

Our approach to responsible business



We are committed to conducting our business responsibly; this is a fundamental element of the values that shape our purpose. Making integrity our watchword means that we consistently make ethical decisions, fostering a culture where responsible decision-making is central to our every action.”

Suleman Alli
Director Finance, Customer Service and Technology



Environment P22



Responsible decision-making is at the core of our approach to business and is in line with our vision to be a respected and trusted corporate citizen. We welcome the opportunity to stand up and be counted for the way we look after the environment, the customers we serve – especially those whose circumstances mean they need extra support – and the people who work to make UK Power Networks the responsible business it is.

Our people P26



At UK Power Networks, our vision is to be, consistently, the best performing organisation in our sector in the UK. Central to this vision is our commitment to delivering services that meet our customers’ needs at the lowest possible cost, while maintaining sustainability at the heart of our strategy. We believe that sustained high performance can only be achieved through a balanced approach across all our activities.

Social responsibility P28



Responsibility guides how we conduct our business; this is underpinned by a defined set of values that shape our operations. Upholding integrity is fundamental; it fosters a culture where ethical decision-making is ingrained in every aspect of our work.

Sustainability at UK Power Networks extends beyond reducing our carbon footprint; it encompasses how we support and develop our employees, innovate for Net Zero solutions, and collaborate to benefit the communities we serve. Our ongoing efforts in these areas are detailed further in the following sections.

Recognising our pivotal role in facilitating the UK’s transition to a Net Zero society by 2050, it is

one of our key priorities to ensure that our electricity network has the capacity to support the decarbonisation of transport and heating, alongside connecting renewable energy sources to meet rising demand.

In leading the industry towards sustainable practices, we have pioneered the establishment of the first independent Distribution System Operator (DSO) with its own oversight board (see more about this on page 39). This structure ensures that our DSO investment proposals are critically reviewed, so customers’ interests are always the primary focus. Innovative strategies, such as incentivising customers to adjust energy usage – known as network flexibility – will reduce asset expenditure by £410 million over the next five years, reducing demand for raw materials and minimising disruption caused by digging up the streets.

Acknowledging the economic challenges faced by our customers, we are intensifying our support for them. Collaborating closely with local authorities, we have matched their cost-of-living support funds and we will be providing £4m annually to support their activities.

Additionally, our dedicated DSO team offers free guidance to local and county councils and other planning bodies as they develop and implement their Net Zero plans.

A sustainable business approach has always been – and will continue to be – integral to our strategic framework.

Our governance framework

UK Power Networks’ Board

The Board of Directors is the principal decision-making forum for the Group. It has overall responsibility for leading and controlling the Group as well as its financial and operational performance. The Board composition is determined by the shareholding companies, each of which nominates Directors in proportion to their shareholdings. In addition, two ‘Sufficiently Independent Directors’ (SIDs) must be appointed to the boards of the Group’s regulated distribution companies.

The positions of the Chairman of the Board and Chief Executive Officer (CEO) are held by separate individuals with a view to maintaining effective segregation of duties between management of the Board and the day-to-day management of the UK Power Networks Group.

To assist the Board in fulfilling its oversight responsibilities, six Board sub-committees have been created, as shown below. Their main activities are:

The Audit Committee

The Audit Committee assists the Board with its responsibilities for financial reporting, maintaining an effective system of internal control and internal and external audit processes.

The Treasury Committee

The Treasury Committee assists the Board in fulfilling its oversight responsibilities with respect to compliance with Treasury Policy.

These responsibilities include the monitoring and management of treasury risks, including liquidity risk, funding and refinancing risk, interest rate risk, foreign exchange risk and credit risk.

The Remuneration Committee

The Remuneration Committee’s key responsibilities include making recommendations to the Board on the Group’s policies and structure in relation to the remuneration of senior management and employees of the Group, based on the corporate goals and objectives set by the Board.

The Risk Management and Compliance Committee

The Risk Management and Compliance Committee supports the Board in relation to risk management and by overseeing compliance with obligations determined by statute, legislation, regulation, contract or agreement.

The Nominations Committee

The Nominations Committee recommends Sufficiently Independent Directors (SIDs) for appointment to the boards of the distribution companies.

The ESG Committee

The Environmental, Social and Governance (ESG) Committee’s primary function is to assist the Board in ensuring that the Group has a suitable and sufficient strategy in place to deliver the key ESG-based commitments.

Executive responsibility

Our Executive Management Team, about whom you can read on page 52, has collective responsibility for running our business and executing our strategy.

Environment and climate change

We are key contributors to the UK's journey toward a Net Zero economy, making sure our network supports the decarbonisation of power, heat, and transport. Further, we are committed to reducing our operational carbon emissions, managing resources responsibly, enhancing biodiversity, and minimising pollution.



Who is responsible

Mark Adolphus

Director of Health, Safety, Sustainability and Connections

Targets

- **Overall Net Zero target:** We are committed to reaching Net Zero greenhouse gas (GHG) emissions throughout our supply chain by FY 2040.
- **Near-term targets:** We intend to reduce our Scope 1 and 2 GHG emissions 53.1% by FY2029 from a FY2019 base year. We also commit to reducing Scope 3 GHG emissions 25% within the same timeframe.
- **Long-term targets:** We are committed to reducing Scope 1 and 2 GHG emissions 90% by FY2040 from a FY2019 base year and to reducing Scope 3 GHG emissions 90% within the same timeframe.
- Recycle 80% of office, depot and network waste and re-use 99.5% of streetworks material by the end of the RIIO-ED2 period, with no recoverable waste to landfill by 2025.
- Reduce NOx emissions by 33% over the RIIO-ED2 period, improving air quality for our customers.

As a major player in the energy business, UK Power Networks has an important role in decarbonising the energy network and the economy. Our initiatives to reduce carbon emissions and support the Net Zero transition have most impact in the work we do for our customers.

Whether it is related to maintaining continuity of supply, ensuring we can accommodate greener power generation, or the connection of heat pumps or EV charging infrastructure, we have a pivotal role to play. Although our primary focus is on these areas, we nevertheless have an important obligation to address our own environmental impact alongside reducing that of our customers.

Our direct Scope 1 and 2 carbon emissions from our day-to-day operations relate to fuel consumption, Sulphur hexafluoride (SF₆) gas leaks in our switch gear and the energy we purchase to run our substations, depots and offices. Since 2018/19 we have reduced these emissions by 19% and made good inroads in starting to tackle the difficult-to-abate sources of carbon.

An important part of our overall carbon footprint, however, is the Scope 3 indirect emissions associated with our supply chain. For most companies these are often the largest part of their footprint (around 80%), and are also the most difficult to measure and manage.

At UK Power Networks we recognise our influence on these indirect emissions and decided to tackle them head on. In partnership with our suppliers, we have set about identifying where these emissions sit across Scope 3 categories, and more importantly who our most material suppliers are.

Our initial screening exercises, using average spend-based carbon factors, enabled us to clearly see that our Scope 3 emissions were concentrated in Purchased Goods and Services and Capital Goods. We have over a thousand suppliers and could see that around 100 of them accounted for 80% of the Scope 3 emissions.

Working with our partner, the Minimum Consultancy, we have now completed more detailed assessments of our top 160 suppliers, so we have a better understanding of their contribution to our Scope 3 footprint. In addition, over the last year we have worked with our suppliers to adopt Science Based Target initiative (SBTi) validated carbon reduction targets and have developed bespoke carbon reduction plans for the goods and services with which they supply us. This has enabled us to measure these emissions more accurately and identify both carbon savings and opportunities for change. To date we have seen our Scope 3 emissions decrease by 19.6% from our baseline but there is more work to do.

In 2021, we were the first UK DNO to have our carbon reduction targets validated by the Science Based Target initiative (SBTi) for all carbon scopes, aiming for 'well-below 2°C' equivalent reduction (a 25% reduction from 2018/19 with a target year of 2028/29). In 2022/23, we committed to upgrading our Scope 1 and 2 targets to 1.5°C in recognition of the success we had achieved in the previous five years and these new upgraded near-term targets at 1.5°C, as well as a Net Zero target, have been validated by the SBTi.

The Science Based Targets initiative (SBTi) Net Zero Standard provides companies with a clear blueprint on how to bring their Net Zero plans in line with the science. It requires companies to have short-term carbon reduction targets and a long-term Net Zero standard, with the ultimate aim of achieving a 90% reduction in emissions before 2050. The remaining 10% can be neutralised through high-quality carbon offsets that permanently remove and store these residual emissions.

Circular economy

We are committed to taking a sustainable approach to the management of our infrastructure in support of the nation's progress towards a circular economy. For the second year UK Power Networks has submitted its data to the Ellen MacArthur Foundation for assessment against the Circulytics criteria. We received an individual performance assessment which recognised that our efforts so far have resulted in an increase in our scoring, specifically in the 'Enablers' category. This marks a significant improvement in our approach to setting up the right conditions for a circular transition. Since the Circulytics toolkit is no longer available we are now on our way to developing our own tailored circular economy assessment tool to continue to monitor and measure our performance in this area.

Projects such as using low-carbon concrete made with waste materials, including fly ash where it is suitable, are part of our continued drive to eliminate waste and pollution, and to drive down carbon emissions. By adopting a circular economy model, we will help achieve a market in which products are re-designed to drive out waste, reduce the use of virgin materials, can be repaired, reused or dismantled for strategic spares and fed back into our large supply chain that we can influence positively.

Electrifying our fleet

UK Power Networks runs a fleet of over 3,100 vehicles, ranging from cars to vans and HGVs as well as specially modified vehicles required of an electricity network provider. We aim to have an integrated fleet that works throughout the company, and this year we have been doing the groundwork to enable that to happen. As well as making sure that the infrastructure is there to enable the uptake of EVs across the company, we must also ensure that the relevant support contracts are in place. This includes having procedures and policies set up in a way that will allow a streamlined and joined up vehicle fleet to operate smoothly and procuring practical solutions to make it easier for staff to change to an EV, such as partnering with a fuel card provider that covers both home and public charging costs. Our first priority was to identify the UK Power Networks' employees whose role, duty cycle, business mileage and access to home charging made it appropriate for them to have an EV allocated to them. It was important to identify which roles required which type of vehicle;

for example, a conventional passenger EV is likely to be right for a field engineer whereas a jointer needs a panel van sized EV. Alongside the contract work and with the help of our associated company UK Power Networks Services, we also began work on establishing the right infrastructure, such as charging facilities. The carbon emissions relating to the UK Power Networks' vehicle fleet have reduced considerably since 2018 and this is in part a result of the introduction of EVs as well as the greater fuel efficiency of our conventional vehicles.

We want to encourage all employees to switch to EVs wherever possible so in 2023/24 we introduced a scheme to allow all employees to apply for an EV through our leasing partners, Tusker. Employees, including those who do not need a vehicle for their role, can opt to lease an EV or a hybrid vehicle. Tusker manages the administration and financing for the lease on our behalf.



DORMICE AND ORCHIDS PROTECTED IN NATURE RESERVE

UK Power Networks' tree cutters, TreeSmiths, worked with experts at Happy Valley and Farthing Downs to protect dormice and other vulnerable species, while keeping overhead power lines safe and reliable for residents.

Low undergrowth was preserved, where possible, to maintain the leafy corridors used by dormice, and scrub was cut to provide dappled shade for fly orchids. Logs were stacked, rather than chipped, to avoid smothering flowers, use of machinery was minimised and air was let out of tyres to minimise the impact of vehicles.

What we've achieved

24%

reduction in our CO₂ emissions since our baseline year 2018/19, which includes our Scope 1, 2 and 3 emissions

1st UK DNO

to have all Scope 1, 2 and 3 emission targets validated by SBTi

How we are...

reducing our emissions

OUR INNOVATION STRATEGY



“The embodied carbon tool allows us to challenge the scope, design and material used in the delivery of our major projects, lowering carbon impact and providing sustainable solutions, for UK Power Networks and our customers.”

Allan Ponsonby
Head of Engineering, UK Power Networks

EMBODIED CARBON

UK Power Networks has developed a tool to monitor and report on embodied carbon in all new projects. This allows us to establish a baseline and commit to a target percentage reduction, to help us to achieve our Science Based Target commitments. The tool measures the embodied carbon of all major projects (we have defined these as projects valued at over £1 million) at both concept and developed design phases. The tool is aligned to the PAS 2080 international standard for Carbon Management in Infrastructure. It focuses on those key elements of the project that can be influenced through detailed design and which make a significant difference to the project's carbon footprint.

What this means for our customers

Since its launch in mid-Jan 2024, the Supply Chain Carbon Reporting tool has been used in 24 major projects, 12 of which have been completed resulting in approximately 15% total carbon saving.

Converting our in-house generators

Our temporary generator fleet is essential for maintaining continuity of electricity supply in both planned works and emergencies. We utilise both in-house and rented generators to meet our requirements and have been exploring opportunities to reduce the use of diesel. Clearly minimising use is the priority, but we have also trialled hybrid engines (battery with diesel engine) with low-carbon fuels.

Hybrid generators typically provide much better load management than diesel ones as they adapt and manage peaks and troughs of demand. Diesel generators tend to be highly inefficient compared to hybrid ones in cases of low demand, such as overnight.

In 2023/24, we began converting some of our in-house generators to hybrids and this will bring fuel efficiency benefits, improve air quality and reduce noise. The advantage of a hybrid engine is that it switches to battery during low load periods, such as at night when power demand is low.

Working to reduce sulphur hexafluoride on our network

Sulphur hexafluoride (SF₆), a potent greenhouse gas (23,500 times the warming potential of carbon dioxide), is used across the electrical industry as the main method of insulation in high voltage electrical equipment. Our key actions are to engage in research to develop low-carbon alternatives and to improve our leak management.

Over the last two years, where appropriate, we have installed alternative low-carbon options, such as Clean Air, which utilises a mix of dehumidified oxygen and nitrogen and g3 which utilises a fluoronitrile for our 132kV switchgear. At the 36kV level, we have installed Air Plus circuit breakers, which also utilise fluoronitrile compounds in a different gas mix to g3. We also continue to engage on research with our partner bodies such as the Energy Network Association who are currently working with Nuventura on their new 33kV dry air circuit breakers.

The management of leaks is a vital part of our work in minimising SF₆ fugitive emissions. We have piloted a new adhesive-based leak sealing solution for one of our 132kV circuit breakers. This has been developed in conjunction with the Electric Power Research Institute and has proved successful. We subsequently used it to successfully repair a significant leak on a busbar at one of our 11kV primary substations.

Biodiversity

Alongside the strategic, technical approach to protecting the environment, we also take care of the local flora and fauna in our area of operation. Biodiversity is crucial to the health of the planet, and projects such as helping to install nest boxes for swifts and kestrels in West Sussex and rescuing and re-siting a wild bee colony from the walls of a substation in Norfolk contribute to it. When we were cutting back trees in Surrey, our contractors were careful to preserve low undergrowth where possible, to maintain the leafy corridors used by dormice, and the scrub was kept, providing dappled shade for fly orchids.

This year, 27 employees volunteered to work on improving the biodiversity at our Addington Grid site. This large site is in a semi-rural location in Croydon and is quite unusual as a large proportion of this secured site is made up of ancient woodland and chalk grassland, both of which are now rare habitats that should be preserved in the UK.

With repeat visits from volunteers the condition of this land is changing for the better. The woodland has been improved by tackling invasive species on site and the chalk grassland, that was heavily overgrown, is being restored by scraping back the topsoil and reseeding with a specific chalk grassland seed mix. Chalk grassland scrapes are well known for attracting and supporting a remarkable array of butterfly and moth species, as well as other wildlife.

Our approach to climate change



UK Power Networks continues to play an essential role in facilitating Net Zero for our customers and the UK economy, as we all look to decarbonise our lifestyles, transport, commerce and industry. We will ensure that the electricity network can accommodate low-carbon generation, EV infrastructure charging, energy storage, heat pumps and so on. We must also prepare the network to be climate resilient through our climate adaptation plan and ensure that this plan remains current and viable so that the network remains robust. At the same time we are committed to reducing our own daily operational carbon emissions in line with our Science Based Targets, as well as addressing our wider environmental impacts.

Governance

The governance around climate-related risks and opportunities

Description

As a regulated high-performing business, our operations and activities are open to rigorous scrutiny from both our regulator Ofgem and wider stakeholders. In addition, our environmental management system (EMS) certified to ISO 14001 requires us to undergo independent third-party audits from a UK Accreditation Service certified body. Our Environment, Social and Governance (ESG) Board sub-committee, formed in 2021, has continued to meet three times a year to review our progress against key ESG metrics. The issuance of green bonds also continues to bring external scrutiny to our operations and our actions in reducing our carbon emissions and environmental impacts. We will also be looking to formalise our external monitoring and verification of our carbon reporting in line with our Science Based Target reporting. All these actions and oversight of our activity will continue to drive the ESG performance of this company, holding us to account for any underperformance.

Strategy

The planning and organisation needed to achieve our overall goals under conditions of uncertainty

Our business plan for R110-ED2 has clear commitments to ensure we reduce our operational carbon footprint, support vulnerable customers and ensure that our network is not an impediment to the transition to Net Zero. Our objective is to achieve this at the lowest cost to the customer and we have adopted a flexible plan to avoid saddling our customers with large upfront and potentially unnecessary costs. We are actively targeting flexibility through our DSO, building our market intelligence, upskilling our workforce, investing strategically and engaging widely with key stakeholders, including Ofgem, local authorities, domestic and business customers and non-governmental organisations. We will regularly review and track our strategy and our approach across our business functions to address shortcomings and seize opportunities to go further where it makes strategic sense to do so.

Risk management

The processes used to identify, assess and manage climate-related risks

UK Power Networks has a mature and well-embedded risk management process that continually reviews current risks against our existing operations, business plans, stakeholder expectations and changing regulatory environment. The threat of climate change is an area of growing concern to our society and economy. As an operator of the UK's largest electricity network, it is imperative that we have a robust climate adaptation plan in place. This aspect only grows in importance as we consider the changes that progressing to a Net Zero economy present, such as domestic heating switching to heat pumps or transport to EVs. Reliance on electricity is therefore growing. We have, under our current plan, made excellent progress protecting substations at risk of flooding in the future and updated our model to identify additional sites to address in R110-ED2. In addition, we have made improvements to our vegetation management, enhanced our capability to identify high impact rainfall events and significantly stepped up our storm response and enhanced our call handling capability.

Metrics and targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities

Over the last seven years UK Power Networks has been proactive in improving the resilience of its network to climate change. We protected over 135 substations that were identified as being at risk of various types of flooding. This reduced the risk of flooding at these sites from 70% to 13%. In the first year of R110-ED2 we have continued this work, successfully delivering 16 mitigation projects as planned. Other additional measures include:

- Improving vegetation management, using Light Detection and Ranging (LiDAR) assessments to target tree cutting activities more accurately around overhead lines;
- Improving modelling and analytical tools to identify high impact rainfall accumulation that may affect infrastructure five days in advance; and
- Improving storm response of the business to ensure call handling centres are not overwhelmed, storm roles of staff are embedded, and vulnerable customers are supported.

Our people

This is an exciting time to work at UK Power Networks. We are doing important work that makes a real difference to our customers' lives and our employees are what makes that happen. We are proud of the diverse, inclusive team we are building and the positive effect this work has on them and the communities we serve.



Who is responsible

Andrew Pace
Director of HR, Legal, Risk and Assurance and Company Secretary

Targets

- Benchmark nationally and globally as a leader in the field and target retention of our Platinum Investors in People accreditation and Best Companies listing throughout RIIO-ED2.
- Retain our National Equality Standard accreditation and status as an Inclusive Top 50 UK Employer throughout RIIO-ED2.
- Improve our safety performance and reduce the Total Recordable Injury Rate to less than 0.05 by the end of RIIO-ED2.
- Establish a Digital Skills Academy to provide DSO and digital future skills and target the achievement of an 'Outstanding' Ofsted rating for our training programmes.

It is thanks to the people who work at UK Power Networks that we can deliver excellent service to our customers and build the company that will help bring about the decarbonisation of power.

We have developed a culture where people thrive, and we do our best to make our company a great place to work. Our people work hard, and we take care of them and help them forge a satisfying career with us. This is an exciting time to work for UK Power Networks. We are building a team that will take us well into the future, developing home grown talent through our Academies and Apprenticeship programmes, and in 2023/24 we recruited 15 graduate engineers.

Digital skills academy

The world of energy distribution is developing at a dizzying pace and our whole industry is facing a digital skills gap that must be filled if it is to meet the needs of the Net Zero economy. Digital skills are vital in today's world, as access to reliable data and the ability to manage it are crucial to success. Building our own capability in this field will allow us to keep our strategic focus where it needs to be. At UK Power Networks we have a track record of nurturing some of the most creative, innovative ideas in the business. We want to continue to expand this element of our workforce, to make sure we have the skills we need to continue to push the boundaries of the new generation of power.

Our digital skills academy, which we launched in April 2023, is central to this ambition. The Digital Academy is funded by the apprenticeship levy, so we can provide this training at no cost to

the company or our customers. In designing the Digital Academy, we followed the successful model of our Leadership Academy, which was launched in 2021. The Digital Skills academy provides training and a career path ranging from a basic digital skills training programme at level 3, roughly equivalent to an 'A' level, up to level 7, which is on par with an MSc postgraduate degree. The majority of our intake in 2023/24 was at level 4, where participants develop digital skills such as data analysis, visualising data and some coding.

We have some 20 employees in the Digital Skills Academy so far and intend to swell these ranks up to four times a year in the coming years. We are starting relatively small, as we build the skills to run the programme, working with technical training specialists such as QA and Firebrand. To be admitted to the Academy, employees must already be in a role that requires the skills that are on offer. The programme includes live training sessions (face-to-face and virtual) which are complemented by e-learning, additional modules and self-led learning.

Leadership Academy

Our unique Leadership Academy goes from strength to strength. We saw 40 employees graduate from it in March 2023. Two new cohorts – at levels 3 and 5 – joined in 2023/24 and we adapted the level 3 curriculum to allow aspiring leaders to join. This means that participants who are not currently managing people but who have been identified as having the potential to do so can learn the skills and competencies they need to manage people before taking on such a role.

SOME OF OUR PAST YEAR'S AWARDS



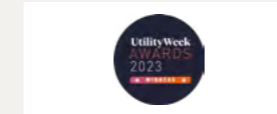
The UK's Best Big Companies to Work For

UK Power Networks remains in the top 10 list of the UK's 25 Best Big Companies To Work For List in 2023 and we remain the only electricity distribution network operator to feature in this list.



International Energy Engagement Award

UK Power Networks won the Energy Institute's International Energy Engagement Award for its collaboration with local authorities.



UK Power Networks took home the 'Digital Transformation Award' at the Utility Week Awards 2023

UK Power Networks picked up the Digital Transformation Award for our smart connections portal and an innovation project which removes barriers to Net Zero by allowing meter operators to upgrade domestic fuses for the first time.



UK Power Networks awarded 'Utility of the Year' at the Utility Week awards

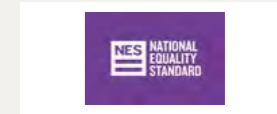
The company's drive to collaborate for the benefit of customers won it the most prestigious prize in the UK's utility industry, 'Utility of the Year', at the Utility Week Awards.

ACCREDITATIONS



Investors in People – Platinum

UK Power Networks has retained its Platinum status reaffirming our position among just 5% of companies globally to be awarded this highest status.



National Equality Standard

Highest standard in the UK of best practice on equality, diversity and inclusion. First DNO to be awarded the National Equality Standard.



Inclusive Top 50 UK Employers

UK Power Networks was awarded second place on the Inclusive Top 50 UK Employers List at the Inclusive Companies Awards. The company has appeared on the list for several years, but this marks UK Power Networks' highest ever ranking.



The Chartered Institute of Procurement & Supply (CIPS) Corporate Certification Advanced

UK Power Networks maintained its position within an elite worldwide group who have gained the Chartered Institute of Procurement & Supply (CIPS) Corporate Certification advanced 'Platinum Award'.

A great place to work

UK Power Networks is one of a select group of companies that warrants a Platinum award from Investors in People (IIP). No other DNO has that honour and only 5% of companies around the world are given this accolade. We also retained our accreditation from the National Equality Standard, and we achieved the highest ranking in the Inclusive Top 50 UK Employers List. Our commitment to diversity and inclusion is one of the reasons this is a great place to work.

Apprenticeship programme

We took on more than 50 craft apprentices in 2023/24 and for the first time, women made up 10% of that intake. This is the result of a programme of sustained outreach with schools, including all day events, demonstrations and workshops, encouraging girls to study STEM subjects and see the role they play in a company such as UK Power Networks. Our intentional strategy of always having at least one woman on the apprenticeship interview panel has undoubtedly contributed to this.

Valuing our diverse workforce

This year, following feedback from our employees, we trained all our technical trainers in neurodiversity awareness. Our training team ran 11 operational well-being days for field staff. In the course of those events, we learned that around 20% of our field staff have either been diagnosed or suspect they have a neurodiverse condition, such as dyslexia, autism or ADHD. Managers are receiving training to help them spot and support neurodiverse team members and we have trained over 30 neurodiversity allies across the business.

As a matter of policy, our diversity network is all inclusive; we don't have individual groups relating to gender, race, sexuality or neurodiversity. This aligns with our approach that what matters is equity for everyone.

As mentioned above, our schools' outreach is sharply focused on increasing the number of women in our workforce at all levels. This long-term programme, which we began in 2022, starts with year 9 students; our apprentice intake this year shows that it is beginning to bear fruit.

We are also committed to levelling up the opportunities available for potential employees, regardless of background and socio-economic status.

We run initiatives designed to support and encourage school students who might not otherwise see opportunities to progress their career. Future Frontiers is a mentoring programme for year 10 students who are on pupil premiums, and a similar programme called Brightside operates virtually and is aimed at low-income families in remote rural areas.

We are continuing our successful partnership with Urban Synergy which offers paid internships to 16-18-year-olds from under-represented sectors of society and our Powering Potential programme that is part of our STEM project this year includes bursaries and other support for students from low-income households who want to go to university.

Social responsibility

It is part of our sustainability strategy to play a central role in the life our communities. The new regulatory period heralds our taking social responsibility to a new level, with an ever-more sophisticated approach to data leading to a deepening understanding of our stakeholders.



Who is responsible

Suleman Alli
 Director of Finance, Customer Service and Technology

Targets

- Expand the scope and reach of our Priority Services Register (PSR), delivering an overall 30% increase in registrations in the R110-ED2 period, and continue to improve the satisfaction of our PSR customers.
- Provide targeted support to a total of 500,000 fuel-poor customers over R110-ED2, investing £18m to support over 200,000 directly and 300,000 through partnership programmes.
- Provide information and help to 500,000 vulnerable customers over R110-ED2 to ensure no one is left behind in the changing energy system, at no cost to customers.
- Reduce the number of third-party overhead line and underground cable strikes by at least 20% for each year over R110-ED2 and increase our commitment to engage with the public around safety.

As a provider of an essential service, social responsibility is of the utmost importance at UK Power Networks. Being a respected, trusted corporate citizen is a core part of our vision; social responsibility is deeply embedded in our culture.

2023/24 was the first year of the new regulatory period (R110-ED2) which runs until 2028. This presented us with the opportunity to take a careful look at our social responsibility strategy and activities across the organisation to ensure that we continue to build this vital aspect of our business in the way that our customers have told us is important to them.

We are acutely aware that many of our customers are having to cope with the cost-of-living crisis, and energy costs are a significant element in that. The transition to Net Zero threatens to widen the gap between those who can afford to decarbonise and those who cannot.

Taking particular care of customers whose circumstances make them vulnerable is central to our socially responsible approach. We estimate that, across our three networks, there are currently 3.3 million households eligible for our Priority Services Register (PSR). These include those over the age of 65, people living with children under five or customers facing mental or physical health challenges. We currently have approximately 77% of households eligible registered to our PSR. We also believe there to be 1.58 million customers in our areas alone who are at risk of being left behind in the energy system transition by 2030.

Taking social responsibility to a new level

We have taken our consumer vulnerability programme to a new level, setting ambitious targets for ED2. We are investing for the long term in partnerships and making huge advances in our internal processes to drive greater support and deliver meaningful impact to support our customers and their communities.

Deepening our understanding of our vulnerable customers

We use data throughout the business and have extensive expertise in managing information to provide insights on which vulnerabilities are affecting our customers and how vulnerability differs across the communities we serve. To improve the support we provide and to be more targeted in our approach, we need a clearer view of vulnerability trends across the areas we serve.

In 2023/24, we developed a new, innovative solution called Spotlight. This tool uses advanced AI and machine learning techniques to help us understand customer segmentation and identify vulnerable customers with an unprecedented level of granularity. We can apply this information to our management of the PSR. Our interactions with vulnerable customers can not only be more specific but can also be tailored to meet customers' unique needs within identified categories of vulnerable customers. By analysing data gaps and testing different communication channels with customer groups, we are gaining valuable insights such as which ways of engaging are most effective at achieving new

registrations. By providing actionable information about customers' needs, such as what makes them eligible for the PSR and which service offerings best meet their needs, these insights are improving the way we can support vulnerable customers.

These developments will enable us to apply data-led decision-making to target customers in need and ramp up support over the coming years not only for those on the PSR, but also in identifying vulnerable customers in fuel poverty and those at risk of being left behind in the transition to Net Zero.

Sharing data with other utilities

A key achievement we made in 2023/24 in relation to building the PSR was our collaboration with water companies operating in our area. In ED1 we began data sharing with other utilities that served the same customers, putting in place arrangements with seven of the eight water companies in our area. This meant customers only needed to register once for the PSR.

This year we've gone further, becoming the first DNO to share historical data with two water companies in our region. This means that customers who registered with suppliers before our data sharing agreement was in place are registered to receive support across all their utilities without having to register more than once. This collaboration with Thames Water and Affinity Water resulted in 86,923 more registrations to our PSR.

Addressing fuel poverty and leaving no one behind

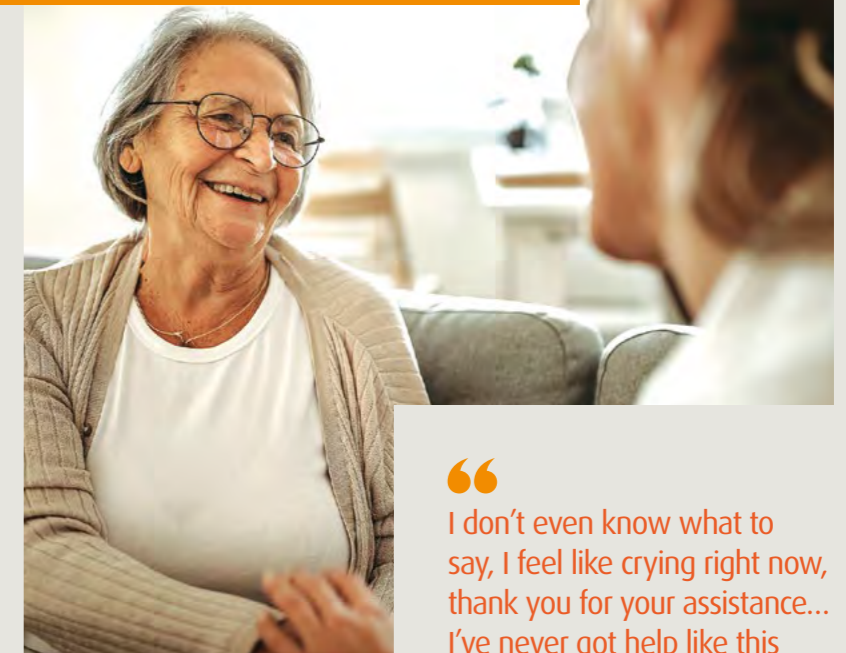
We made great strides in 2023/24 in our undertaking to support customers in fuel poverty and those who are at risk of being left behind in the transition to Net Zero. Our increasing understanding of the root causes of these two aspects of disadvantage has shown us that they often overlap. As part of our strategy, we took the opportunity to reinforce our foundations, reviewing, for example, how we use data and setting up the most effective partnership models. We are re-evaluating what we offer to customers who need extra help so we can deliver maximum value to them. We are also developing a new portfolio of services to include a greater range of offerings and formats. For example, our stakeholder engagement tells us that people want a choice in how they access help; some want to be served online in order to remain anonymous, while others value the personal approach, be that on the phone or face-to-face.

We are all too aware that many of the benefits of the transition to a Net Zero economy are more readily available to those with digital skills and disposable income. To redress this disparity, we are working to find ways to provide customers with the skills they need to engage with the energy market and use low-carbon technologies. We set up a partnership with Social Enterprise

How we are...

looking after our most vulnerable customers

OUR INNOVATION STRATEGY



“ I don't even know what to say, I feel like crying right now, thank you for your assistance... I've never got help like this before. I don't really know what to say, I couldn't believe my eyes! Thank you again, this was literally life changing for me!”

Customer testimonial

GREAT ADVICE DELIVERED LOCALLY

Over the last year, we partnered with Citizens Advice Arun and Chichester to offer a range of fuel poverty support, including income maximisation, home energy audits and grant application support to customers.

Kent to develop Digital Skills Training, with a focus on Net Zero. The service helps customers develop the digital skills they need which will increase the likelihood of them participating in the Net Zero transition. We also partnered with Camden Council and Utilita – a power supplier specialising in pay-as-you-go meters – to promote and reward energy-saving practices in 46 social housing homes, helping customers realise the benefits energy flexibility offers to groups that are not typical adopters of such technology.

For more information about our programmes to support customers in vulnerable circumstances and the way we manage our partnerships with charities and groups embedded in the communities we serve, see our [Annual Vulnerability Report](#).




What this means for our customers

Building on our network of partnerships means we can deliver more support to more customers. Through our engagement with Citizens Advice Arun and Chichester, we were able to leverage the network of Citizens Advice branches throughout our area. Working together, we expanded the support service to work with Citizens Advice Essex as well. In total, both branches supported more than 9,000 customers.

Our contribution to UN Sustainable Development Goals

UK Power Networks is committed to achieving a better and more sustainable future for everyone. That's why we have aligned our activities to the United Nations' sustainable development goals (SDGs). We have prioritised 11 of those goals and these are set out below.

■ Ahead
 ■ On track
 ■ Not on track

OUR FOCUS AREAS	RELEVANT UN SUSTAINABLE DEVELOPMENT GOALS (SDGS)	COMMITMENTS	STATUS
<p>Environment</p> 	<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION Ensure sustainable consumption and production patterns</p> <p>15 LIFE ON LAND Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p> </div> <div style="width: 45%;"> <p>13 CLIMATE ACTION Take urgent action to combat climate change and its impacts</p> </div> </div>	<p>We have revalidated our Science Based Target at 1.5°C and have also been validated by the Science Based Targets initiative (SBTi) to the Net Zero Standard.</p> <p>We will work with our suppliers to reduce our supply chain carbon emissions (Scope 3) by 25% by 2028, compared to a 2018/19 baseline.</p> <p>We will recycle 80% of office, depot and network waste and 99.5% of streetworks material by the end of RII0-ED2, with no recoverable waste to landfill by 2025.</p> <p>We will increase the biodiversity of new major substation developments by a net gain of 10-20%, and at 100 existing sites by a net gain of 30% overall over RII0-ED2.</p> <p>We will reduce NOx emissions by 33% over RII0-ED2, improving air quality for our customers.</p> <p>We will develop and implement a circular economy tool to address our high impact materials by the start of RII0-ED2, and we will subsequently set and monitor our reduction targets.</p>	<p>■ Ahead ■ On track ■ On track ■ On track ■ On track ■ On track</p>
<p>Our people</p> 	<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>3 GOOD HEALTH AND WELL-BEING Ensure healthy lives and promote well-being for all at all ages</p> <p>8 DECENT WORK AND ECONOMIC GROWTH Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> </div> <div style="width: 45%;"> <p>5 GENDER EQUALITY Achieve gender equality and empower all women and girls</p> <p>10 REDUCED INEQUALITIES Reduce inequality within and among countries</p> </div> </div>	<p>We will minimise injuries to our staff as measured by the Total Recordable Injury Rate (accident rate per 100,000 hours worked), striving for a TRIR of less than 0.05 by the end of RII0-ED2.</p> <p>We will reduce overhead line and underground cable strikes by at least 20% over RII0-ED2 (relative to the average of RII0-ED1 actuals from 2015-2020).</p> <p>We will continue to build a diverse workforce to reflect and serve our communities by further improving equality of employment access, measuring continuous performance improvement. We will retain our NES accreditation and status as an Inclusive Top 50 UK Employer throughout RII0-ED2.</p> <p>We will engage with the public around safety issues, focusing on those who are at highest risk of injury from contact with our networks by engaging with 300,000 people per year during RII0-ED2, an increase of 20% over the RII0-ED1 period.</p>	<p>■ On track ■ On track ■ On track ■ On track</p>
<p>Social responsibility</p> 	<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>7 AFFORDABLE AND CLEAN ENERGY Ensure access to affordable, reliable, sustainable and modern energy for all</p> <p>11 SUSTAINABLE CITIES AND COMMUNITIES Make cities and human settlements inclusive, safe, resilient and sustainable</p> </div> <div style="width: 45%;"> <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation</p> <p>17 PARTNERSHIPS FOR THE GOALS Strengthen the means of implementation and revitalise the global partnership for sustainable development</p> </div> </div>	<p>We aim to provide targeted support to 500,000 fuel-poor customers over RII0-ED2, investing £18m to support over 200,000 directly and 300,000 through partnership programmes, delivering £67m of benefits by 2028.</p> <p>Over RII0-ED2 we will deliver 1 GW of distributed energy resources (DER) capacity at no more than £8m, using smart interventions and innovations, reporting progress in our annual business plan.</p> <p>We will allocate £25m Network Innovation Allowance (NIA) funding over the RII0-ED2 period, of which £20m will go to third parties, targeted to ideas that deliver wider societal benefits.</p>	<p>■ On track ■ On track ■ On track</p>