The Responsible Business Tracker® 2023

LEADING THE WAY

Individual feedback report

HEALTHY COMMUNITIES

EMPLOYMENT & SKILLS

HEALTH & WELLBEING

DIVERSITY & INCLUSION

HEALTHY BUSINESS

- Purpose & Values
- Governance & Transparency
- Stakeholder Engagement & Community Collaboration
- Value Chain
- Digital Transformation

CIRCULAR ECONOMY

NATURE STEWARDSHIP

CLIMATE ACTION

HEALTHY ENVIRONMENT

1. **Introduction**
2. **Overall Performance**
3. **Healthy Business (Inner map)**
4. **Healthy Communities and Healthy Environment (Outer map)**
5. **Next steps**

ABOUT THE RESPONSIBLE BUSINESS TRACKER

The Responsible Business Tracker® is an in-depth diagnostic tool which assesses a company's performance as a responsible business.

Participating businesses are able to track progress against Business in the Community's (BITC) Responsible Business Map which is which is based on the Sustainable Development Goals, translated into the most material areas for businesses.

This report will help you identify areas of strength and opportunities to improve your impact and influence, as well as enable you to compare your performance against other businesses in this cohort.

Thank you for your commitment to improvement. We look forward to supporting you to achieve your goals.

THE IMPORTANCE OF MATERIALITY

A responsible business understands the most important issues to its stakeholders (material issues) and is proactive in addressing these. This is to both improve outcomes for the community and environment, but also because the issues are material to the continued sustainability of the business.

Carrying out a materiality assessment is fundamental to creating a responsible business approach. It ensures that you are investing your efforts and resources strategically. You ranked Climate Action (1) and IEGW (2) as your top two material issues. The table on the right shows your materiality ranking and the related weighting applied to your score:

Ranking	1	2	3	4	5	6	7
Issue Area	Climate Action	IEGW	Circular Economy	Nature Stewardship	Health & Wellbeing	Diversity & Inclusion	Education
% weighting	20%	20%	17%	14%	11%	9%	9%

Northern Gas Networks has a leading approach to identifying material issues. You gather input from diverse stakeholders on a regular basis to understand your priorities and reposition your responsible business agenda accordingly.
This ensures that your strategy responds to stakeholder priorities, increasing your impact.

OVERALL PERFORMANCE

HEALTHY COMMUNITIES

EMPLOYMENT & SKILLS

HEALTH & WELLBEING

DIVERSITY & INCLUSION

HEALTHY BUSINESS
- Purpose & Values
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CIRCULAR ECONOMY

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CLIMATE ACTION

HEALTHY ENVIRONMENT

BUSINESS IN THE COMMUNITY
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The Responsible Business Tracker®

86%
Your score

48%
Cohort average

91%
Cohort maximum

Note from Relationship Manager, Olivia Porteous

Thank you for taking part in in BITC's 2023 Responsible Business Tracker.

I'm pleased to share that your thorough approach to reviewing and implementing feedback has led to an increase in scores across almost all areas since your last submission. Diversity & Inclusion remains your lowest scoring area but it's evident you've made definitive progress is recent years and further work is underway to develop a strategic approach to this issue area.

I hope that you find this report and the process useful. I'm keen that we find a clear way to build on this and develop a valuable action plan that BITC can support with, continuously pushing you to be the best that you can be at responsible business.

BUSINESS IN THE COMMUNITY
The Prince's Responsible Business Network
Responsible Business Tracker® 2023

INNER MAP
86%
51%
92%

OUTER MAP
85%
45%
92%

■ **Your score**
■ **Cohort average**
■ **Cohort maximum**

INSIGHTS AND OPPORTUNITIES
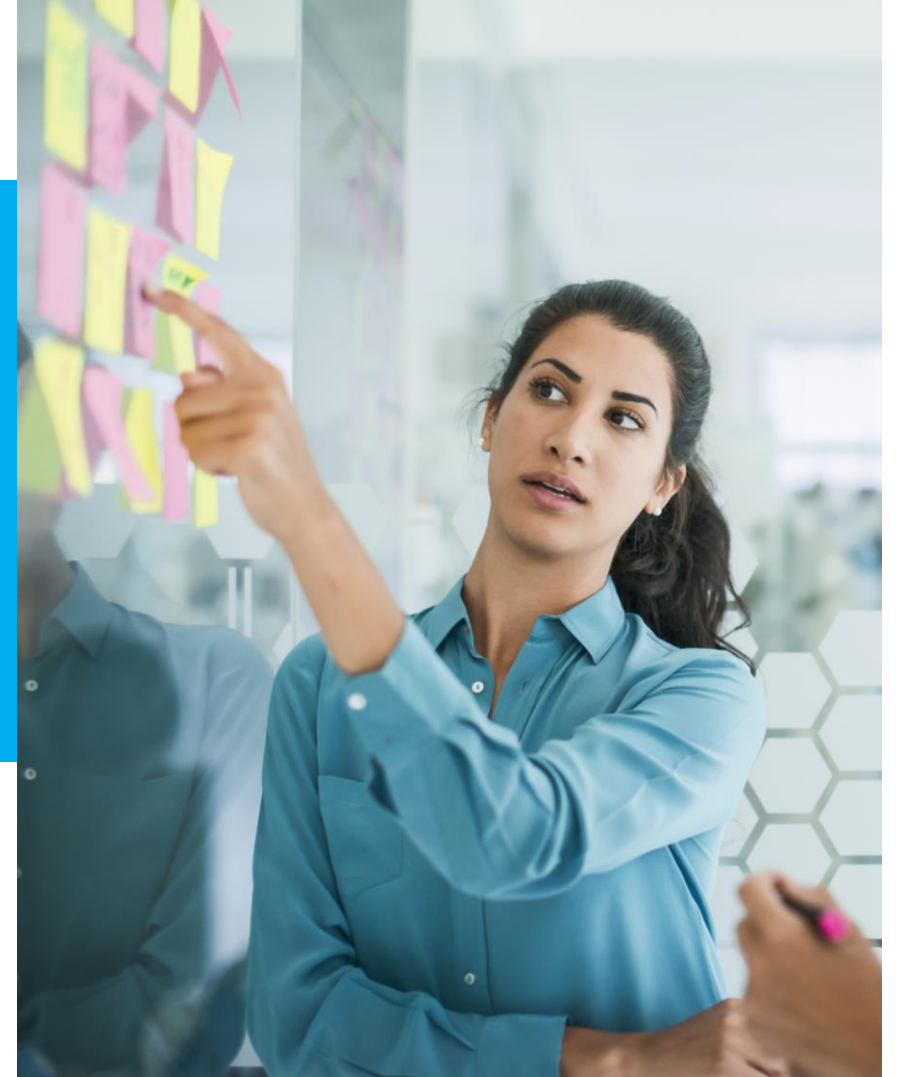
Insight

Your submission indicates that a leading approach to responsible business, governance, stakeholder engagement and digital transformation is embedded in your product and services. We would like to see further progress in relation to your supply chain.

Opportunity

We recommend that you go beyond mapping your Tier 1 suppliers to your full value chain and provide support to suppliers beyond Tier 1 to prepare for a disruption. Use your knowledge and influence to support small businesses to develop and exercise business continuity plans.

Insight

Your commitment to climate action, your most material issue, is reflected in the strong governance and strategy you have incorporated into your business. Your lower score on Action reflects the necessity to address your Scope 3 emissions.

Opportunity

As the other areas of your approach have scored highly in this submission, taking action to reduce material Scope 3 emissions is fundamental to achieving net zero by 2050, providing an opportunity for Northern Gas Networks to demonstrate best practice across all areas of climate action.

Insight

You have made significant progress on Diversity & Inclusion since your last submission, but it remains your lowest scoring area on the Outer Map and would benefit from a comprehensive strategy.

Opportunity

We suggest that you collect data on your organisational diversity, with results analysed by race, ethnicity and other diversity strands as the foundation to develop and inform your strategy.

FEEDBACK: INNER MAP

HEALTHY COMMUNITIES
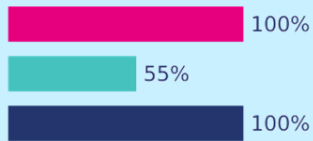
EMPLOYMENT & SKILLS

HEALTH & WELLBEING

DIVERSITY & INCLUSION

HEALTHY BUSINESS
- Purpose & Values
- Governance & Transparency
- Stakeholder Engagement & Community Collaboration
- Value Chain
- Digital Transformation

CIRCULAR ECONOMY

NATURE STEWARDSHIP

CLIMATE ACTION

HEALTHY ENVIRONMENT

BUSINESS IN THE COMMUNITY

The Prince's Responsible Business Network

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INNER MAP
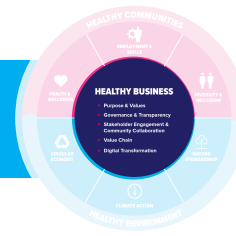
Overall, for the inner map sections Northern Gas Networks scored 86% which is above the cohort average of 51%. As the graphs on the right-hand side show, your strongest performing areas were Purpose & Values and Stakeholder Engagement & Community Collaboration.

You scored 100% for **Purpose & Values**. Northern Gas Networks has a strong purpose, reshaped following feedback from the last tracker: 'Keeping our customers safe and warm, our colleagues healthy and inspired and delivering outstanding, sustainable value ensuring that we lead the way in establishing a fairer, greener future for all our Northern communities'. This is embedded throughout your organisation and clearly linked to the Sustainable Development Goals. You have used your purpose and values to define your strategies and have embedded your values in your recruitment process and signposted them in your tender documents.

You scored 69% on **Governance & Transparency**, above the cohort average. Responsible business objectives are integrated in job descriptions and performance plans across the business. Next, we recommend that you have at least one third female board representation and that you establish an executive management skills matrix which can help inform decision making around seeking external expertise on key responsible business issues.
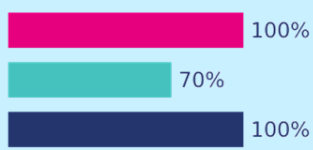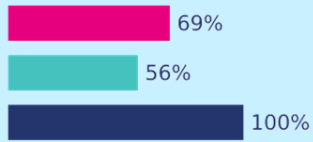
BUSINESS IN THE COMMUNITY
The Prince's Responsible Business Network
Responsible Business Tracker® 2023

PURPOSE & VALUES
- Your score: 100%
- Cohort average: 70%
- Cohort maximum: 100%

GOVERNANCE & TRANSPARENCY
- Your score: 69%
- Cohort average: 56%
- Cohort maximum: 100%

SECC
- Your score: 100%
- Cohort average: 55%
- Cohort maximum: 100%

VALUE CHAIN: PRODUCTS & SERVICES
- Your score: 96%
- Cohort average: 43%
- Cohort maximum: 100%

VALUE CHAIN: SUPPLY CHAIN
- Your score: 69%
- Cohort average: 35%
- Cohort maximum: 92%

DIGITAL TRANSFORMATION
- Your score: 90%
- Cohort average: 61%
- Cohort maximum: 100%

Your score
Cohort average
Cohort maximum
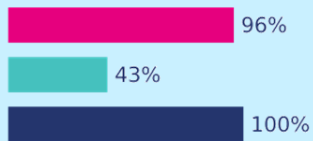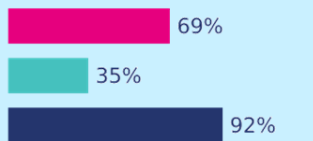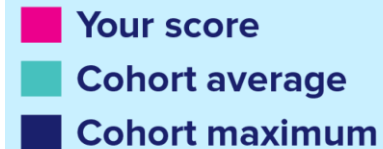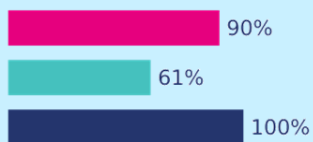
INNER MAP
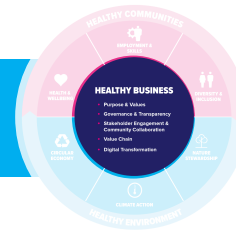
You achieved the cohort maximum for **SECC**. The heart of your engagement strategy is that your business makes decisions reflective of stakeholder values and preferences and is founded on a substantial evidence base. You ensure that engagement is strategic, proportionate and efficient and have a range of mechanisms and channels, including your Young Innovators Council and Citizen's Panel, to ensure that your actions are relevant and meaningful.
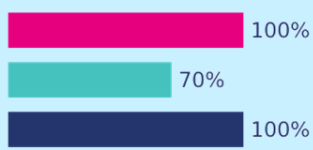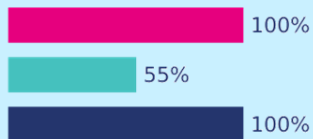
You scored 96% on **Value Chain: Products & Services**. You have mapped the impact of your products and services and developed your five-year plan with extensive stakeholder engagement to deliver on outputs which both mitigate the negative impacts and deliver positive environmental and societal impacts. You demonstrate leadership by supporting vulnerable communities and households with high levels of fuel poverty and investing in projects to support the energy system transition.

You scored 69% on **Value Chain: Supply Chain**. You have mapped all Tier 1 suppliers, but we suggest that you extend this down to Tier 3 suppliers. You have mechanisms in place to support suppliers to mitigate social and environmental risks and offer support to Tier 1 suppliers to prepare for a disruption. Next, consider offering this support throughout your supply chain.

You scored 90% on **Digital Transformation**. Introducing technologies for your customers and developing your Open Data Portal demonstrates your commitment to delivering innovative services which serve your customers and society.
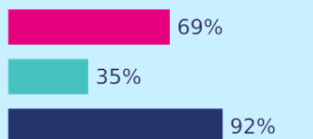
PURPOSE & VALUES
- Your score: 100%
- Cohort average: 70%
- Cohort maximum: 100%
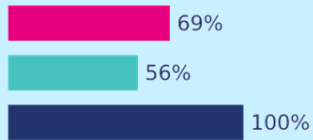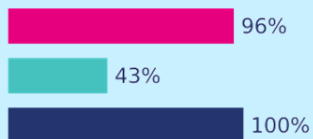
GOVERNANCE & TRANSPARENCY
- Your score: 69%
- Cohort average: 56%
- Cohort maximum: 100%

SECC
- Your score: 100%
- Cohort average: 55%
- Cohort maximum: 100%

VALUE CHAIN: PRODUCTS & SERVICES
- Your score: 96%
- Cohort average: 43%
- Cohort maximum: 100%

VALUE CHAIN: SUPPLY CHAIN
- Your score: 69%
- Cohort average: 35%
- Cohort maximum: 92%

DIGITAL TRANSFORMATION
- Your score: 90%
- Cohort average: 61%
- Cohort maximum: 100%

Your score
Cohort average
Cohort maximum

FEEDBACK: OUTER MAP

HEALTHY COMMUNITIES

EMPLOYMENT & SKILLS

HEALTH & WELLBEING

DIVERSITY & INCLUSION

HEALTHY BUSINESS

- Purpose & Values
- Governance & Transparency
- Stakeholder Engagement & Community Collaboration
- Value Chain
- Digital Transformation

CIRCULAR ECONOMY

NATURE STEWARDSHIP

CLIMATE ACTION

HEALTHY ENVIRONMENT

BUSINESS IN THE COMMUNITY
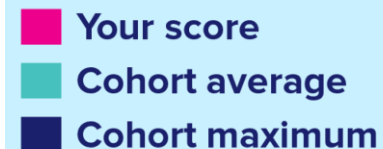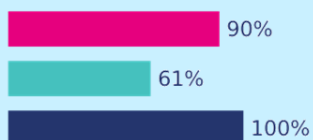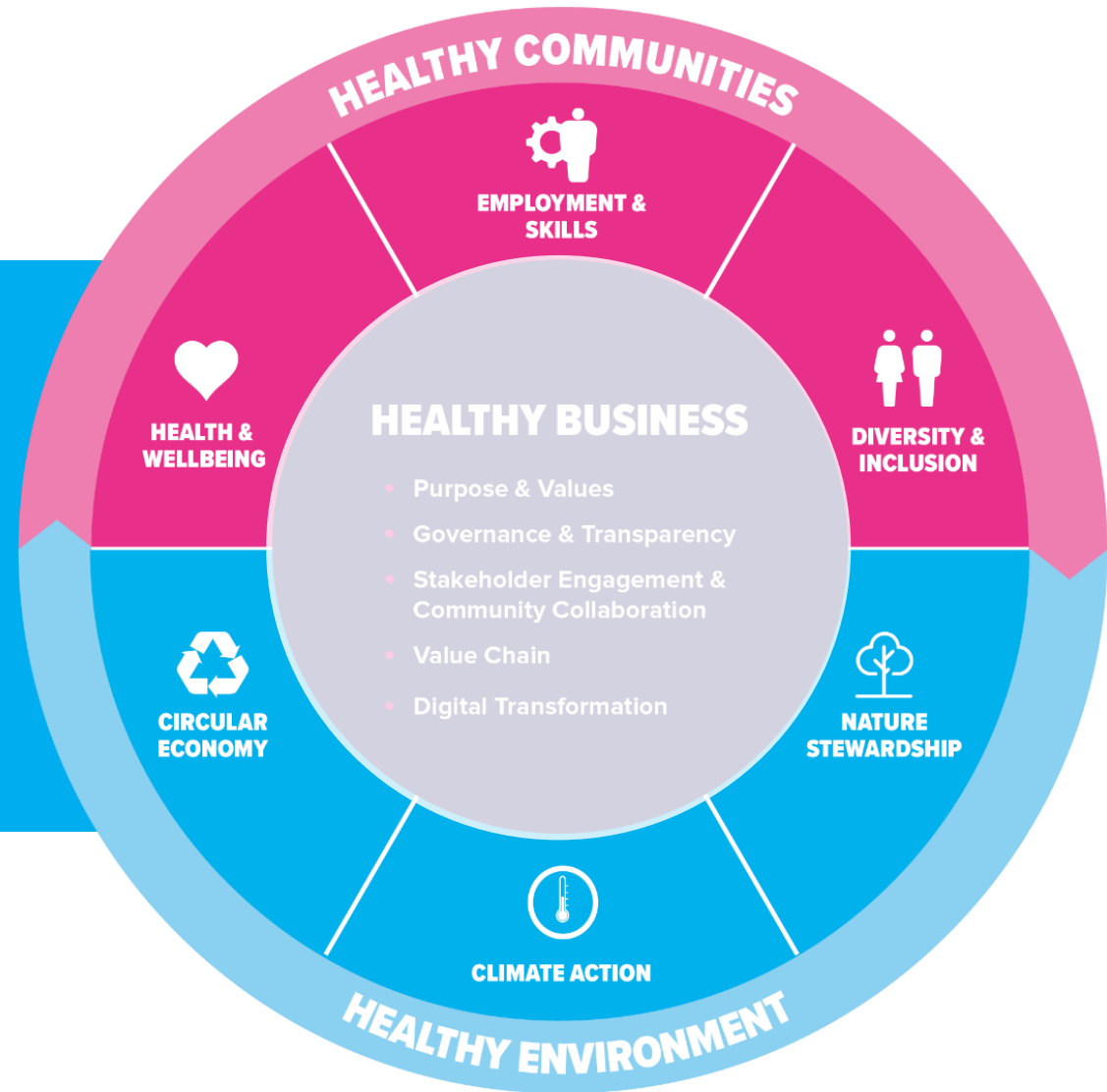
The Prince's Responsible Business Network

Responsible Business Tracker® 2023

The Responsible Business Tracker®

MATERIAL ISSUE 1

Northern Gas Networks ranked Climate Action as its top material issue. The graphs on the right-hand side show Northern Gas Networks' performance in Climate Action against other organisations who ranked Climate Action as 1 or 2. The graph at the top shows the overall scores for this section and the five graphs below show the performance at the question level.

You scored the cohort maximum on **Governance**. Climate-related issues are governed by the Northern Gas Networks Board, and your ESG Sub-Committee, senior management team and Sustainability Working Group ensure there is further review and scrutiny on climate change matters. You demonstrate leadership in this space by collaborating on projects such as HyDeploy and Gas Goes Green to support the UK government's commitment to achieving net zero emissions by 2050.

Again, you scored 100% on **Strategy & Risk**. You have undertaken short to long term risk assessments and work with key supply chain partners through contractual KPIs to improve their environmental performance. We commend your role in leading a research programme which can lead to the gas networks converting to hydrogen and delivering a sustainable, zero carbon gas.

You also scored the cohort maximum on **Measurement**. We note that gas companies cannot commit to the SBTi until the methodology is finalised. You have established carbon reduction targets in a science-based methodology to achieve net zero total emissions by 2050.
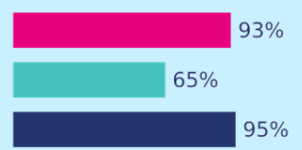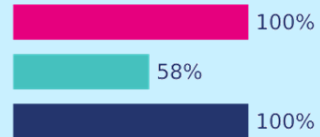
BUSINESS IN THE COMMUNITY
The Prince's Responsible Business Network
Responsible Business Tracker® 2023

CLIMATE ACTION

93%
65%
95%

GOVERNANCE
100%
80%
100%

STRATEGY AND RISK
100%
58%
100%

MEASUREMENT
100%
66%
100%

DISCLOSURE
100%
75%
100%

ACTION
64%
48%
82%

- Your score
- Cohort average
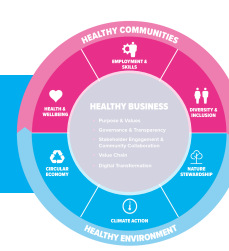- Cohort maximum
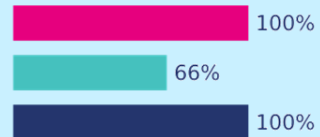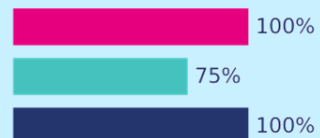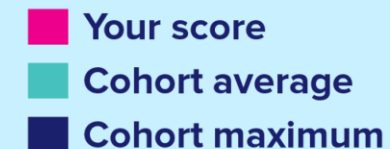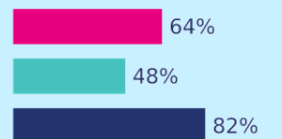
MATERIAL ISSUE 1

Northern Gas Networks achieved a perfect score on **Disclosure**. Your 2021-2026 Environmental Action Plan discloses your climate-related commitments, and you report progress publicly in your Annual Environmental Report.

You scored 64% on **Action**. You have eliminated your Scope 2 emissions and engage key contractors on your Environmental Strategy and EAP, with targets passed on as contractual KPIs to help manage their emissions reductions. To improve your score, you need to take further action to reduce your Scope 1 and 3 emissions. Top scoring businesses will have eliminated these emissions through reduction, without accounting for offsets. Continue to use your influence to impact industry emissions via plastic gas pipe manufacturers and the Energy and Utilities Alliance.

CLIMATE ACTION
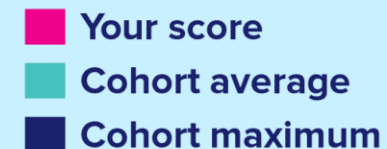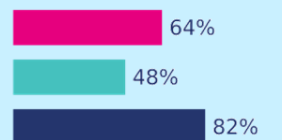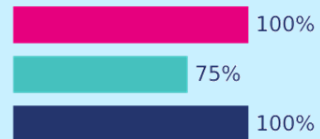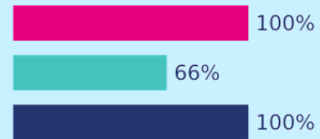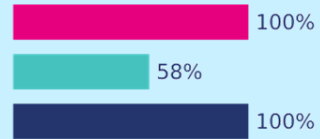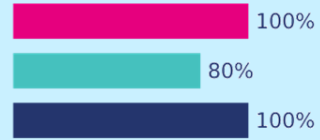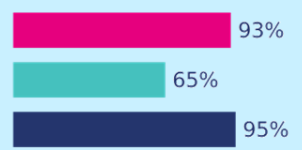
- 93%
- 65%
- 95%

GOVERNANCE
- 100%
- 80%
- 100%

STRATEGY AND RISK
- 100%
- 58%
- 100%

MEASUREMENT
- 100%
- 66%
- 100%

DISCLOSURE
- 100%
- 75%
- 100%

ACTION
- 64%
- 48%
- 82%

Your score
Cohort average
Cohort maximum

MATERIAL ISSUE 2

Northern Gas Networks ranked Inclusive Employment and Good Work as its top material issue. The graphs on the right-hand side show Northern Gas Networks' performance in IEGW against other organisations who ranked IEGW as 1 or 2. The graph at the top shows the overall scores for this section and the five graphs below show the performance at the question level. Overall, Northern Gas Networks scored significantly above the cohort average.

You had a perfect score on **Governance**. IEGW is governed at the highest level. You have multiple pathways for meaningful employee engagement, including the Inclusion & Belonging Working Group, Lunch & Learns, Forums and Colleague Communities.

You scored 82% on **Strategy and Risk**. You have made significant progress in this area since your last submission. You have reviewed your recruitment strategy to mitigate the risks of not recruiting from a diverse talent pool and have a formalised process in relation to approving new roles, pay increases and job changes. Next, we recommend that you broaden your positive impact by extending your IEGW strategy to your value chain.

You scored 67% on **Measurement**, and again have made significant progress since your last submission. As a next step, measure the impact that your activities have made to both the business and your target groups, and how that impact aligns with your IEGW strategy.
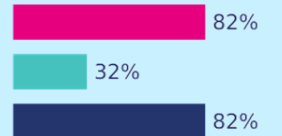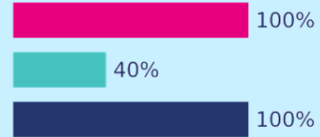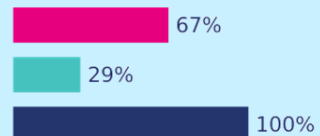
IEGW
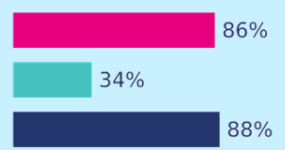
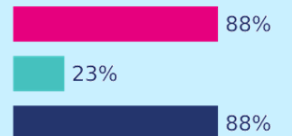|	
86%	
34%	
88%	

GOVERNANCE

100%	
40%	
100%	

STRATEGY AND RISK

82%	
32%	
82%	

MEASUREMENT

67%	
29%	
100%	

DISCLOSURE

88%	
23%	
88%	

ACTION

93%	
47%	
93%	

■ Your score
■ Cohort average
■ Cohort maximum

BUSINESS IN THE COMMUNITY
The Prince's Responsible Business Network
Responsible Business Tracker® 2023
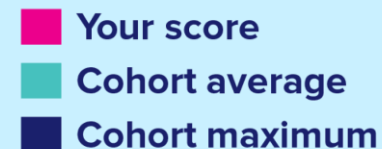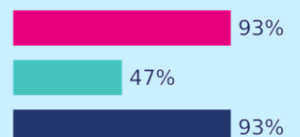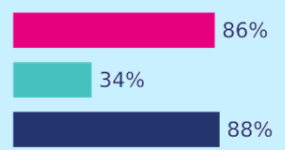
MATERIAL ISSUE 2

You scored 88% on **Disclosure**. You disclose your IEGW strategy and initiatives through multiple channels. Your approach to inclusive employment is clearly disclosed on your careers page and you evidence your EDI culture and partnerships for overcoming barriers to employment in your recruitment. As a next step, disclose how you are progressing against your IEGW targets.

You scored 93% on **Action**. Northern Gas Networks is taking strong action in IEGW from investing in inclusive training for both managers and colleagues in partnership with BITC, and upskilling colleagues to removing barriers within recruitment practices. To improve, consider moving workers from temporary, zero-hours and minimum-hours contracts to more secure contract types. Consider becoming an Opening Doors signatory and commit to actions across the five keys to inclusive recruitment.
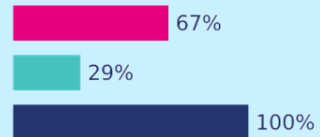
IEGW
- 86%
- 34%
- 88%
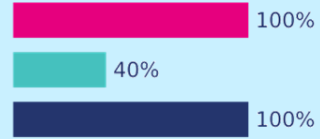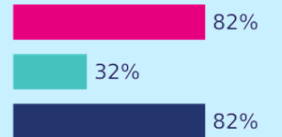
GOVERNANCE
- 100%
- 40%
- 100%

STRATEGY AND RISK
- 82%
- 32%
- 82%

MEASUREMENT
- 67%
- 29%
- 100%

DISCLOSURE
- 88%
- 23%
- 88%

ACTION
- 93%
- 47%
- 93%

- Your score
- Cohort average
- Cohort maximum

BUSINESS IN THE COMMUNITY
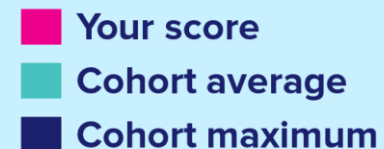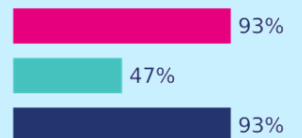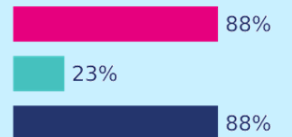The Prince's Responsible Business Network
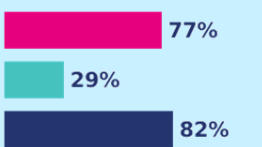Responsible Business Tracker® 2023

OUTER MAP

The graphs on the right-hand side show Northern Gas Networks' performance in the issues you ranked 3-7 in terms of materiality. Your performance is compared to other businesses that ranked these issues 3-7.

You scored 77% on **Circular Economy**. You have identified the risks and opportunities related to circular economy and strong governance structures are in place. You have measurements for reducing your negative impact, including waste management and carbon impact. Next, consider establishing KPIs which measure positive impact, such as KPIs around increased design of circular solutions and communicate externally on your ambitions on making a positive societal and environmental impact.
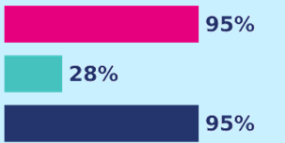
You scored the cohort maximum on **Nature Stewardship**. Your People and Planet report sets out your commitment to 'managing our land to benefit the environment', and you have defined your long-term ambition and communicate your KPIs and progress. Next, incorporate nature-related risks and opportunities in your planning process and integrate in your core business model.
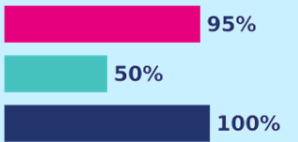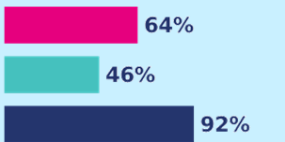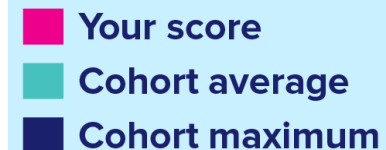
CIRCULAR ECONOMY
- 77%
- 29%
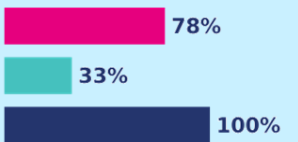- 82%

NATURE STEWARDSHIP
- 95%
- 28%
- 95%

HEALTH & WELLBEING
- 95%
- 50%
- 100%

DIVERSITY & INCLUSION
- 64%
- 46%
- 92%

EDUCATION
- 78%
- 33%
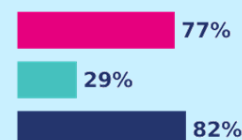- 100%

Your score
Cohort average
Cohort maximum

You scored 95% on **Health & Wellbeing** which reflects your commitment to ensuring Wellbeing is central to your organisational strategy. It is governed at the highest level with senior sponsors who sit within the wellbeing focus group. We commend you for ensuring that wellbeing sits on the agenda throughout the business. Next, we recommend that you make senior leaders and line managers formally accountable for the health and wellbeing performance within their teams.

Diversity & Inclusion was your lowest scoring area in the Outer Map, but still above the cohort average. You have strong governance structures in place and you partner with BITC to deliver inclusion training to colleagues to further embed your focus on D&I. To develop and inform a comprehensive D&I strategy, we recommend that you collect data on your organisational diversity, with results analysed by race, ethnicity and other diversity strands. We also suggest that you set board-level targets in line with the Parker review.
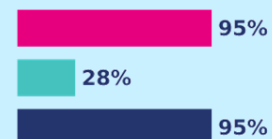
You scored 78% on **Education**, significantly above the cohort average. Education is governed at the highest level and employees are engaged and encouraged to participate in education activities. You measure and disclose your activities around education, and it is encouraging that you have been developing your approach to non-mandatory education. You identify your priority age groups as four to 22 years old and understand that younger people should be your focus in areas of very low social mobility. We suggest that you build a comprehensive strategy that delivers activities in schools to meet Gatsby Benchmarks 4, 5 and 6, using the Skills Builder Universal Framework to structure and evaluate the success of your activities.
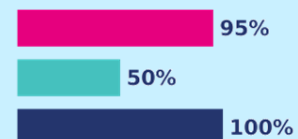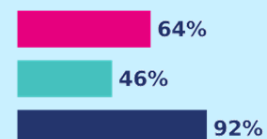
CIRCULAR ECONOMY
- 77%
- 29%
- 82%

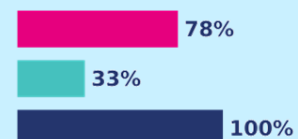**NATURE STEWARDSHIP**
- 95%
- 28%
- 95%

HEALTH & WELLBEING
- 95%
- 50%
- 100%

DIVERSITY & INCLUSION
- 64%
- 46%
- 92%

EDUCATION
- 78%
- 33%
- 100%

Your score
Cohort average
Cohort maximum

For more information, please contact:
Tracker team | rbtracker@bitc.org.uk

WWW.BITC.ORG.UK