks; and in completing repairs on our networks, which finished the year at a long term best.

99.996%

Overall network reliability

Renewing our network for the future

Since the late 1970s there have been coordinated programmes to replace aging gas network infrastructure. In 2002 the gas network operators, HSE and Ofgem, agreed a 30 year programme to replace metallic mains prone to fracture with new, plastic, lower-emission assets. This programme was set in place by the Health and Safety Executive, with Ofgem, to improve safety for members of the public living close to gas transport assets.

The programme will run until 2032 delivering improved safety and reducing greenhouse gas emissions. In 2018 we replaced 1,701 km of our networks and prevented the loss of over 180 GWh of energy. Since 2012/13 we have replaced over 10,000 km of our networks.

We have developed plans to accelerate the programme to achieve our RIIO-1 target by the end of the price control period. We have expanded our programme of other asset improvements, to ensure we provide a reliable network for the future, and to meet our Network Output Measures. We have increased investment in asset health improvements by 50%, upgrading and replacing assets – from high-pressure, above-ground installations outside major urban areas, through to valves securing individual buildings.

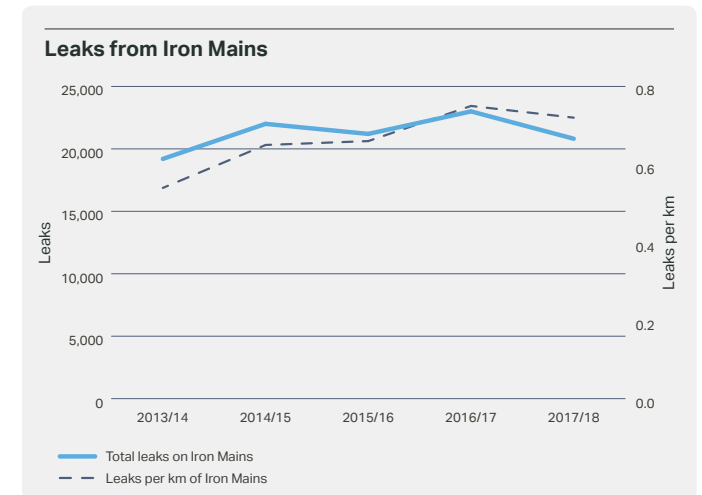
We expect to further increase investment over the remaining two years of this price control period. Our investment unit cost performance is strong relative to our peers, despite significant pressures on costs, due to the high demand for skilled labour in the construction industry. We will continue to manage these pressures alongside the step-up in workload over the coming years.

Building resilient networks

We are responding to challenges posed by population growth and the changing infrastructure and environments around our networks. The work we do today is helping deliver the networks of tomorrow with the capacity to deliver fuels for the future including hydrogen:

- reinforcing our medium-pressure network in London;
- upgrading the security at a number of our critical above-ground assets; and
- enabling the delivery of HS2.

The figure below demonstrates that the aging population of old gas mains still in place are failing more frequently leading to possible uncontrolled gas escapes on our network. This key indicator strongly supports the need for continuation of our iron mains replacement programme. Further, as the UK moves to meet its climate change objectives, we anticipate that further investment in the resilience of our networks will be required to provide the capability to efficiently and sustainably transport a range of low carbon fuels.



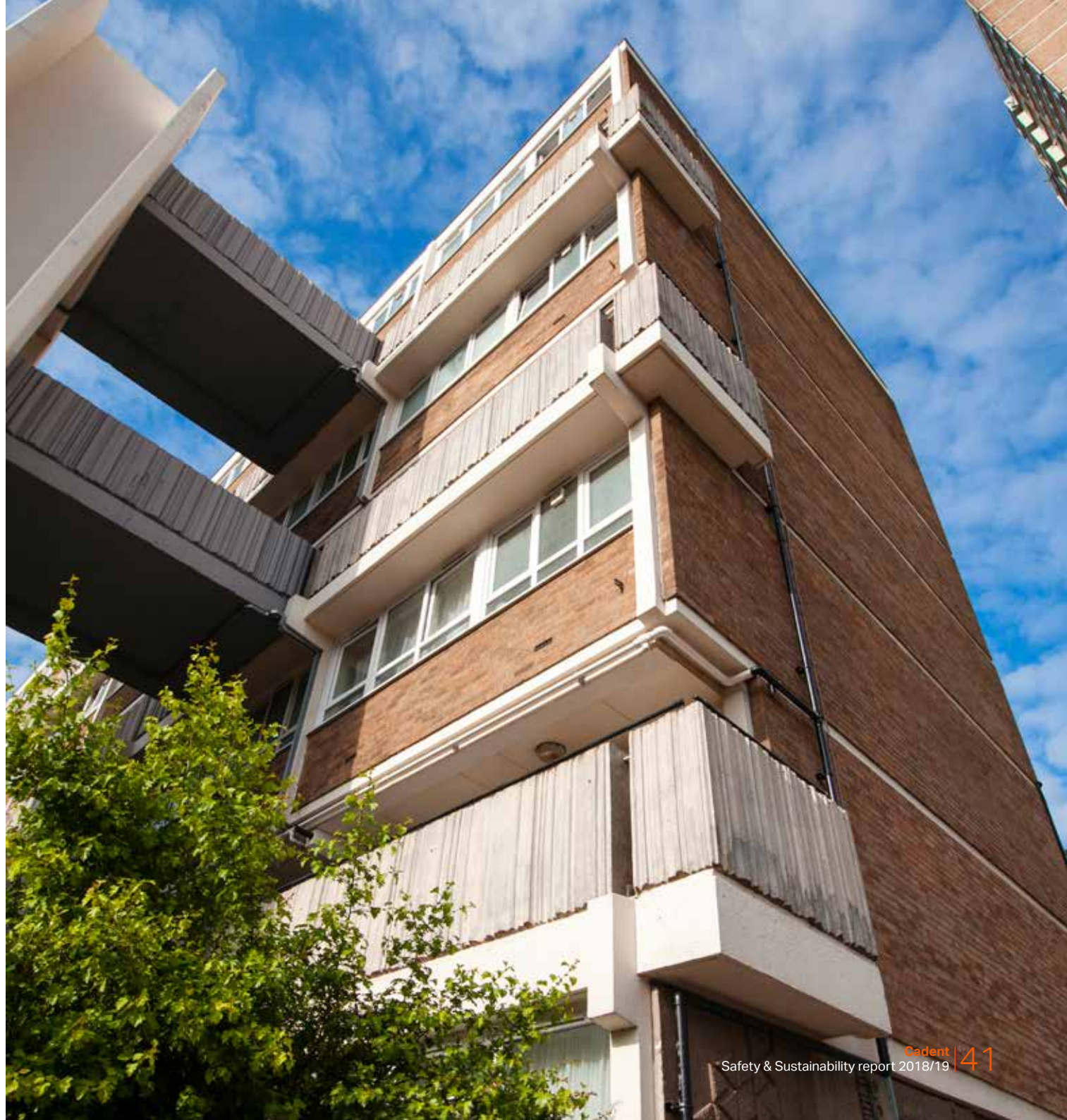
Improving service in multi-occupancy buildings ('MOBs')

We have carried out more than 2,000 high-rise building surveys across our networks in 2018/19, improving and replacing assets in 583 multi-occupancy buildings ('MOBs').

We have created multi-occupancy managers to improve the customer experience and are working hard to ensure we communicate well with our customers, and they understand our role in managing the assets in MOBs.

Not all MOB customers require gas for heating and hot water; some are connected to communal boilers. We have established an energy exchange programme for people who only use gas for cooking, to replace their gas appliance with a new electric version, plus compensation.

When customers agree to participate in the energy exchange programme, it minimises the disruption to all the building residents by avoiding the need to replace the gas pipes.



Ensuring a resilient network

Focus on process safety

Process Safety management is about ensuring the integrity of our networks and making sure that gas in pipes and other equipment does not cause harm to people or the environment. Our Process Safety management framework is designed to protect people and property from the hazards of stored energy, in our major hazard pipelines and plant, and also from the risks associated with significant gas leakage conditions.

This starts with the design of our network, incorporating the whole life cycle of all our equipment, from construction, making sure they are operated safely, well maintained and regularly inspected through to replacement or removal from our networks.

Process Safety in the gas industry has traditionally been focused on high pressure gas transmission assets. We believe this risk should be managed right across the pressure range, with the right Process Safety measures in place and effective key performance indicators.

Through 2018/19 we have refreshed our approach to managing Process Safety, issuing our Process Safety commitments document that sets out our four key elements: Process Safety Leadership, Risk Identification & Assessment, Risk Management and Review & Improvement.

Our network operates across a wide range of pressures, receiving the gas from the National Transmission System at high pressure, and safely managing this pressure (stored energy) until it is delivered to the gas consumer's meter. Each of the pressure tiers has specific regulations and requirements that we must comply with. Our pipes are buried in both public highways and private land so we must also ensure our pipes are protected from third party interference or damage.

Through the year we have undertaken a fundamental review of our Process Safety framework, ensuring that we have the right risk identification and control measures in place, supported by leading and lagging performance indicators. We have also refreshed our Process Safety scorecard and making sure it meets external benchmarks.

We are raising awareness and through 2018/19 we have updated and refreshed training materials for key functions in the business. It is important to us that our safety message starts at the very top. In 2019 our Board and executive team have taken the lead in undertaking a full day Process Safety training course and will provide additional direction in establishing our goal of leading Process Safety standards.

We distribute energy to

11 million

Homes and businesses across our network





Case study:

Reducing disruption for our customers with CISBOT

A small team of Cadent engineers completed a pipeline rehabilitation programme in the heart of London's West End.

Working closely with robotics experts, our Cadent team successfully repaired 850 metres of large diameter gas main running beneath The Strand. This was a job that would normally take nine months, but our team had it completed inside nine weeks.

Their efficiency was down to an innovative new approach, using CISBOT robotic technology to restore and rehabilitate mains rather than replacing them. This meant there was no need for many excavations in an area of central London where gas works typically mean significant disruption for pedestrians and traffic. Not a single gas supply was affected during the works, which were followed up by a second operation in nearby Oxford Street, where footfall averages 13,560 people every hour during the day.

Rehabilitation rather than repair is the secret to CISBOT's success. It is a formula that is set to be rolled out on a further 33km of our pipeline in high-profile locations, including Regent Street, Long Acre and Park Lane in the final two years of our current regulatory period.

How CISBOT works

Once a single excavation is completed and shuttered, the CISBOT module is inserted into the gas main. The robot is operated by a joystick and touchscreen from a vehicle, with the operators watching on screens. Rehabilitating each joint, CISBOT is set to transform the way we work and extend the lives of our pipes by decades. Although it is not currently suitable for every kind of job we need to do, we plan to use it more and more in the future.



Driving efficiencies

Our strategic approach to Street Works means we now deploy CISBOT on a regular basis in London and expect to use it in other networks in the near future. Our teams have been working with key stakeholders, such as the Department for Transport, on the Street Manager Project, and we intend to replace the existing system with a new Street Manager system to enable better compliance with legislation.

We have won a prestigious Street Works UK awards for a complex mains renewal programme in Stratford-upon-Avon, by the West Midlands partnership with Warwickshire County Council.

Ensuring a resilient network

Case study:

Taking care in construction: HS2

One of the first jobs in the HS2 high speed railway programme is to ensure our infrastructure does not present any obstacles to development, by diverting our pipes.

The first of these is underway near Uxbridge, where a high pressure pipeline is being buried deep in a tunnel beneath the planned HS2 route. The environment around the site was sensitive and the extent of works including deep tunnelling under the HS2 route presented significant design and safety issues. A full environmental impact assessment was carried out before the works and a full environmental management plan ensured that we met our requirements and HS2's. Despite local concerns the project is taking the needs of all stakeholders into account, especially with regards to traffic management at road crossings and site entry points.

At our project site in Uxbridge, we have introduced grey water harvesting to service the site's water needs, and lighting fuelled by hydrogen fuel cells, reducing noise and emissions. The project received a Gold Award at the 2019 Considerate Constructors scheme for the range of good practice employed, and the care we have taken in working with our neighbours.



To be recognised for making a major contribution to London and its infrastructure is a real pat on the back for everyone involved."

Andrew Hejdner
Cadent Project Manager



Case study:

Safeguarding the future: London's gas infrastructure

We are proud that our multi-million pound flagship project to safeguard the future of London's gas infrastructure has been nominated for a top industry award.

Our teams liaised with 15 separate organisations during the two-year operation to build the 330 metre Chelsea to Battersea Tunnel beneath the River Thames. After 12 months creating the tunnel, installation of the gas pipeline is nearly complete.

The £18 million project, part of our £1 billion investment to replace aging gas mains across the capital, was shortlisted for three awards by the Institution of Civil Engineers.

Our project was nominated for the prestigious People's Choice Award, while we were named in the Best Infrastructure and Greatest Contribution to London categories.

The project team secured the 20 different permissions needed for the work, which included digging two 30 metre deep shafts beneath Battersea Park and the grounds of the Royal Hospital in Chelsea. We also removed all trace of the work in time, covering the shaft with a massive landscaped concrete slab, so events such as the Chelsea Flower Show were not affected.



Case study:

Protecting our pipes: the River Mersey

When a routine survey revealed a stretch of high pressure pipeline was in danger of being damaged as half a century of erosion took its toll, we had to act. The flow of the river had moved by a staggering 45 metres so the integrity of the pipe, which was first laid around 50 years ago, was at risk. The power of the water had gnawed away at the land at a bend south of Didsbury and north of Cheadle, eroding its banks and putting the integrity of the pipeline that feeds the whole of Manchester at risk.

Matt Goode, one of our Network Supervisors in the North West, worked with subcontractor Cain BioEngineering, to restore the river back to the course it took in the 1960s.

Matt Goode said: "The river has salmon and there are nesting birds and electricity pylons nearby, so we've worked with the government's fisheries department and Environment Agency on getting all the Environmental Permitting Regulations right."

This was a major project to restore the eroded 350 metre section. Excavators moved hundreds of tonnes of earth to excavate the original channel of the Mersey and construct a new bank to force the river back along its former path. To reduce the flow of the river and prevent further erosion, it was widened and fitted with "riffles" (underwater speed bumps) to slow down the water.

Matt said: "It's a complex but fascinating job with a team of 15 people working on it and yes, it will mean we've moved the Mersey."

The £1m project went beyond the feat of moving a river – it had to accommodate the wildlife which makes the Mersey its home. They include sand martins, which nest in the banks, and migrating salmon which make their way upstream to spawn.

The final phase of the work was delayed until autumn to ensure the birds have left the banks for warmer climes and saw willows and wild grasses planted on the riverbank to restore natural habitats.





Trusted to act for society

We are committed to strong corporate governance and high standards of ethical conduct.



We know that we need to act in a way that builds trust in how we operate, making a real and sustainable difference to the communities we support.

We want to show clear accountability for our actions, with regards to safety and sustainability. This report is our first step in demonstrating that we intend to go above and beyond the minimum standards of regulatory and legal compliance in building a responsible business strategy to help us and our communities thrive.

Making ourselves accountable is not only the minimum expectation for businesses like ours, which are custodians of assets that deliver a critical public service – more importantly, it is the right thing to do, and something we strongly believe in.

Our Board have committed to setting up a community fund to support our customers and the communities in which they live – investing 1.25% of our post-tax profits – and this will be launched in the summer of 2019. This fund is a key part of how we can demonstrate a clear public purpose and our commitment to supporting the communities we serve.

Trusted to act for society

Acting in a responsible and ethical way

Our Board provides strong oversight and is committed to strong corporate governance and high standards of ethical conduct. As part of this, we're committed to 'Always Doing the Right Thing' in the choices and decisions we make every day, both as individuals and as a company.

The Board sets a strong 'tone from the top' on the importance of our high ethical standards, whilst employees are supported to act ethically by local 'Ethics Champions' in each area of the business, as well as by a dedicated Ethics team. Our ethical guide, 'Always Doing the Right Thing', on which all employees are trained, underpins our values, guiding how we behave and work today, along with our aspirations for tomorrow.

Through our Supplier Code of Conduct we outline our expectations of how our suppliers, and their supply chain partners, are to act when providing us with goods or services, ensuring the way our suppliers do business aligns to our values and aspirations. We expect all our suppliers to act in accordance with the highest ethical standards, and to comply with all relevant laws, regulations and licences.

Our Modern Slavery Statement sets out the steps we have taken to prevent slavery and human trafficking in our business and supply chains and at the same time raises awareness of this important issue. We continue to review our processes to prevent enforced labour, human trafficking and slavery, and provide regular guidance and training to our employees to embed our ethical code of conduct.

Living by our values

We have embedded four key values to drive the way we do business and ensure that even when decisions may be uncomfortable or challenging we always do the right thing.

1 Commitment
We are dedicated to delivering on our promises, keeping focused on safety and doing the right thing.

- Putting customers front and centre;
- Maintaining a relentless focus on safety;
- Doing the right thing; and
- Decarbonising our future.

3 Curiosity
We explore and embrace new ways of thinking and working to meet the needs of our customers and stakeholders.

- Encouraging a start-up mentality;
- Taking a progressive outlook; and
- Sharing ideas.

2 Community
We are one business, focused on the needs of the communities we serve.

- Building team solidarity;
- Taking a human approach; and
- Serving the nation.

4 Courage
We have the courage to embrace change and respond to the fundamental shifts in our society.

- Being open to change;
- Moving forward; and
- Acting with confidence.

Making ourselves accountable

Our Safety & Sustainability report helps us communicate our commitments, priorities and progress toward becoming a sustainable business with a clear public purpose. We are passionate about delivering long-term outcomes for all of our stakeholders, including investors, customers, our people, and the public.

Dealing with issues in high-rise buildings

We faced various challenges last year in relation to our data for high-rise buildings and the length of time it was taking to get service restored to our customers. We have worked hard with our regulators and take accountability for these issues and put them right.

We have now established a new team dedicated to minimising the number of customers we need to take off gas. When disconnection is unavoidable, we will ensure enhanced support is available including new administration procedures to meet these customers' needs.

We will continue to engage widely to ensure that our wide range of stakeholders are listened to, as we move forwards. We are leading the way as the only gas distribution network to follow the 'sustainable licence to operate' framework, developed by Sustainability First.

Setting standards

It is our long-term ambition to stand out from the crowd in relation to our safety and sustainability commitments. We believe that our size, scale, knowledge and expertise mean we are best placed to differentiate ourselves in the following areas:

1. Our approach to our customers and the communities

Our drive to understand our customers through wide ranging engagement and data driven insights means we can tailor solutions that meet their needs, minimise the disruption caused by our works, and keep the energy flowing for all customers, especially those in vulnerable situations.

2. Our leadership in shaping the future role of gas

We are undertaking ground breaking trials to demonstrate the future role of gas in meeting the challenge of decarbonising heat and transport. We are using our expertise to lead and influence industry, Government and policymakers on this important challenge for society.

3. Embedding sustainability into our operations

We earn trust by doing things the right way, building our reputation as an ethical company that our stakeholders want to do business with, and our employees want to work for.

We do not have specific policies relating to human rights, slavery or human trafficking, but respect for human rights is incorporated in our employment practices and our values. Our procurement policies embed sustainability throughout our supply chain, so that we create value, preserve natural resources, and respect the interests of the communities we serve, and those we procure goods and services from.

Through our Global Supplier Code of Conduct ('GSCoC'), we expect our suppliers to comply with all laws relating to their business, and adhere to the principles of the United Nations Global Compact, the Ethical Trading Initiative Base Code and the UK Modern Slavery Act 2015.

Our future

In May 2019, the UK Government's Committee on Climate Change published its long-awaited Net Zero report, committing to building a net-zero carbon economy by 2050.

It is necessary for us to take our belief about the role gas can play in combatting climate change and show how that will work in practice. This year we have intensified our efforts to ensure that the voice of the gas industry is heard in shaping the debates taking place across the country every day. We have been at the forefront of industry collaboration to ensure that the gas networks have a unified vision of the role that we can play in a decarbonised world.

Over the next year the Committee will need to reflect very carefully on the recent Government commitments for a net-zero carbon economy to ensure that Cadent's strategy and plans are aligned to contributing to this exciting future.

Safety & Sustainability Committee



Howard Higgins
Chair of the Safety & Sustainability Committee



Dr Catherine Bell CB
Member of the Safety & Sustainability Committee



Ian Coucher
Member of the Safety & Sustainability Committee

Keeping the conversation flowing

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