

**Electricity
Transmission**

nationalgrid

**Stakeholder
Engagement
Incentive Scheme
Submission
2019/20**



Part 1

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Our role explained

Our network is like the motorways of the England and Wales electricity system, transporting large volumes of energy over long distances to the distribution network 'A roads'.

Apart from a few large industrial customers, we don't connect directly to people's homes or places of work, so our relationship with the public and other consumers is generally an indirect one.



Our network in numbers

1,700 employees from **23** nations keep our network running

We own, manage and maintain:

4,481 miles of overhead lines

347 substations

1,416 miles of underground cables



Introduction

Stakeholder insight is a fundamental input into the priorities we set and the decisions we make as Electricity Transmission. We make this happen by having the right people, processes and governance in place to ensure we engage with the right stakeholders, on the right topics, at the right time and through the appropriate channels.



Welcome to Part 1 of our 2020 stakeholder engagement incentive submission. Reflecting on the past year, our Electricity Transmission business has moved on a lot when it comes to stakeholder engagement. In the past 12 months, I've seen more engagement with our stakeholders on a broader range of topics than I've ever seen during my time at National Grid. Some of this was part of the process to build our RIIO-2 plans, but much of it was a result of us continuing to make stakeholder insight a more integral part of our business-as-usual decision-making processes.

I'm personally seeing the real value that using external stakeholder insight can bring to the decisions we make, particularly when it comes to the challenges that net zero and sustainability are presenting. For example, we shared details last year of our *Evie's Whale* campaign to reduce plastic waste across our business. This came about as a direct result of stakeholder feedback, and we've expanded it over the last 12 months to create even more of an impact – details can be found in Part 2.

We've also acted on what we've heard to accelerate our move to a fleet of electric vehicles, develop a new strategy for reducing the impact of sulphur hexafluoride leaks from our network, and look at the best ways of connecting future offshore wind generation to the network, at least cost to consumers and least disruption to local communities. The speed and scale at which we're making these changes is driven by what our stakeholders are telling us, and it's obvious that change won't happen at the pace that's needed unless we continue to engage and collaborate.

What's also become apparent is that becoming more stakeholder-centric wasn't a change we could make overnight. The comments made by the incentive assessment panel in 2018 still ring clearly – namely that saying we're changing is not the same as actually changing, and that our evidence didn't necessarily match our words. Since then we've looked at what we needed to do to properly embed a stakeholder focus across Electricity Transmission, and this has involved learning from others.

I've made sure my leadership team (myself included) sets the right example, so as well as personally using stakeholder insight for

decision-making and strategy-shaping in our Electricity Transmission Executive team meetings and governance committees, we've also been talking to more stakeholders ourselves, from schoolchildren and members of the public, to government and local authorities, and on a whole range of topics.

The rewarding thing for me is that this approach is now being recognised by people outside of National Grid, and that's great to hear because we want to be known as an organisation that listens to its stakeholders and acts on what it hears. Stakeholder satisfaction has improved to our highest ever score of 8.64 out of 10, we've received positive net promoter scores for every piece of engagement we've measured, and our AA1000 health check score is now 78%, moving us to the top 'mature' stage of the assessment ladder. And all of this has come during our first full year of being separated from the Electricity System Operator.

I'm really pleased that some of the stakeholders who were previously our biggest critics are now acknowledging the changes we've made, and I've made a personal commitment (along with the rest of the NGET Board) that this is the way we do business – not just from the start of RIIO-2, but from now and for good.

Finally, I have to make mention of the current COVID-19 situation. For the year covered by this submission, it only really had an impact in the final few weeks. This meant a rethink for some of our planned activities, and a focus on communicating with customers, stakeholders and the public to explain the impact and reassure them that their energy supply is in safe hands. It will be more of a challenge in 2020/21 and we recognise that our stakeholders' capability and capacity to engage is likely to be reduced, but we're already thinking about how we can find new ways of engaging to ensure we remain a stakeholder-led business at a time when looking after the interests of consumers is more important than ever.

David Wright
 Director of Electricity Transmission
 National Grid Electricity Transmission Board Member

Key highlights from 2019/20



About Part 1

In Part 1 this year, we'd like to walk you through our engagement process, to show how our strategy, supported by the right resources and capabilities across our organisation, enables us to engage with our stakeholders using a robust, tailored approach, and how we then use stakeholder insight to shape our business decisions. Within this submission, we highlight what's new for the last 12 months to show how we've evolved and improved our approach.

1. A robust strategy

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What's new for 2019/20

1. A refreshed engagement strategy

We review and refresh our stakeholder engagement strategy every year. Since 2016, we've based our strategy on the principles of the AA1000 Stakeholder Engagement Standard, and this continues to be the case. Having a well-established core strategy based on a consistent framework allows us to make continuous improvement and measure ourselves against a consistent baseline. As part of our annual review, we also review the framework options available to us, and AA1000 remains the most relevant and appropriate standard for driving improvement and maintaining a high quality, embedded approach to stakeholder engagement. Unlike other accreditation, it provides much more than an audited pass/fail assessment of our activities, which allows us to develop our engagement approach further with every year that we're assessed. We're really pleased that our alignment to AA1000 is being seen as good practice, with other networks following our lead in making it the foundation of their engagement approach. During the past year, we've sought challenge and advice regarding our approach from an independent user group, and they have positively endorsed our alignment to AA1000.

In 2019, we carried out a more fundamental review of our engagement strategy than in previous years, to link it more clearly to our strategic ambition, expand it to include our approach to insight-driven decision making, and to introduce the enduring role of the independent user group to our engagement process. We based the updates on what our stakeholders want from us, and in particular the fact that they expect to be more fully engaged in our decision-making processes and would like more transparency around the way we do business. We consulted representatives from our key stakeholder segments when updating our strategy to make sure it delivers what they expect from us.

Our refreshed strategy sets out our four-fold strategic stakeholder ambition:

- we want to **learn from our stakeholders**, ensuring we involve them through every aspect of our business, from shaping our strategic business priorities to the day-to-day running of the business, giving stakeholders the opportunity to have their views considered in our decision-making processes
- we want to **partner with stakeholders**, to solve problems and reach solutions that cannot be reached by any single organisation, such as the transition to net zero

- we want to ensure we are working to **build advocacy** on topics where stakeholders have told us we need to use our position in the energy industry to advise and influence on their behalf, in the wider interests of consumers
- we want to **fully embed** this approach across our organisation and make ongoing improvements to the way we engage

We define our stakeholders as anyone who has an interest in or is impacted by what we do, and we cannot meet our ambition without working with them. Having a robust, systematic and coordinated strategic approach to engagement is therefore vital.

We determine what we engage on, who we engage with and how we engage by following an outcomes-focused approach, looking at the desired objectives of our engagement and tailoring our approach to best deliver those objectives. We engage at a strategic level to help us establish, review and update our priorities, and on a more tactical level to help us make stakeholder-led decisions. We've developed our strategy over the past 12 months to make it clearer what each of the AA1000 principles means to the way we engage.

What the three AA1000 principles mean to us

Inclusivity

Being accountable to our stakeholders and including them in our decision-making processes:

- ensuring we engage with a representative sample of the appropriate stakeholder segments for each topic of engagement
- including the views of consumers, both domestic and business, when gathering insight, and ensuring that relevant subgroups have appropriate representation (for example, vulnerable consumers, stakeholders in different geographical areas or business consumers with different energy requirements)
- engaging with the right stakeholders via the right channels through a coordinated and tailored engagement programme, particularly for harder-to-reach stakeholder groups

Materiality

Engaging on topics and issues that are most important and relevant to our stakeholders and to us:

- engaging our stakeholders on the most important topics to influence our decisions, actions and performance
- engaging only on topics where stakeholders can genuinely make a difference to our plans, and being clear why stakeholders cannot influence our plans for certain topics (where our decisions are defined by legislation, for example)
- being proportionate in our engagement activities, both in terms of our stakeholders' time and commitment, and when it comes to our own costs and resources
- ensuring identification and prioritisation of topics and issues is evidence based, and uses a full range of available sources

Responsiveness

Acting as a result of what stakeholders have told us:

- using stakeholder input to develop our plans, then sharing these plans with stakeholders to check we've understood their requirements – being transparent throughout this process
- taking responsibility for what we say we'll deliver and doing even better wherever we can
- acting on feedback to ensure we continuously improve to deliver more effectively and efficiently for our stakeholders
- ensuring we are focused on delivering stakeholder and consumer value

1. A robust strategy (continued)

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Following these principles helps us ensure that we:

- 1. Plan for engagement** by profiling and mapping our stakeholders so that engagement is both inclusive and relevant. Using the right channels so that our engagement is tailored for different stakeholder segments and purposes.
- 2. Prepare and design engagement** by making sure the correct resources are in place to engage with our stakeholders on the right topics at the right time, and that we are clear with stakeholders about the overall engagement process and their role within it.
- 3. Implement the engagement** by communicating with stakeholders so that they're invited to participate through the appropriate channels with enough notice, and that we have provided them with clear and tailored upfront materials as required. Engage in an open, fair and non-biased way, thinking about the format and channel that we use so no-one feels excluded.
- 4. Act on feedback**, making sure we accurately capture what stakeholders have told us, developing insight and integrating this into our business decision-making processes.
- 5. Report and communicate** the outputs of the engagement to stakeholders so we can sense-check that we have accurately captured what our stakeholders have told us, as well as providing an opportunity to add anything further if necessary. This also allows us to explain how stakeholders' time and effort has been reflected in the decisions we make (including details of any trade-offs we've had to consider), closing the loop and continuing our commitment to transparency.

Robust governance and measurement are central to effective delivery and ensure that we make the right decisions at the right level within our organisation, and we recognise that *proportionality* is also important. Engagement for a strategic policy change is very different to local engagement with a community about a construction project, but both would follow an outcomes-based approach.



“It is important that the company builds on the extensive range of engagement activities and continues to consider stakeholder views in decision making.”

Sir Peter Gershon, *Chairman, National Grid*

Our engagement process



We've further integrated stakeholder insight into our governance processes

The size and nature of our business means there's not one governance route for all the decisions we make as Electricity Transmission. An engineering policy change requires different approval to an environmental action plan, which in turn follows a different approval process to a community support initiative, for example.

Over the past 12 months, we've continued to look at all these different types of governance routes, and how we need to develop them to make sure they all consider our stakeholders' needs, including those of end consumers. This starts at the top with our strategic priorities (covered in more detail on the next page), but also applies to all levels of our organisation, from small-scale process changes to high-value IT investments. We now have further checks and challenges around the decisions we make to ensure they ultimately deliver what stakeholders need from us. In some cases, this has led to proposed decisions being amended or stopped because they don't align with stakeholder needs.

Stakeholder metrics now feature more prominently across our business

Tracking performance against commitments is an important part of checking that we're doing what's required to deliver stakeholders' priorities. During the past year, we've introduced a broader range of stakeholder-focused metrics to our team hubs, to help measure and improve consistency of approach and stakeholder satisfaction with our performance.

2. Personal, explicit and enduring commitment by the NGET Board to our stakeholder focus

Each year, our Electricity Transmission Executive team reviews and commits to our stakeholder engagement strategy. However, this year we've taken this further by creating a stakeholder charter, which all members of the NGET Board have personally signed. This charter is based on our strategy and includes a personal commitment by each Board member to:

- support the ambition and approach outlined in the strategy
- approve our stakeholder-led business priorities on an annual basis
- track and monitor key stakeholder engagement performance metrics
- be actively involved in stakeholder engagement activities
- assure that across our business, at all levels, we continue to build and further embed stakeholder engagement

1. A robust strategy (continued)

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This Board commitment is another step in embedding stakeholder views at a strategic level, which is of critical importance in delivering what our stakeholders need from us, particularly in the long term. Our commitment to using stakeholder engagement as the key input in setting our strategic business priorities applies at a Group and UK Executive level, as well as within our Electricity Transmission business.

Our UK Executive Director, Nicola Shaw, and David Wright, Director of Electricity Transmission, continue to regularly engage with a range of stakeholders. Nicola continues to chair our monthly stakeholder board, which meets to set strategic direction on the back of stakeholder feedback. David is the ET representative at meetings of the independent user group, which allows him to hear their challenge and feedback first-hand. Nicola also attends this group, which has direct contact with the NGET Board.

Internally, stakeholder stories now feature much more prominently in communications from senior leaders to employees, through various channels such as town halls, intranet articles and our employee Yammer group. David now regularly calls out good examples of stakeholder engagement, and the positive impact it can have for both stakeholders and ourselves, through his weekly email to all Electricity Transmission employees.

In October 2019, Nicola Shaw met with senior leaders at Western Power Distribution, including their Director of Resources and External Affairs and their Employee Relations Manager, who wanted to find out more about our Inclusion and Diversity strategy. Nicola shared our strategy, our challenges, and successes when it came to inclusion and diversity, including her key insights about how we shaped our strategy. This initial discussion has led to further contact with WPD, with a view to us sharing more about best practice for inclusion and diversity within the workplace.



Our NGET Board



In May 2019, David Wright spoke to transport and energy leaders to discuss the need for high powered charging to facilitate the transition to electric vehicles. Stakeholders included the Minister of State for Transport, Director General of the CBI and President of the AA. During the discussions, David shared our proposed role in decarbonising the UK and discussed the crucial role of collaborative working to help achieve this. Insight from the event has been used to support further engagement with Government on the transition to electric vehicles.

3. A more embedded externally-focused structure

We spoke last year about the structural changes we made in 2018/19 to become a more outward-facing organisation, and about how our ambition to meet the needs of our stakeholders was a reason for these changes. Lots has happened in the energy industry in the past 12 months, so during that time we've further developed our operating model to address new stakeholder requirements and prepare ourselves for the new challenges that the move to net zero will bring.

For example, we're seeing a huge amount of new connection applications from prospective generators and developers who are only just entering the energy industry. In 2019/20, we made 219 transmission connection offers, compared to 160 in 2018/19 and 114 in 2017/18. Keeping pace with this growth not only has resourcing implications, but the nature of these new stakeholders has led us to review how we best engage with them. Many of them need more information upfront, because they're still learning about the industry and the connections process, so we've dedicated specialist resource to look at better, simpler and clearer digital communications, as well as ensuring we can still offer personal support to those who need it.

We've also reviewed the size and role of our Electricity Transmission stakeholder team. We're still following a model where this team is relatively small, and where the delivery of engagement (in its many forms) and the use of engagement outputs to inform decision making is the responsibility of employees across our business, but we've enhanced the capability of this team to provide more support – the team is there to advise and facilitate, now with greater capability to manage stakeholder data, analyse insight and provide coaching and training where needed.

In 2019, the team introduced a standardised way of measuring the embeddedness of our stakeholder focus across Electricity Transmission. This was linked to compliance with our Stakeholder Engagement Business Management Standard (which we introduced in 2018/19), and has proved an invaluable tool for highlighting areas of the business where there may be process or capability gaps, enabling the team to then address these. The measure is based on a standard way of measuring *Lean* embeddedness (which we've adapted to be relevant to stakeholder engagement), and has helped us take a big step forward in speeding up change across the business.

4. Improved metrics for measuring our stakeholder impact

Over the past couple of years, we've been talking to other networks, consultants and peers in other industries about how best to measure the impact on stakeholders, and particularly consumers, of the actions we take as a result of our engagement. We're aware of the methodologies used by some other networks, but we've yet to find anything that accurately measures consumer benefit in a way that works for an energy network company. So in 2019, we spoke to Citizens Advice, Auriga, Network Rail and other experts in this field, to explore how we might best do this. The result is a Social Return on Investment calculator, which although still work in progress and ready for further development, provides the most realistic measure of consumer value that we've found to-date. We shared details of our work so far at a roundtable session led by SGN in March 2020 and attended by representatives of other transmission and distribution networks, including some of their engagement group Chairs. Our work was well received and we are now working with others across the industry to develop this further. We provide further details of this work within Part 2 and have shown how it can be applied on some of our case studies.

2. An embedded approach

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Our new, explicit Board-level commitment is an important ingredient in making sure we fully embed a stakeholder focus across our organisation. This shows that our senior leaders are behind our strategy and are willing to be held to account (by an independent user group and through the publication of key metrics) on a collective and personal level.



**Hédd Roberts,
Head of Customer
& Stakeholder**

Responsible for: network connections, customer and stakeholder strategy, marketing and business development



**Ursula Bryan,
Head of
Engineering &
Asset Management**

Responsible for: asset management, innovation, product development



**Matt Staley,
Head of Operations**

Responsible for: operation, maintenance and security of substations, overhead lines and cables

My team is organised around the needs of our stakeholders, whether it's first contact at the start of the connections process, consultations on the environment, or better understanding their needs so we can tailor our services to suit. We've prioritised stakeholder insight as one of our key decision-making inputs, from timely feedback to help us improve our processes to using research findings to help us look for ways to save money for customers and consumers.

For example, in the past year, we've created a suite of interactive tools on our website to help smaller generators who are new to the industry, and we're currently in the process of launching a new online connections portal to further improve their experience (there's more detail on page 17).

I lead multi-disciplinary teams that focus on our engineering and asset management activities across the whole asset lifecycle. We use our technical skills and knowledge to develop policies, balance cost and risk, and deliver solutions that meet the needs of our stakeholders. To ensure we're focusing on the right solutions, we use collaborative engagement to understand stakeholders' requirements and shape our focus.

In the past year, this has included working with stakeholders to develop a new innovation strategy which aligns our focus areas with what they've told us is most important to them, and modifying our approach to cable replacement in Greater Manchester as a result of our community engagement (there's more detail on pages 16 and 17).

Most of my teams are field based, which means they are an integral part of the communities in which they operate, and sometimes keeping the lights on can have an impact on those closest to our operations. Ongoing engagement is therefore vital and is something we're doing more and more of. It's not always high profile or large scale, but we need to communicate with and understand those around us to improve the way we work and positively contribute to local communities.

In the past year, we've focused more on sharing knowledge across teams, so that examples of good local engagement and action can have a wider benefit across other areas. Examples can be found on page 18.



**Nicola Medalova,
Head of Electricity
Construction**

Responsible for: new build and network refurbishment



**Kerri Matthews,
Head of Strategy
& Performance**

Responsible for: business strategy, network resilience

As we upgrade the electricity transmission network and connect new sources of generation, we work with a wide range of stakeholders. This engagement provides my team with valuable feedback and insight as we try to balance local requirements with the need to minimise the overall consumer bill impact.

We use a multi-channel approach to gather stakeholder views and shape our plans as our infrastructure projects develop.

As a result of our work with local communities to better understand what they want, we've recently introduced an adult skills and learning programme on our Hinkley construction project to help local people find employment (more details are on page 20).

We are operating in a rapidly evolving environment, and we know from talking to our stakeholders that they want us to deliver an affordable network that is reliable and resilient, and to play a role in decarbonising the UK economy.

During the past year, my team has been using the latest stakeholder insight to help shape our updated business strategy for Electricity Transmission, the result of which is a strategy that more closely than ever before reflects what our stakeholders expect from us, both now and in the future.

Capabilities throughout the organisation support our leadership commitment

We recognise the importance of giving our employees the skills and capabilities to do what we ask and expect of them, and we know that leadership directives are rarely effective in the long term if they're not supported by change throughout the organisation.

We've spoken in previous years about our Academy courses in stakeholder engagement and customer service, and these continue to give our employees the theoretical and practical knowledge they need to support our stakeholder focus.

Last year, we also talked about the introduction of our Stakeholder Business Management Standard (BMS). Our suite of National Grid standards covers 20 key business areas, one of which is stakeholder engagement. The BMS is based on the principles of the AA1000 stakeholder engagement standard and comprises a number of key criteria, against which teams across all of Electricity Transmission are assessed.

2. An embedded approach (continued)

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BMS compliance is a high priority within National Grid and is reported through our Quarterly Business Review sessions, which are chaired by our global CEO, John Pettigrew.

Through the use of coaching, support and bespoke toolkits, we've embedded the Stakeholder BMS principles across our teams, and to help measure progress (and to introduce some healthy competition!), during the past

12 months, we've also developed an embedding measure based on a similar *Lean* tool (see page 4). We've applied this to all parts of our electricity business.



Our Stakeholder Engagement BMS

By using this measure to highlight and fix issues, we achieved full Stakeholder BMS compliance in March 2020. Continued compliance requires us to keep moving forward, so we're maintaining our ongoing focus on this.

Independent assessments continue to reflect the progress we've made

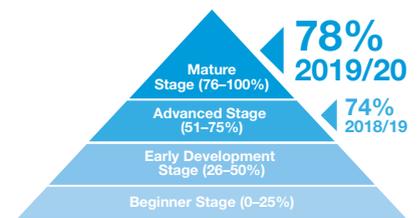
We continue to align ourselves to the AA1000 Stakeholder Engagement Standard, which sets out the principles upon which effective, outcomes-focused engagement should be based, along with more detailed and practical steps to ensure that a consistent and coordinated approach is applied across an organisation. Following the standard is another way to help us embed a stakeholder-focus across our business.

Following our latest annual health check (carried out by AccountAbility, who created the standard and who assess against

it worldwide), we're proud to say we've increased our score to 78%, placing us at the top 'mature' level of their maturity ladder and meaning that we are now in the top 10% of all organisations assessed globally since 2012. This is the fourth consecutive year that we've increased our score.

In their March 2020 report, AccountAbility noted that we "demonstrated a well-defined and clear stakeholder-led strategy and approach".

AA1000 Maturity Ladder



3. Extensive, thorough and tailored engagement

- 1. A robust strategy
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We continue to engage with a broad range of stakeholders

We define our stakeholders as 'a person, group or organisation that has an interest in our activities', and we group them by stakeholder segment.

Following a tailored, outcomes-focused approach to engagement means that exactly who we engage with varies on a topic-by-topic basis. During the past year, we have engaged with stakeholders from all of our main segments. Details of these segments and the types of stakeholders they comprise are shown in the table on the next page. We review and add to this list regularly to reflect our broadening stakeholder population.

Over the past 12 months, consumers (domestic and business) have featured prominently amongst those we've engaged, and we've created a consumer engagement strategy as part of our overall approach to external engagement.

We systematically plan our engagement in line with AA1000SES

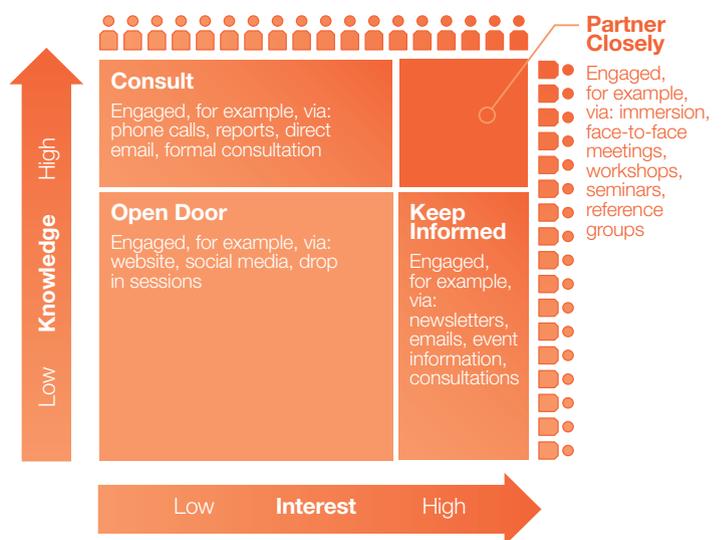
The AA1000 stakeholder engagement standard is a fantastic tool for supporting a systematic, consistent approach to engagement across an organisation. Its key stages and steps have really helped us embed our outcomes-focused approach to more teams over the past year.



Mapping

Part of this systematic approach is to identify and map stakeholders before engagement begins, and then tailor our channels and activities to suit the audience. We've continued to use the same stakeholder mapping approach as last year to ensure we're engaging with the right stakeholders and being as inclusive and representative as possible. We map stakeholders at a business level and on a topic-by-topic basis. Our topics are based around the stakeholder and consumer priorities that we've established through ongoing engagement and which we have regularly checked over the past few years.

Mapping our stakeholders



3. Extensive, thorough and tailored engagement (continued)

1. A robust strategy
2. An embedded approach
- ▶ **3. Extensive, thorough and tailored engagement**
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Tailoring our engagement

We know that different stakeholders like to engage in different ways. For example, some may not be able to attend events because of geographical location, others may find online engagement problematic because they have no access to technology and others may find it difficult to engage at all because of time constraints. Therefore, we need to identify different approaches to engage with them.

We tailor our engagement based on the subject matter and based on how particular groups of stakeholder have told us they want to be engaged. We do this on a topic-by-topic basis so we can make sure we're engaging with the right stakeholders, with the right level of interest and knowledge, via the channels that best suit them.

We have directly engaged more than 3,800 stakeholders this year. Examples of our tailored activities include:

	Engagement approach	2019/2020
Face-to-face Used to engage with stakeholders on a larger scale, is interactive, captures reactive feedback, builds individual relationships with stakeholders, encourages stakeholder participation, builds trust	Connections Convention	50 attendees
	Workshops	138 attendees
	Conferences	8 events
	Community/public events	c.100 events
	User Group meetings	6 meetings
	Net Promoter Score conversations	40 conversations
Online, email and social media Used to inform and to obtain real-time feedback from stakeholders, with a greater reach than other channels	Website	1,204,090 hits
	Webinars	16 events
	Podcasts	2 publications
	Direct email	2,000+ recipients
	LinkedIn	127,650 contacts
	Facebook	10,072 followers
	Twitter	30,400 followers
Research Can provide a greater understanding and insight into particular issues and/or the views of particular groups of stakeholders	Stakeholder satisfaction surveying	228 surveys
	Consumer engagement (face-to-face)	134 participants
	Consumer engagement (quantitative)	2,466 respondents

We continue to focus on our stakeholder priorities



The environment and communities



Transition to the future energy system



Safe and reliable network



Protected from external threats



Be innovative



Easy to connect to and use



Be transparent



Value for money

Stakeholder segment	Stakeholders we have engaged with
Consumers	Citizens Advice, National Energy Action, Age UK, Which?, Major Energy Users Council, Energy Intensive Users Group
Communities and their representatives	Communities with major infrastructure projects, communities near our sites, grantors/landowners, schools and colleges
Customers (and those we treat as customers)	Generators, energy suppliers, Distribution Network Operators, directly connected demand, interconnectors, embedded generators, demand-side aggregators, storage providers, data centres, HS2, Network Rail
Independent panels	Independent User Group, VIP Stakeholder Advisory Panel
Regulatory	Ofgem (incl. GEMA), HSE, Competition and Markets Authority, Highways England, CEER (Council of European Energy Regulators)
Political and government	UK Government, Scottish Government, Welsh Government, the official opposition and other political parties, BEIS, HM Treasury, all party parliamentary groups/select committees, special advisors, MPs, MSPs, members of the Welsh Assembly, members of the House of Lords, Local Authorities, Local, Regional and Parish Councils, European Commission, members of the European Parliament
Government bodies	Committee on Climate Change, National Infrastructure Commission, CPNI (Centre for the Protection of National Infrastructure), National Cyber Security Centre, Environment Agency, Scottish Environment Protection Agency
Non-Government Organisations and interest groups	Campaign for National Parks, Wildlife Trusts, RSPB, Green Alliance, Friends of the Earth, National Trust, John Muir Trust, Campaign for the Protection of Rural England, Sustainability First, WWF, Greenpeace, Campaign for the Protection of Rural Wales, Natural Resources Wales, AONBs, Historic England, English Heritage, CADW, Ramblers Association, Power Without Pylons, Dim Peilonau, Friends of the Lake District
Energy industry	Other GB networks (electricity and gas, transmission and distribution), Electricity System Operator, OFTOs, CATOs, developers, non-GB networks
Industry bodies and chartered institutions	ENA, Energy UK, Renewable UK, Association for Decentralised Energy, Nuclear Industry Association, ENTSO-E (European Network of Transmission System Operators), ACER (Agency for the Cooperation of Energy), IET (Institution of Engineering & Technology), IAM (Institute of Asset Management)
Other businesses and their representatives	CBI, FSB (Federation of Small Businesses), car manufacturers, innovators, The Crown Estate
Supply chain	Suppliers, partners, consultants, contractors
Academics and think tanks	Universities, UKERC, Policy Exchange, Bright Blue, Centre for Policy Studies, Infrastructure Forum
Employees	National Grid Board, UK employees, Global employees, Trade Unions, Shadow Exec
Investors	Analysts, private shareholders, debt and equity markets, institutional shareholders
Media	Consumer, trade, financial, broadcasters

3. Extensive, thorough and tailored engagement (continued)

- 1. A robust strategy
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During the past year, we have engaged on a variety of different topics, creating a range of outputs and outcomes. Details and costs are shown below. These exclude any RIIO-2-related activities.

Why we have engaged	How	The results of our engagement	Cost (£)
To hear first hand from a range stakeholders on their views on future anticipatory investment and what is important to them	Multiple channels	<ul style="list-style-type: none"> • 12 GW of offshore wind under construction • 7.1GW of consented work • 10.6GW awaiting consent, 14.6GW anticipated 	46k
To engage more closely with local MPs and obtain input to support planning processes for London Power Tunnels 2 infrastructure	Multiple channels	<ul style="list-style-type: none"> • We identified new ways of engaging which better met the needs of hard-to-reach stakeholder groups • Planning consent obtained for the early stages of the project 	150k
To encourage supplier innovation and sharing of ideas, new products and to co-develop ways to address sustainability issues	Multiple channels	<ul style="list-style-type: none"> • Shared ideas with over 50 stakeholders, representing 31 companies 	4.2k
To engage with industry to develop a workforce resilience and skills development strategy to address the acknowledged skills shortages in the sector	Webinar	<ul style="list-style-type: none"> • Promoting skills development within our supply chain by requesting that a minimum of 5% of the supply chain technical headcount is upskilled annually 	1k
Engaging and working with local councils along the Hinkley connection route, to identify local skills gaps in the construction industry and develop targeted training programmes to help plug these gaps	Multiple channels	<ul style="list-style-type: none"> • 135 adults have been trained, 66 now have jobs 	69.9k
Engaging with local schools and encouraging the next generation of engineers to take an interest in science, engineering and technology, by providing hands on science activities	Multiple channels	<ul style="list-style-type: none"> • Supported 75,610 pupils in STEM education, including 36,944 girls, 14,981 disadvantaged pupils (in 301 schools) 	31k
To determine both desired and required levels of resilience of our network	Multiple channels	<ul style="list-style-type: none"> • Updates to our cyber investment strategy which will help prevent cyber attacks and minimise the effect on consumers if a cyber incident was successful 	9.4k
To share understanding of our net zero targets	Workshops	<ul style="list-style-type: none"> • No further procurement of new assets containing SF6 for use on the 132kV, 66kV and 13kV (tertiary) systems • No further procurement of gas insulated busbar and gas insulated line containing SF6 at any voltage • No further procurement of 275kV or 400kV gas insulated switchgear containing SF6 	10.2k
To collaboratively develop plausible optimised decarbonisation pathways for the whole energy system in South Wales	Face-to-face	<ul style="list-style-type: none"> • Developing the options of future policy required for the Government, local authorities, businesses in South Wales and others to achieve net zero 	24.4k
To support the protection of peregrines and the local environment during our works on overhead lines	Face-to-face	<ul style="list-style-type: none"> • Protecting 17 peregrine nests with appropriate exclusion zones 	1k
To share safety information with stakeholders relating to base jumping from our assets	Face-to-face	<ul style="list-style-type: none"> • Better prepared rescue service teams to deal with potential base jumping incidents 	750
To reduce the noise from refurbished overhead line routes	Face-to-face	<ul style="list-style-type: none"> • Modification of 12,000 dampers, with a cost saving in the region of £36,000 	17k
To provide information and obtain input from local communities to support our replacement works of underground cables	Multiple channels	<ul style="list-style-type: none"> • Stakeholder concerns reduced leading to a stakeholder satisfaction score of 9 out of 10 • Minimised disruption to the local community • Learning from engagement is shared across other project delivery teams 	27k
To engage with stakeholders to use a new enterprise approach to deliver better results for the public and customers of infrastructure	Multiple channels	<ul style="list-style-type: none"> • Using an enterprise approach, rather than using traditional transactional arrangements to share best practice from the industry to deliver more sustainably 	30k
To work with stakeholders to develop options for charging solutions for electric vehicles	Multiple channels	<ul style="list-style-type: none"> • Completed complex engineering assessments and engaged government to ensure the criticality of investment – leading to £500 million of new money being allocated within the Government's budget to support the roll-out of rapid charging networks for EVs 	258k
To find a greener approach to heating systems to support the national target of reaching net zero by 2050	Face-to-face	<ul style="list-style-type: none"> • Development of public policy, to ensure that the decarbonisation of heat is delivered in a way which works best, and provides the fairest transition, for consumers across the whole of Great Britain 	60k
To reduce waste across our main offices through our Evie's Whale campaign	Multiple channels	<ul style="list-style-type: none"> • 5 million pieces of single use plastics eliminated 	6.5k
To raise awareness of the risks of overhead power lines and adopt safe behaviours	Social/digital	<ul style="list-style-type: none"> • 3,239 video views 	7k
Launching our first UK advertising campaign, to attract the skills needed to support net zero targets	Multiple channels	<ul style="list-style-type: none"> • Advanced apprentice applications up by 635% • Higher apprentice up by 37% • Over 100 positive articles published in national, regional and trade press • Over 20 million mentions of our campaign across social media 	148k
To provide a link between people who need support and those who can provide it, through our Grid for Good programme	Face-to-face	<ul style="list-style-type: none"> • Supported 25 people with job applications • 50 attendees to workshops 	1.5k
To provide an end to end digital platform offering clarity and transparency to the customer connections journey	Multiple channels	<ul style="list-style-type: none"> • 17 customers onboarded to the portal 	520k
To provide energy efficiency solutions to members of the public via our Warm Homes Fund	Multiple channels	<ul style="list-style-type: none"> • Over 8,000 installations completed 	350k
To explore and discuss alternative connection applications	Face-to-face	<ul style="list-style-type: none"> • 6 applications of interest, 3 accepted for 380MW 	2k
To establish priority schemes for Visual Impact Provision and to work up the detail of the chosen schemes	Multiple channels	<ul style="list-style-type: none"> • Engagement input has helped develop the planning application of c.2km of overhead line replacement works 	150k
To identify priority candidates for our Community Grants Programme and employee volunteering	Multiple channels	<ul style="list-style-type: none"> • Community grants awarded to 29 community projects 	85k
To discuss innovation with our stakeholders at the Low Carbon Networks & Innovation Conference (LCNI)	Public event	<ul style="list-style-type: none"> • Engagement reach estimated at 1,000 visitors • Best practice and shared learning on projects such as transitioning to a low carbon future, new technologies and smart grids, and network losses and impact of low carbon transition 	70k
To share insight into the connections journey process with the industry through our Connections Convention event	Face-to-face	<ul style="list-style-type: none"> • Engagement reach estimated at more than 50 delegates • Interest in applications increased by 63% post event 	31k
To share insight into energy efficiency e.g. solar, waste and smart cities	Face-to-face	<ul style="list-style-type: none"> • Engagement reach estimated at 330 stakeholders across multiple events 	176k
To engage with the charity Bridge Builder Programme, supporting volunteer mentors who work in schools in deprived areas	Face-to-face	<ul style="list-style-type: none"> • 384 employee hours volunteered helping mentees on the programme to develop their employability skills and find employment at the end of their placement 	75k
To share best practices with other networks, engage and help local communities	Face-to-face	<ul style="list-style-type: none"> • STEM engagement with local schools • Sharing safety best practices with DNOs 	28.5k
To get direct feedback from senior leaders of organisations into how well we are meeting their needs	Face-to-face	<ul style="list-style-type: none"> • Insight from 28 senior level engagements 	34.6k
To consult with stakeholders on the importance of innovation and its role in meeting net zero targets	Face-to-face	<ul style="list-style-type: none"> • Development of a new innovation strategy with areas of focus decarbonising future networks, delivering consumer value, providing a safe and reliable network and delivering a positive societal impact 	67k
To engage with stakeholders on the topic of innovation and the environment	Podcasts	<ul style="list-style-type: none"> • 6 innovation podcasts listened to by 1,500 stakeholders • 2 environmental podcasts listened to by 300 stakeholders 	800
To engage and work with local communities and stakeholders to make the best of our green spaces and efficiently manage them in a way that benefits local communities and habitats	Face-to-face	<ul style="list-style-type: none"> • 46 sites delivered to date • 1500 wildflower plug plants planted • 30+ dead wood insect habitats • 100+ metre new hedge wildlife corridor planted 	25k
To provide visitors with electric vehicle charging points at our office site	Face-to-face	<ul style="list-style-type: none"> • Installation of 10 new electric vehicle charging points for visitors 	6k
To obtain input from local communities as part of the planning process and delivery of our major construction projects	Multiple channels	<ul style="list-style-type: none"> • Solutions provide a balance between local considerations, customer requirements and an overall efficient cost to consumers 	740k
To help our landowner community feel more involved and aware of our activities, to build relationships with this community	Gridline magazine publication	<ul style="list-style-type: none"> • Publication reaches 40,000 grantors • 97% of grantors say that they have a better understanding of National Grid • 80% of grantors read the full publication 	27k

Estimated engagement cost £3.3m

4. Acting on feedback

1. A robust strategy
2. An embedded approach
3. Extensive, thorough and tailored engagement
- 4. Acting on feedback**
5. Measures of success

We recognise that engaging and interacting with our stakeholders, regardless of how we do this, is meaningless if we don't act and feed back on the insight they give us, so we make sure all views are listened to, addressed and acted upon appropriately. This sometimes means making difficult decisions, or balancing different views where there's no consensus amongst our stakeholders.

In 2019, we developed a decision-making framework to help us draw the right conclusions from our engagement. Having taken advice from others, we realised this is more of an art than a science, and so we have developed a principles-based approach, which is simple, transparent and flexible to adapt to different topics and sources of input. Our process involves capturing all the input we've received from stakeholders, consumers, research studies or secondary sources, and then assessing it against a set of principles to help us make decisions. The decision-making principles we use are:

- **Impact:** where stakeholders are impacted more heavily by a particular topic, their views are given more weight
- **Recency:** recent evidence is given more weight
- **Robustness:** this covers several areas but (for example) insight from a more representative or more informed group of stakeholders would carry greater weight
- **Consistency:** although outlying views are always considered, less weight is given to a small number of conflicting views if the majority of other views are aligned (assessed in conjunction with Impact)
- **Relevance:** more weight is given to inputs relating directly to the topic in question, than to more general insights

Some insight leads to a rethink...

As part of our engagement approach we play back what we've heard from our stakeholders to ensure we've captured their views accurately. This is part of the 'report and communicate' stage of our process (see page 3), and it also provides an opportunity for our stakeholders to provide further feedback if appropriate. Sometimes, this means rethinking our decisions or stopping what we're doing. In the past year, this has included:

Power Paired

Last year we talked about *Power Paired*, a matchmaking service which connects community energy groups and asset owners, and how we were working to enable local communities to use our land to support sustainable projects by finding a suitable land match. Despite the fact that stakeholders supported the idea in principle, we found over the last year that take-up was much lower than expected and 'matches' were hard to find, so we engaged stakeholders again to find out why. They told us that the process of 'matching' was too broad and complicated, and so we're now working with them to find a more suitable approach, to identify sites with the greatest potential for smaller scale developments.

Supporting vulnerable and fuel poor consumers

In Part 2 of last year's submission, we shared details of work we were beginning with Citizens Advice to pilot a scheme for providing financial support to fuel poor households. Based on an idea from a consumer focus group, the aim was to effectively make our transmission costs free for thousands of households, initially in the Manchester and Coventry areas.

You told us in our panel session that this may not be the most appropriate approach, and so we revisited the proposal with Citizens Advice. We also spoke to other consumer experts and industry stakeholders about what they would expect from a transmission network. The consensus was aligned with the incentive panel's thinking – handouts were not thought to be an appropriate way for us to support, and instead something more aligned with our national position in the industry would be more welcome.

As a result, we stopped the planned work with Citizens Advice and have subsequently been working with them, Auriga, National Energy Action and others to find a better solution. This work continues and has led us to look at different approaches to supporting the vulnerable. More details are included in Part 2 under the case studies on net zero workforce and supporting others with resilience advice.

Both of these examples highlight the benefits of closing the loop with engagement, to check that the decisions we're making genuinely reflect what our stakeholders want from us.

The insight-to-action loop



Creating stakeholder benefit

Details of how our engagement has led to action and stakeholder benefit can be found in the table on page 8, and in each of our case studies in Part 2. During the past 12 months, our engagement activities have led to a range of stakeholder benefits:

 6 have a national benefit	 16 support local communities and/or vulnerable consumers
 14 support the transition to net zero	 11 protect the environment
 7 help provide skills and create jobs	 13 help maintain reliable and affordable energy supplies

5. Measures of success

1. A robust strategy
 2. An embedded approach
 3. Extensive, thorough and tailored engagement
 4. Acting on feedback
- ▶ 5. Measures of success

Stakeholders are liking our approach!

One result of engaging more with our stakeholders and acting on what they tell us is that we're increasingly being recognised by a diverse range of organisations for the work we do to meet stakeholders' needs. Much of this recognition highlights our role as a leader in delivering what our stakeholders want from us, and all of it is a result of our better engagement and the use of insight to shape our business decisions. In the past year, this has included:

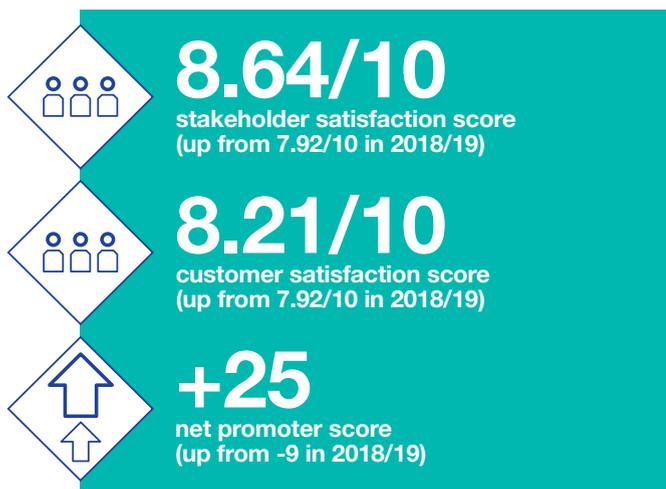
Delivering better quality engagement with the outcomes our stakeholders want

We think we've improved the way we engage with and serve the needs of our stakeholders, and we're really pleased to see they agree! Our Stakeholder Satisfaction score for 2019/20 was 8.64 out of 10.

Our customers agree as well, giving us a score of 8.21, up from 7.92 for the previous year.

These are our highest ever scores, and are even more rewarding given that last year was the first year of separation from the ESO.

Our Net Promoter score, where we ask Exec-level industry peers how likely they are to recommend us, increased to +25 for 2019/20 from -9 the previous year.



Environmental and sustainability recognition

Stakeholders have told us that the area of sustainability, the environment and the move to net zero is one of their top priorities. External recognition over the past 12 months has highlighted our work to deliver this priority.



We've been recognised as a global leader on corporate climate action by CDP, achieving a place on the organisation's Climate Change A List for 2019. Every year, thousands of companies worldwide share data about their environmental impacts, risks and opportunities. This is then independently assessed against CDP's scoring methodology. In the UK, we are one of just 11 companies on the A List, only two of which are in the utilities sector. We are the only network company to appear on the list.



In 2019, we were ranked 8th within the FTSE 100 by ecoact in recognition of our approach to tackling climate-related sustainability issues and disclosing progress. Every year ecoact conducts research into sustainability reporting by FTSE 100 companies to assess performance in meeting the expectations of the general public, investors and government. Their focus is on transparency so they use only the most recent publicly available information. Our focus on ensuring our network supports the growth in renewable energy saw us move up 18 places from the previous year.

Being a responsible organisation and supporting society

Our stakeholders expect us to be corporately responsible and support society in a variety of ways. Current external recognition highlights how we have acted to address these expectations.



Our Corporate Responsibility programme has been recognised at the 2019 GivX Summit, ranking 3rd among the 25 GivX award winners (from over 100 entrants) for contributions to society. Contributions are valued by considering the replacement cost to the charitable organisation receiving support.



We've been recognised as one of the World's Most Ethical Companies for 2020 by the Ethisphere Institute, being one of only nine honourees in the energy and utilities industry. The Ethisphere Institute has deemed us to be best in class in the areas of governance, ethics and compliance programmes, third party risk management, corporate responsibility and leadership.



We are a longstanding member of the FTSE4Good Index Series, which measures the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.



We've been rated as the 22nd best employer of apprentices for 2019/20 at the Rate My Apprenticeship Awards and are the number one utility company. The awards are based on anonymous surveys completed by current apprentices.



We've won the Most Admired Utility category in Britain's Most Admired Companies Awards 2019. The awards are run by Management Today and cover over 200 of Britain's largest public companies, across 25 sectors. Organisations are judged by board-level representatives of industry peers, analysts and City commentators against performance measures including corporate governance, diversity, inclusion and environmental responsibility.



We were finalists in the Asset Management Customer Service Award for our effective community and stakeholder engagement approach.



We've again retained our ISO 9001 and ISO 55001 accreditation. ISO 9001 is a certified quality management system under which we have proved our ability to consistently provide products and services that meet the needs of our stakeholders. ISO 55001 is the asset management standard under which we have demonstrated that we identify relevant stakeholders and their needs for our projects.



We were winners at the Procurement Skills Accord Awards in recognition for driving investment in skills and training and for our pioneering efforts to transform investment in technical and operational skills.



We're an Accredited Living Wage employer

Part 2

- 11 Introduction
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- 19 Section 3: Supporting communities and the vulnerable



Here in Part 2, we share examples of how we've put our stakeholder engagement strategy into practice and the outcomes this has delivered over the last year.



Introduction

Our strategy helps us make decisions which reflect stakeholder insight and which deliver what our stakeholders need from us. Our goal is to be a stakeholder-led business whose everyday activities are shaped by listening to and acting upon what our stakeholders are telling us.



Welcome to Part 2 of our 2020 stakeholder engagement incentive submission. The past 12 months has been an interesting, challenging (and exciting) time in the energy industry. During 2019, sustainability became the number one global priority, with the fair transition to net zero moving to the top of most countries' priority lists, along with the expectation that energy networks will be a key part of the solution.

More recently, the COVID-19 crisis has fundamentally changed our day-to-day lives, bringing sharply into focus the fact that the provision of reliable and affordable energy is one of the most crucial requirements for a properly functioning society.

I'm incredibly proud to be part of an organisation which plays such a fundamental role in delivering life-supporting services to everyone in Great Britain. The changes we've seen over the past 12 months highlight the need to be better than ever at engaging with our stakeholders and ensuring we make decisions which reflect what they need from us. We are committed to this approach and maintaining it as our business as usual.

This year, we've continued to build on the work we've started over the past couple of years to create an even more systematic approach for the way we use insight. Much of our engagement has naturally focused around the process to build and submit our RIIO-2 business plans, although we've not made reference to that within this submission because it's assessed through a separate process. Away from our RIIO-2 work, we've engaged across a whole range of topics and used the insight to help us make better decisions about the things stakeholders find important. This has included everything from local engagement to support communities, to working with stakeholders to influence Government policy and set strategy that creates a nationwide benefit.

I've personally made sure our internal governance procedures have been updated to incorporate stakeholder insight more easily into our decision-making processes. Previous panel feedback has reflected the fact that governance has sometimes been

a barrier to making stakeholder-led change within our organisation, so we've built on previous years' improvements to bring decision makers and stakeholders closer together over the past 12 months.

This has included a commitment by each of our Board members to personally and collectively support our updated stakeholder strategy, and to play an active role in engaging with our stakeholders – we've all signed a charter as a sign of this commitment. As a minimum, this means direct engagement between the Board and an Independent User Group. It also means continuing to talk to our stakeholders directly, whether that's a conversation with the CEO of a new generator or as part of a public focus group, and reflecting what we hear in what we do.

It's great when we can use our national position to make changes and influence policy which brings benefits to millions, but we realise this is only part of having a proper stakeholder focus. It's important for all of our employees to understand the benefits of acting on external insight and the process of how we make this happen. Our continued alignment to the AA1000 standard and the introduction of our Stakeholder Business Management System (more details in Part 1) have really helped us further embed this approach over the past year. More of our employees now 'get' stakeholder engagement, particularly the part about using insight to make changes, sharing insight across the company, and how this can benefit stakeholders, consumers and us.

This final point is worth emphasising. I think we've become really good at actually engaging over the past few years – the numbers of stakeholders we talk to has increased year-on-year and our outcomes-focused approach has always been well received, both by those we engage with and through independent assessments of how we do this. But in a way, that's the easy part. Most organisations can develop and run an engagement programme, but using the output of the engagement is the tricky part (and an area where we've been learning over the years). We're now at the point when our actions are starting to match our ambition – over the past year, stakeholder insight has led to us making different decisions to what we would otherwise have made, and there are examples of this throughout our case studies. It's also been incredibly rewarding to see our changes reflected in what stakeholders are saying about us. From positive User Group assessments (they've been challenging our business as usual, not just our RIIO-2 plans), to our highest ever customer and stakeholder satisfaction scores, moving to the top 'mature' range in our latest AA1000



assessment, and receiving a whole range of external accolades in the areas our stakeholders have said are their priorities (see page 10), we're now recognised as a network that genuinely cares about, listens to, and acts to meet the needs of our stakeholders.

Stakeholders are telling us we've come a long way, and we're making sure this remains the case as we collectively face one of the most important and challenging times the energy industry has ever seen.

David Wright

Director of Electricity Transmission
National Grid Electricity Transmission Board Member

About Part 2

Throughout the remainder of this submission, we provide examples of how we've acted on the outputs of our engagement activities and other stakeholder insight, to make decisions and take actions which benefit stakeholders. Overall, our engagement activities create a total societal benefit of £13.7million.



£13.7m
societal benefit

What's not included

The past year included a lot of engagement in support of the process to build our RIIO-2 business plan, but all of the case studies used in Part 2 relate to our 'here and now' engagement, not anything solely related to our RIIO-2 plan. Details of our additional RIIO-2 engagement can be found in Chapter 6 of our final RIIO-2 business plan.

We've also not included anything we now consider to be part of our business as usual engagement. For 2019/20, 'business as usual' included:

- Engaging to check stakeholder (and consumer) priorities. This has now become something we do as part of our ongoing programme of engagement.
- Engagement related to ongoing and longstanding CSR activities, particularly our work with schools and colleges to promote STEM subjects

Some existing activities have been stopped or have needed a rethink to reflect the outputs of more recent engagement. Examples can be found on page 9 of Part 1.

Our focus for 2019/20

Our engagement continues to support our strategic business objectives, which in turn are derived from the priorities that stakeholders have told us are most important to them. For 2019/20, our engagement was focused around:

1. The transition to net zero, including our role in making this happen (in a way that is fair and affordable) and our direct carbon impact, plus our broader role in protecting the environment
2. Our core activities of maintaining a safe, reliable, resilient and affordable supply of electricity
3. Our role in supporting communities, particularly those groups who are considered vulnerable and/or who are directly impacted by what we do

These three topics have consistently featured in priority lists since we started our current approach to engagement in 2017. Unsurprisingly, sustainability and the environment now feature much more prominently, given the Government's net zero targets and their generally higher profile in day-to-day life. Much of our engagement and subsequent action in the past 12 months has therefore been focused around these priorities.

Acting on previous feedback

Feedback on last year's submission noted some areas for improvement, notably that we could do more to scale good practice, both within and outside our organisation, that we could do more on a national scale, given our position within the industry, and that we could still do more to embed our focus at all levels across the organisation. Throughout this submission, we've highlighted where we have addressed these specific points. We've also taken steps to address other panel feedback, including finding better ways of measuring the benefits we create and thinking more about the needs of vulnerable and hard-to-reach stakeholders. Examples can be found throughout the rest of Part 2.

Our strategy and approach

Details of our updated engagement strategy and approach are outlined in Part 1. We remain committed to following the AA1000 stakeholder engagement standard and our latest independent assessment again shows that we have further embedded this systematic, outcomes-focused approach across our business in the past year. A key part of this approach is that we generate measurable benefits for our stakeholders, and this has been an area of focus for us since our last submission.



Measuring Social Return on Investment

Good practice

As mentioned in Part 1, we've

been talking to other networks, consultants and peers in other industries about how best to measure the impact on stakeholders, and particularly consumers, of the actions we take. We've seen the methodologies used by others, but we've yet to find anything that accurately measures consumer benefit in a way that works for an energy network company – much of what others use is grounded in willingness to pay research, which although useful in setting priorities, is not a reliable way of measuring consumer benefit (unlike in Water, for example, energy networks each have a relatively small impact on end consumer bills, so willingness to pay valuations (and therefore consumer benefit) are often over-inflated).

In 2019, we spoke to Citizens Advice, Auriga, Network Rail and other experts in this field, to discover whether we could tap into their expertise regarding what was most appropriate for an energy network. Following our conversations with others, we worked with our internal Data Science team to create a Social Return on Investment calculator. At the time of writing, this is still work in progress, but having tested it on some of this year's engagement activities, we're confident that it provides the most realistic measure of consumer value that we've found to-date. It's grounded in data from Citizens Advice's own publicly-available calculator, adapted to be relevant to us, and meets Treasury Green Book principles. It covers benefits across all eight of our stakeholder priorities.

We shared details of our work at a roundtable session led by SGN and attended by other networks in March 2020. Our approach was well received and the principles behind it were agreed as best practice. Further development work is now continuing with others across the industry.

Others are now keen to learn from our approach

Good practice

Not long ago, we were very much learning from others when it came to how best to engage our stakeholders and what to do with what they tell us. We still want to learn, but over the past few years we've come a long way, and the approach we've taken during the past 12 months in particular has been recognised by others who want to improve their own stakeholder engagement.

In the past year, we've been approached separately by two large organisations – one is currently managing the UK's biggest infrastructure project, and the other is one of the key players in the smart meter roll-out. They had both heard about the approach we're taking to becoming more stakeholder led, and got in touch with us to find out more. We spent time with them individually to explain our strategy and approach, and how this could be applied to their business. They're now working this through to see how they can improve.

Section 1: Sustainability, net zero and the environment



Our strategic focus: Stakeholders have told us that a sustainable energy future is now high on their list of priorities, much more so than even a year ago, and that they expect us to be playing a part in helping the country hit its target of achieving net zero carbon emissions by 2050. They expect our role to be two-fold – we should minimise our own business carbon footprint and play a role in facilitating the decarbonisation of the energy industry as a whole, in a way that is fair to all. We have made these part of our key strategic priorities.

Stakeholders have also told us that broader environmental issues are important to them. We've heard this through direct engagement but also through consumer research and media analysis, where issues such as single-use plastics are now high on the lists of problems that we collectively need to solve. Again, our stakeholders expect us to be part of the solution, so we've made strategic changes and taken action to make a positive difference.

We're helping to find the net zero workforce

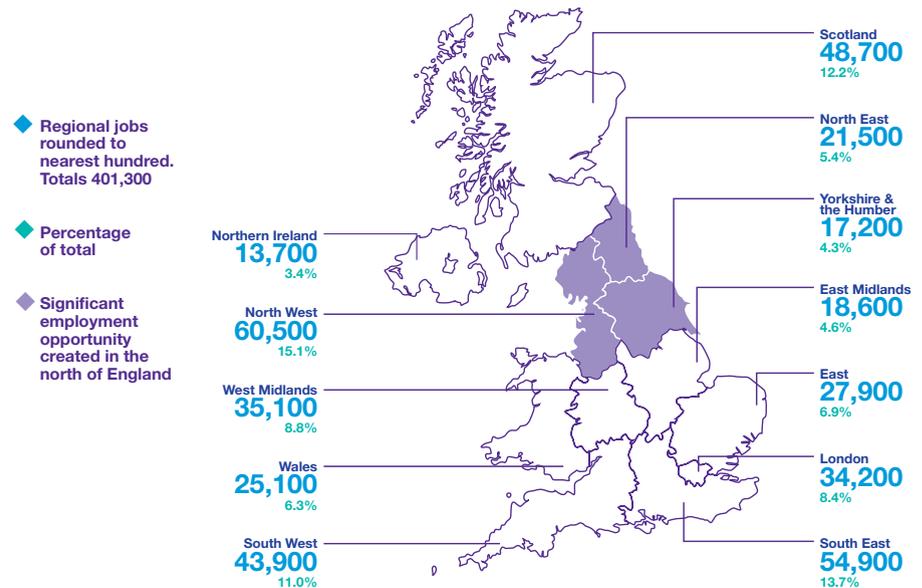
- New this year** To achieve the country's net zero targets, the energy sector needs to attract thousands of additional employees with the right skills over the next 30 years.
- Harder-to-reach groups** Stakeholders have told us that we should be using our unique nationwide position within the sector to help make this happen, so this year, in line with the Government's commitment to create two million green jobs, we launched our first UK advertising campaign, called *'The job that can't wait'*, with the objective of creating urgency and excitement around a career in energy.
- National impact** The industry needs the right people with passion and potential to help reverse climate change and deliver our net zero commitment. This goes much further than our previous STEM-related work, because it's about creating skills for the whole UK energy industry, not just National Grid, and it goes beyond our traditional engineering focus – to deliver net zero, the country will need a workforce with a whole range of skills and expertise, not only engineers.

right skills over the next 30 years. Stakeholders have told us that we should be using our unique nationwide position within the sector to help make this happen, so this year, in line with the Government's commitment to create two million green jobs, we launched our first UK advertising campaign, called *'The job that can't wait'*, with the objective of creating urgency and excitement around a career in energy.

The industry needs the right people with passion and potential to help reverse climate change and deliver our net zero commitment. This goes much further than our previous STEM-related work, because it's about creating skills for the whole UK energy industry, not just National Grid, and it goes beyond our traditional engineering focus – to deliver net zero, the country will need a workforce with a whole range of skills and expertise, not only engineers.

As part of the campaign, we planned out a series of integrated communications that would be most effective in reaching the target demographic, and created content that would appeal to younger, more diverse groups in particular. We created short inspirational videos featuring young people, especially females in recognition of the current gender imbalance in engineering, and used case studies and photos to help people relate to the type of role they might play. We also used less obvious channels to target harder-to-reach groups who might not have previously considered a career in energy, like developing an online quiz designed to help young people understand what type of role in the energy sector may suit them, and we invited media and social media influencers to see one of our

Geographical breakdown of jobs needed to get the UK to net zero by 2050



Source data: National Grid Electricity Transmission & Development Economics

current projects first-hand. We supported this through more mainstream channels, including 700 billboards nationwide, press releases and print publications. The campaign featured colleagues from all levels of our organisation, from our UK Executive Director to new apprentices.

Our measurable impact:

1. Our main video has been viewed 1.6 million times on YouTube and we've reached over 5.8 million people through their social media feeds, with over 20 million mentions of the campaign across all social media platforms
2. Content from the campaign has subsequently been used or referenced by a wide range of stakeholders, including BEIS, The Energy Skills Alliance, Extinction Rebellion, educational bodies and trade unions
3. The campaign led to a 760% increase in expressions of interest for National Grid's 2020 new talent programmes

4. Applications to our new talent schemes increased significantly compared to 2018/19:

- Advanced apprentice applications up by 635% (qualification up to GCSE level)
- Higher apprentice applications up by 37% (qualification up to A level or equivalent)

5. 23,440 unique users took our online quiz
6. Our print campaign reached over 3 million of our target audience
7. The adverts had a positive impact on 70% of our target demographic
8. Our site visits by the media and social influencers resulted in over 100 positive articles published in national, regional and trade press
9. Daily visits to our website increased by 66% after launch

Section 1: Sustainability, net zero and the environment (continued)

We've been busy highlighting the need for electric vehicles

New this year

Innovative thinking

National impact

One of our net zero objectives is to work with others to develop innovative infrastructure solutions to meet the future needs of electric vehicle drivers. If we're going to play the role in the transition to a low carbon economy that stakeholders expect, decarbonising the transport sector

is an obvious priority, particularly given its additional impact on air pollution and the health (and cost) issues this creates. We've used our national position within the industry and our influential role with Government and policy makers to help speed up this transition. Over the past year, we've worked hard to establish relationships with organisations who would not naturally have seen themselves as our stakeholders, including clean air charities, car manufacturers and motoring organisations.

In building these relationships, we've taken a collaborative approach to understand how we can work together to achieve a successful decarbonisation outcome which is also fair to consumers. We've engaged through dedicated working groups, one-to-one meetings, Government and industry roundtables and a broad industry and public conference. We've done a lot of listening in these sessions to really understand our role in meeting the expected future demand for EVs and improving air quality for communities across the country.

Following discussions with stakeholders, in 2019, we launched a report which identified an effective and cost-efficient infrastructure solution to overcome the issue of 'range anxiety' for electric vehicle drivers. This proposed accelerating the delivery of a high-powered EV charging backbone across Great Britain, which would complement at-home and workplace charging and help minimise the disruption to people's daily lives potentially caused by owning an EV, and therefore remove some of the current barriers to buying this type of vehicle.

The impact of our work

1. Our recommendations have been specifically reflected within the BEIS Select Committee Report on EV infrastructure, the National Infrastructure Commission's National Infrastructure Assessment and the Conservative Party manifesto
2. Within the Government's March 2020 budget it was announced that £500 million of new money will be allocated and spent over the next five years to support the roll-out of fast-charging networks for EVs, including a fund to help businesses with the cost of connecting fast-charge points to the electricity grids. The aim is that no driver will ever be more than 30 miles from a fast-charging point.
3. Whether or not ultra-fast charging is provided by our network or delivered by others, the country is now closer to being able to support the large-scale uptake of EVs and the environmental benefits this will bring

We're updating our own fleet...

New this year

In the past year, we engaged stakeholders on the topic of the environment through a variety of channels, including webinars, ongoing meetings with environmental experts, and consumer qualitative and quantitative research. They consistently told us we need to focus on our own business carbon footprint as well as supporting the country's move to net zero, so we've taken action to make this happen. In the UK, we have a fleet of over 1,100 commercial vehicles and 420 mechanised pieces of plant to support our operations. This fleet produces around 5,600 tonnes of CO₂ emissions per year, so our Procurement team has been working to review our fleet strategy to reduce emissions and meet our target of having 100% of our own fleet powered by electricity by 2030.

Our Electricity Operations teams started using 30 Nissan ENV200s in January 2020 within the London area to help understand whether a larger-scale move to EVs would have an impact on our daily operational activities. This proved we can use EVs in operational roles, and users have been very positive in their feedback (including relaying positive comments from members of the public for being green). We have now ordered another 30 Nissan ENV200s which will be rolled out across London later this year.

Our measurable impact:

1. Each of the 30 vehicles deployed to date has an expected six year (60,000 mile) life, which reduces our carbon footprint when compared to the equivalent diesel vehicles by over 60 tonnes of CO₂. This figure will rise dramatically once the full roll-out takes place.

We're addressing the issue of sulphur hexafluoride in our equipment

New this year

Lots of our engagement isn't about talking to stakeholders about option A versus option B, it's more about changing policy, which in turn leads to the outcome that stakeholders want from us. Stretching back to 2017, we've been talking to stakeholders about sulphur hexafluoride (SF₆), a potent greenhouse gas that's commonly used on electricity networks because of its excellent insulating properties. This can make substations cheaper and quicker to build, but SF₆ leaks are very damaging to the environment. Stakeholders have told us they expect us to prioritise the replacement of SF₆ in our equipment, but this is an issue for transmission, because there's no alternative at voltages in excess of 132kiloVolts (kV).

The Government's net zero target has sharpened the focus on this, and although there's still no technical solution for transmission (we're working with innovation partners to develop one), we wanted to take a leading role to address our stakeholders' concerns.

During the past year, we've engaged with stakeholders through webinars and individual discussions to discuss and seek input into an approach to managing SF₆ emissions in line with a

science based target. The feedback we received has shaped our new SF₆ Emission Reduction Strategy, through which we now adopt a total carbon impact approach.

The impact of our work

1. Our updated strategy now commits us to limiting the amount of SF₆ on our network whilst continuing to look for a viable alternative, including:
 - No further procurement of new assets containing SF₆ for use on the 132kV, 66kV and 13kV parts of our network
 - No further procurement of gas insulated busbar and gas insulated line containing SF₆ at any voltage
 - No further procurement of 275kV or 400kV gas insulated switchgear containing SF₆ from 2024 (for circuit breakers, this will be from 2026 due to likely technology constraints)



zero

procurement of gas insulated busbar and gas insulated line containing SF₆

Section 1: Sustainability, net zero and the environment (continued)

We've expanded our *Evie's Whale* programme to remove five million pieces of single-use plastic from our day-to-day activities

Scaled up

Away from net zero, stakeholders have told us that single-use plastics are something they're worried about, and again they expect us to play our part in tackling this

Good practice

issue. 18 months ago, we launched our *Evie's Whale* campaign (named after the daughter of one of our employees who inspired us to take action), and we reported last year how we had prevented more than 68,000 polystyrene and plastic containers from going to landfill through changes we made at our main offices.

In the past year, the campaign has received amazing backing from our employees, many of whom have also made changes to their home lives as a result. Having checked back with our stakeholders through our environmental engagement programme, they're very supportive too, so we've built on its success to expand the scope of the campaign, which now includes solutions to avoid the use of single-use items such as plastic cups, polystyrene food containers, plastic food boxes, plastic

pots, plastic bottles, sauce sachets and wax-lined disposable cups. We've also expanded it to include more sites, so as well as our head office at Warwick, it now includes The Strand, Osprey House and our Solihull office. We're still looking at how we can apply similar principles to minimise our food waste and are starting to share our approach with other organisations, who are keen to hear about how we successfully implemented such a huge change.

Our measurable impact:

1. Through the campaign, we have now eliminated a staggering 5 million pieces of single-use plastic
2. This has prevented over 25 tonnes of plastic waste from going to landfill
3. It equates to a natural capital value of over £6,500 and a carbon cost saving of over £3,200



5 million
pieces of single-use plastics eliminated

Some problems require longer-term engagement

Finding ways to meet the country's medium- and long-term environmental targets is not something we can solve overnight, even with ongoing engagement, partnership and collaboration with our stakeholders. In the past year, we've begun engaging on issues that will take much longer than 12 months to fix. We recognise the importance of starting to engage early enough on topics where change can't happen quickly because of its size and complexity. This year, some of our engagement on sustainability and the environment falls into this category.

We're looking into options for low-carbon heating

New this year

Heating, both residential and industrial, is the single biggest source of greenhouse gas emissions in the UK, because most homes are heated by natural gas. As with

transport, understanding our role in the decarbonisation of heat is therefore another key part of our objective to help the country achieve net zero emissions by 2050.



Again, our role in the industry means we're well placed to help find a solution that is clean, convenient and affordable for consumers, so last year we began to engage stakeholders as part of our 'future of heat' work, which is looking into whole system, fuel-agnostic solutions to minimise cost and disruption to consumers.

In May 2019, our UK Executive Director, Nicola Shaw, hosted a roundtable discussion on the future of heat in Parliament, covering three main themes:

- Energy efficiency in homes, including how funding and incentives might work, energy policy and sector strategies, and improved housing standards

- Consumer affordability and how technology could offset cost increases
- The role of innovation, including whole system solutions at all scales (local, regional and national)

We've also spoken to well over 100 other stakeholders involved in this topic through working groups, conferences and meetings, including other networks and industry bodies, Government and MPs, environmental groups, heating equipment manufacturers, consumer groups and trade unions, and to understand the consumer perspective, we've carried out qualitative consumer research. This provided insight into priorities and expectations regarding the future transition to low carbon heating, highlighting that the reliability and affordability of future solutions are priorities, and that the transition must protect the needs of the most vulnerable.

Planned project outcomes

Development of low-carbon heat solutions isn't currently as advanced as low-carbon transport, so this is an ongoing piece of work. Its aim is to develop an evidence base to inform public policy development, to ensure that the decarbonisation of heat is delivered in a way which works best, and provides the fairest transition, for consumers across the whole of Great Britain.

"Our vision is of an energy future where bills are kept low for consumers, energy is decarbonised, and innovation is encouraged and where together these efforts support the growth and prosperity of the economies we work in."

Sir Peter Gershon, *Chairman, National Grid*

Section 1: Sustainability, net zero and the environment (continued)

We're partnering with others to decarbonise South Wales

New this year Zero2050 is an initiative led by National Grid in South Wales to speed up the rate of progress towards achieving the Government's net zero 2050 target by attracting organisations with the same objective to work together collaboratively. Key partners on the project include the Welsh Government, WPD, WWU, National Grid Gas, TATA Steel, Cardiff University, Siemens and Morgan Sindall. We provide investment, support and direction, but the initiative is collectively owned by all those participating in the work.

The objective of the project is to examine sources of carbon emissions in South Wales from the use of electricity, gas and oil and seek to identify opportunities for substantial and cost-effective reductions. We're working together to look at potential energy storage solutions and how transport and heat could be decarbonised, for example. The project will create a roadmap (initially planned for March 2020 but delayed until later this year due to events outside of our control) for achieving significant decarbonisation in South Wales, and will provide a better understanding of the interaction between transmission and distribution networks, local businesses, Government and local authorities as we move into a whole system future.

Planned project outcomes

This is an ongoing strategic project which is too big to be completed within a year. The Zero2050 roadmap, showing net zero whole system pathways and also considering socio-economic impacts, will be presented to key stakeholders in October 2020, with the Welsh Government planning to use its findings to feed into their submission for the (now delayed) COP26 summit. It will provide options for future policy choices for the Welsh Government and local authorities, investment options for businesses in South Wales, and other interventions that might be required to achieve net zero.

We're engaging to find more efficient ways of connecting new renewables

New this year Connecting the next rounds of offshore wind generation to the east coast of England would traditionally mean building multiple connections to coastal nodes, which is both expensive and disruptive to local residents. Over the past 12 months, we've been engaging with interested and impacted stakeholders to explore more efficient and less disruptive ways of making these connections. Many aren't planned for several years to come, but this is a complex issue with lots of interested parties, so we recognised that an early start was vital.

Innovative thinking We've already started conversations with BEIS, Ofgem, developers, community representatives and local MPs about potential options, and have also engaged with the Electricity System Operator and our National Grid Ventures team to examine the technical options. By extending the transmission network to be closer to the coast, we think we can reduce the number of individual connection points, cable corridors, onshore substations and overhead line routes. Next steps are to continue our dialogue with stakeholders and test our proposals to check that they deliver what is needed and are able to be efficiently funded.

Planned project outcomes

National impact If all goes to plan and we can reach consensus with stakeholders, this will enable the connection of over 14 gigawatts of offshore wind in a way which provides greater value for money to consumers nationwide, and reduces disruption (both in terms of construction and the number of onshore assets required) for communities in the East of England.

We've created a new innovation strategy with our stakeholders to support the net zero transition

New this year Innovation needs to play a big part in meeting the challenge

National impact of an affordable transition to net zero, so during the past year we've created a new innovation strategy to make sure our projects have the right focus and that funding is spent in the right way. We wanted to work closely with our stakeholders to develop this strategy so it ultimately meets their collective needs, so throughout 2019 we carried out a series of stakeholder engagement sessions, including three webinars, a workshop and one-to-one meetings, with a range of stakeholders including academics, other transmission companies, communication and tech companies, Government and NGOs.

We asked our stakeholders what was important to them, and they told us that innovating more on decarbonisation,

providing a reliable energy system and lower energy bills were their top priorities, and above all, they want us to use innovation to help us play a leading role in the delivery of net zero.

The outcome of our work

What we heard has changed our innovation strategy, to increase our focus on decarbonisation. We have moved from our old innovation strategy areas of

managing assets, efficient build, service delivery and corporate responsibility, to the new focus areas of decarbonising future networks, delivering consumer value, providing a safe and reliable network and delivering a positive societal impact. Our innovation programme is now targeting these areas to ensure that projects deliver the outcomes that stakeholders value the most.



Section 2: Maintaining a safe, reliable, resilient and affordable electricity supply



Our strategic focus: We've spoken to stakeholders a lot over the past year about what's most important to them, and although topics like the environment and communities are becoming higher priorities, their number one requirement continues to be that we provide a safe, reliable and affordable supply of electricity.

This is our core business, but we're always looking for ways to improve the way we do things, particularly when it comes to the standards of service we provide to our customers and end consumers. During the past 12 months, we've been engaging stakeholders to help us improve our connections process, reduce disruption caused by construction works, and find technical solutions to maintain the safety, reliability and resilience of our network.

We've created a new digital connections platform



Stakeholders have told us that the connections process is complex, and with more first-time (and often smaller) developers

looking to enter the industry, it can be both confusing and daunting. Last year, we talked about how we had made improvements to our website to help simplify the process, and this year we've taken this further with the development of ConnectNow, a new externally-facing digital platform that provides a holistic view of connection data and project updates. We've developed ConnectNow to respond to a changing market landscape, within which many potential connectees are now looking to make battery, solar and data centre applications. They've told us they need an easier application process, better visibility of progress and costs, and greater flexibility.

ConnectNow has five key features and an internal facing platform with dashboards for our Account Managers to easily track connection projects, including:

- A guide to help applicants with their connection needs
- An online application form to facilitate ease of completion
- A collaborative workspace to manage the entire life-cycle of the connection
- A construction schedule that provides an up-to-date schedule of works
- A finance section which gives an up-to-date modelled view of project costs and an explanation of securities obligations (which connectees have previously found confusing)

We built the platform in collaboration with stakeholders, engaging with 50 existing customers and 230 prospective customers to understand their requirements. This involved assessing and balancing different stakeholders' needs and working with colleagues to understand the impact on our internal processes, plus engaging with the Electricity System Operator to

make sure we aligned with their part of the connections process. We developed prototypes and tested them with stakeholders at points throughout the process, to make sure the platform was fit for purpose. The platform is now live on our website and stakeholders are being brought onboard – a full launch is planned for September 2020.

Our first ever Connections Convention

New this year

On the same topic of connections, we held our first ever Electricity Transmission Connections Convention event in September 2019. The aim of the event was to provide more clarity for our stakeholders around how the connections process works, given our legal separation from the Electricity System Operator on 1st April 2019. The interactive event was attended by over 50 existing and potential customers, with the opportunity to listen to thought leaders from the industry and to engage with people from our business who can support through the connections process. Feedback from attendees was really positive.

Our measurable impact:

1. 17 organisations are already using the ConnectNow portal, some with multiple connection applications and multiple users. We've received great feedback from all of these initial users, who are finding the functionality helpful and more efficient. Through our test-and-learn approach, we're using their feedback to further refine and develop the portal.
2. Connections applications since our convention have increased by 37%, including six applications from data centres (a new type of applicant)
3. The improved portal experience and clarity provided by the convention have contributed to our latest connections application satisfaction score of 8.50 out of 10, up from 8.00 the previous year



8.50/10

connections
application
satisfaction score

Our engagement has helped allay health fears and avoid project delays in Greater Manchester

New this year

Innovative thinking

Harder-to-reach groups



The existing Bredbury to South Manchester underground cables have reached the end of their operational life and need to be replaced to maintain reliability of supply, but the area is very congested and the proposed new route included burying cables directly under children's play equipment in a residential area. There was concern amongst the local community and councillors that the magnetic fields from the cables would present a health risk to residents, so we engaged with interested stakeholders through a range of tailored channels to provide information, answer their questions and explain what we needed to do. We treated it like a joint project, not something we were doing to the local community, and modified our approach based on their feedback.

We made sure we engaged early, regularly and in a coordinated way, to reassure and dispel any myths about the project, holding community events, mailing out answers to frequently asked questions, making experts available and using non-technical language.

Outcomes from this project

1. Concerns amongst the vast majority of residents were reduced
2. Disruption to the local community was minimised and project delays were avoided
3. Stakeholders who responded to our survey in December 2019 all scored us as 9 or 10 out of 10 for overall satisfaction
4. Learning has been incorporated into our engagement approach for the Hinkley Point C project and across our other project delivery teams

Section 2: Maintaining a safe, reliable, resilient and affordable electricity supply (continued)

We've been engaging with local hard-to-reach stakeholders on the second phase of our London Power Tunnels project

New this year

Harder-to-reach groups

London Power Tunnels is one of our key projects to help maintain a reliable supply of electricity to the capital. Its objective is to rewire London via deep underground tunnels to help meet current and future demand. In total, we're constructing 32km of tunnels, which will carry high voltage electricity cables. Phase 1 focused north of the Thames and is now complete. Phase 2 focuses south of the Thames and again involves considerable works above ground, with potential impact on local communities. For phase 2, we've reviewed our phase 1 engagement approach and used stakeholder feedback and lessons learnt to help us improve. For example, political stakeholders (often one of our more hard to reach groups) told us they would prefer regular updates rather than have to wait for planned events, so we've made this change for phase 2.

For our work around Kings Avenue in Brixton, we need to build headhouses to cover the tunnel shafts. Learning from phase 1 feedback and to improve our local engagement, we identified a more strategic approach to engagement and began much sooner, with regular updates aligned to key milestones. This has meant we're able to keep the work on-track and better address local requirements.

Changes made as a result of our engagement

1. We've brought in a security team to maintain a 24-hour presence on site to ensure the safety of workers and neighbours
2. The installation of a fire exit on our site for our neighbours in case of an emergency
3. Carrying out survey works to establish which services to run across our site
4. Hand trimming the vegetation within site to minimise noise disruption
5. Putting additional measures in place to minimise any noise generated from breaking areas of concrete



We're addressing the increasing threat of cyber-attack

New this year

National impact

Our stakeholders have told us they want our network to be protected from external threats, and that cyber-attacks are currently the biggest type of threat. Their views align with our own intelligence and therefore we've made cyber resilience one of our strategic priorities. Cyber security is a topic with a very focused area of expertise amongst our stakeholder population – the detail is not something most of our stakeholders are either familiar with or interested in – so we've focused our engagement mainly through industry and/or wider resilience working groups. This has included working with the London Resilience Forum, E3C Cyber Resilience Task Group, the Energy Networks Association, BEIS, the National Cyber Security Centre and the CPNI.

Outcome of our engagement

1. The nature of cyber security means we can't share specific details of the changes we've made to our plans, but our work with others has driven updates to our cyber investment strategy which will help prevent cyber-attacks and minimise the effect on consumers if a cyber incident was successful

We've worked with our supply chain to find more effective and efficient network solutions

New this year

Innovative thinking

Reliability may be top of our stakeholders' priorities, but affordability is close behind, so we've been exploring ways to increase our network's capacity without the need for reinforcing existing circuits or building new ones. We've been collaborating with Smart Wires (a start-up company based in California) to investigate the use of power flow control devices, which increase the efficiency of existing infrastructure and make better use of the existing network, enabling greater volumes of renewable generation to connect to the system. The technology is modular and so it's quick to install and easy to move, therefore providing valuable flexibility, and we've been working closely with Smart Wires to look at the applicability of their technology for our network, including how it might impact existing assets.

Project outcomes

1. We have five installations planned which are anticipated to increase boundary capabilities by 1.5 gigawatts in total across three boundaries
2. This will facilitate increased power transfers of an additional 500 megawatts from Scotland to England at a reduced cost to consumers and without the need to build new network
3. This is enough power to supply more than 100,000 homes

Sharing best practice across teams

We received feedback last year that we could improve the way we shared good practice across our organisation, so that initiatives which benefit stakeholders aren't just confined to a local area – something that was particularly relevant to our operational workforce. During the past 12 months, we've changed our internal processes to make sure timely sharing of good practice happens across all teams. We've included examples within our case studies, and further examples include:

1. The national sharing of best practice relating to members of the public using our pylons for base jumping, meaning that all of our operational teams are better equipped to deal with incidents should they happen
2. A change to how we deal with reusable waste from our operations. We talked last year about how we had worked with a local community near Thorpe Marsh to make use of waste materials. This has now been written into policy for future similar work.



Section 3: Supporting communities and the vulnerable



Our strategic focus: Our stakeholders have told us they expect us to support the communities we work in and have a positive impact on society in general – this has consistently been one of their priorities over the past few years, and is something they expect a company like ours to do as part of its day-to-day business. It's an area where we've always been very active, and we have longstanding programmes of Corporate Social Responsibility (CSR) work, including community grants and local infrastructure improvements in areas where we're carrying out construction projects.

All of these activities continue but we now consider them part of our business as usual. Over the past year, we've looked at what it means to be more of a purpose-led organisation, and it's now part of our strategic ambition to go beyond our normal CSR work to have a more fundamental impact on society, both at a local and national level. Listening to stakeholder feedback, we've made the decision to focus on areas which make best use of our skills and where we can have the biggest impact.

We're focusing on disadvantaged communities to help them find work

New this year We mentioned in section 1 that we've launched a campaign to help find the thousands of people needed for the net zero workforce. Linked to this, we are creating national and local skills development partnerships and initiatives, with a specific focus on lower income, less advantaged communities who traditionally may struggle more than most to find employment. This is in response to stakeholder feedback that we should look to find the right partners to work with, and that our initiatives should be appropriate for a transmission company.



Our objective is to provide opportunities to young people from these communities to find work which helps deliver the net

zero transition. We'll track their progress from first interaction right through to potential employment, whether that's at National Grid, or with one of our partners, suppliers, or anyone else involved in supporting decarbonisation. We're also refocusing our employee volunteering towards developing skills for low income communities in support of this work.

Project outcome

- Over the next five years, our target is to give access to employment to 6,000 young people from disadvantaged communities

6,000

providing access to employment to 6,000 young people over the next 5 years

We've been working with others to help make their organisations more resilient when supporting the vulnerable

New this year The power cuts of 9th August 2019 (although not the result of anything we did) and subsequent stakeholder feedback encouraged us to share our resilience expertise with organisations outside of our industry who may find it beneficial.

Harder-to-reach groups We heard that some organisations who work closely with vulnerable consumers aren't always sure how to make themselves resilient against power cuts and other unforeseen events, and that this can have serious impacts on those they're caring for.

Good practice We worked collaboratively with UKPN, South East Water and SGN to run a focus group for care organisations. Participants included Guy's and St Thomas's hospital, hospices and a brain injury association. We explored the impact of a utilities outage on them, the plans they had in place if an outage did occur, and what support they may need from utility companies in preparing for this type of incident.

Although a transmission network has a less direct relationship with these types of organisations, stakeholders told us that they could still benefit from our resilience knowledge – smaller organisations were particularly keen to learn from our experience of resilience planning and emergency test exercises, and we've continued the dialogue away from the session, plus we've put our resilience experts in touch with our counterparts at South East Water to share learning.

Outcome of our engagement

- Our resilience work has led to knowledge sharing with four care organisations and three other utility networks, all helping to protect more vulnerable members of society

Our Grid for Good project has changed people's lives

Harder-to-reach groups We introduced *Grid for Good* last year. It's an initiative, sponsored by our CEO, to help those with social mobility needs get access to support in the most effective way. We partnered with Jericho and YMCA in Birmingham and have continued the partnership this year. We've also now introduced the opportunity of internships through the programme. One of our interns was Gabriel, who joined our Corporate function. Gabriel is 22 and became homeless in 2017, ending up in emergency accommodation. We met him through the YMCA in Birmingham. We also met Maryam during an event we held at the YMCA. She has a bio-chemistry degree but had to flee her home in Iran for her own safety. Through a mentoring session with one of our employee volunteers as part of the *Grid for Good* programme, we recognised Maryam's potential and worked with her on her self-belief and confidence.

Project outcomes

- Gabriel became a Youth Ambassador for YMCA England and Wales, engaging with politicians and decision-makers on issues such as homelessness among young people, and after completing his internship at National Grid, has now set up an e-commerce business. He feels that his time with National Grid really helped him develop the skills required to make himself a success.
- Maryam decided to apply for a role at National Grid and we're delighted that she was successful. She's now sharing her experience with others at the YMCA to help them.
- Over the last few months, we've supported a further 25 people with job applications and over 50 have attended workshops during the past year through the *Grid for Good* programme.

Creating an estimated Social Return on Investment of

3.1 times

our project costs

Section 3: Supporting communities and the vulnerable (continued)

We've reacted to the current COVID-19 crisis to provide immediate support to those who need it most

New this year

Harder-to-reach groups

Stakeholders have told us that the best long-term solution for helping vulnerable communities is to partner with others, not just donate money. However, in the current situation with an unprecedented need to

get help quickly to those who need it most, providing financial (as well as other) support is the right thing to do.



In March 2020, we donated £500,000 across two UK charities, the National Emergencies Trust and the Trussell Trust, who are working with those most in need during the crisis to urgently distribute financial support, food parcels and other much needed help. We also made Thursdays 'charity takeover day' on our social media feeds, allowing our charity partners to get their messages to tens of thousands of extra followers. And we've introduced a scheme through which our employees can take half a day each week (paid) to volunteer with the Trussell Trust and help get food out to local people and families in need, either by delivering in person or by taking phone calls at home from those looking for help.

At our Warwick office, the COVID-19 lockdown meant that most office-based employees suddenly began working from home, so we donated surplus food from our staff restaurant to the Helping Hands Community Project in Leamington Spa. The project helps the most vulnerable members of the community by providing food and a friendly ear to listen to problems.

Our measurable impact

1. £400,000 to be used by the National Emergencies Trust to fund local charities and grassroots organisations in their work to provide vital support to the most vulnerable people during the coronavirus outbreak
2. £100,000 to support the Trussell Trust's network of 1,200 food banks in getting support to those who need it most
3. Hundreds of vulnerable households have been supported through our employee volunteering days
4. We donated over £1,700 worth of food to the Helping Hands project, including 250 sandwiches and 600 pints of milk

Creating an estimated Social Return on Investment of **3.3 times** our donations

hundreds of vulnerable households supported through employee volunteering days

We've been working with partners to provide skills training for the long-term unemployed

New this year

Harder-to-reach groups

Good practice

Another way in which we're helping meet our stakeholder priority of supporting the vulnerable is through our adult skills programme on the Hinkley Point connection project. Connecting the new nuclear power station in Somerset has an impact on local communities, so to create

a more positive impact, we've created and delivered adult skills training for the long-term unemployed in the area, with our contractors creating project jobs for local residents.

We've worked with government agencies, local authorities and charities along the connection route to identify local skills gaps in the construction industry – the scheme is co-branded with each local authority. We've used feedback to design bespoke training and support, and have partnered with a specialist training organisation, Ixion (an Ofsted outstanding group of not-for-profit companies specialising in skills training), to support delivery. We've promoted this training via social media and other local networks including Job Centre Plus. Part way through the programme, we asked for feedback from participants and made improvements based on their comments, such as speeding up the provision of PPE so that training opportunities weren't delayed.

On completion of the training, participants leave with industry-recognised qualifications, including a Construction Skills Certification Scheme card, BTEC Level 1 in Construction, Highways/Traffic Management qualification, as well as health and safety and interview preparation training.

Measurable outcomes from the project

1. We're training 250 people, of whom 135 have already completed the course
2. 66 people who have completed the training are now in work within the construction industry and we expect this number to rise to 125 based on the current number of trainees
3. Learning has been shared with the London Power Tunnels 2 project, which is aiming to use a similar scheme
4. We're developing a strategic partnership with Ixion to deliver training in other areas affected by our major construction projects

250 people in training

135 people have completed the course

66 people now in work within the construction industry



Creating an estimated Social Return on Investment of **55 times** our project costs

