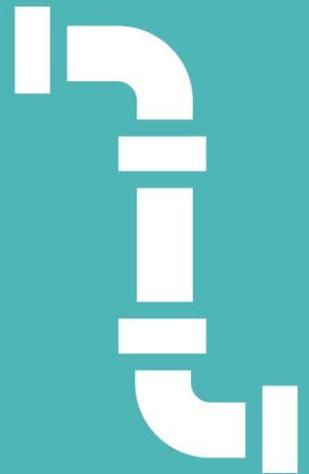


# Corporate and social responsibility policy



Version 1

April 2016



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## 1 Introduction

We are one of eight regulated distribution networks and manage the Wales and the South West of England networks. The network covers 17% of the UK (42,000 km<sup>2</sup>), serves 2.5 million supply points and provides gas to 7.5 million people. The network is about 35,000 kilometres long.

Our Executive and Board support the principles set out in this policy, and are aware of their importance to both our shareholders and customers that we serve.

We aim to be a good corporate citizen. Our responsible business practices consider not only the communities we serve, but also the market place in which we operate.

Through our managers and people, we work hard to limit our effect on the environment, supporting our local communities, promoting equal opportunities, making sure we have safe and efficient working practices, and working with suppliers who have similar values, while making sure our workplace encourages the development of new talent.

### 1.1 Our priorities and values

These priorities and values of responsible business are linked to our business ambition “to deliver outstanding levels of gas safety, reliability and customer service so that we are trusted and valued by the millions of people we serve every day.”

The corporate values we expect our people to display also support the way we deliver responsible business practice:

- **“We put customers first** – we build trust by giving excellent service, listening and taking action on what our customers tell us.”
- **“We take pride** – we take ownership for our work, going above and beyond to get great results.”
- **“We work as a team** – we build relationships with colleagues and partners, share best practice and encourage honest, open conversations.”
- **“We bring energy** – we approach all our work with enthusiasm, always challenging ourselves to do better, by embracing new ideas and solutions.”

We act with honesty as we develop our business. We place the highest priority on the safety and health of our stakeholders (anyone who is interested in, or affected by our business) and apply our values in our dealings with them.



## 1.2 Involving stakeholders

As a regulated gas utility, we not only have to answer to our investors, but also a much wider group of people including our employees, our customers, suppliers, and the local communities we serve. Delivering outcomes that benefit our full range of stakeholders continues to be central to our business strategy.

To make sure we meet our commitment, we have a formal stakeholder engagement strategy and plan. In developing and refining this plan, we have taken into account best practice and matched our approach to that outlined under Account Ability Stakeholder Engagement Standard (AA1000SES).

The details are in our Stakeholder engagement strategy document that outlines our commitments.

- “We make sure stakeholders are informed, involved and given the power to influence our business decisions so we can continue to improve.”
- “We actively consult a broad range of people in new and appropriate ways.”
- “We care, listen and act on views and do better than expected wherever possible.”

We assess how effective our stakeholder engagement strategy and plan are every year through a written report to Ofgem and a presentation to an independent panel of experts.

We also produce a yearly performance report for our stakeholders each September. We make every effort to make sure this document can be understood by and is accessible to everyone, and have consistently achieved a Crystal Mark from Plain English Campaign for the document’s clarity. We share the report on our website and email a link to our database of around 2,000 contacts who contribute both to developing our business plan and our stakeholder engagement strategy and plan.



## 2 Our people

We are committed to the ongoing development of our people, we know that this is important to make sure we have the necessary skills and experience for current and future business success.

The effective development of people is a partnership based on:

- individuals taking ownership and responsibility for their own development;
- managers giving the appropriate support and encouragement; and
- HR designing adequate processes and procedures.

Vital to the success of this policy are regular development discussions and a formal development review each year. These discussions are the main way of identifying development needs and are based on open and frank conversations with realistic expectations and honest feedback.

We have a commitment to keeping employees informed of CKI Group affairs through team briefings and regular staff meetings. Employees can access our intranet to get general information. We also encourage employees to discuss operational issues with their line managers and to suggest ways to improve performance and efficiency.

### 2.1 Employees' conduct and associated policies

The following policies outline the conduct we expect from our people.

- Our Rules of Conduct.
- Business Conduct Policy.

We expect our people to:

- act with honesty and respect human rights and the interests of our people, customers and other stakeholders;
- respect the legitimate interests of other people and organisations;
- we have dealings with in running our business; and
- maintain the highest standards of integrity and honesty – we will not 'over-promise', not deliberately 'under-deliver' or make commitments that we cannot or do not plan to keep.

Other HR policies cover:

- clear and fair terms of employment for our employees;
- providing clean, healthy and safe working conditions;
- a fair policy of pay and benefits everywhere we operate;



- equal opportunities for all present and potential employees;
- employees developing skills and progressing in their careers;
- not employing underage staff or people without the correct UK work permits;
- dealing with insider trading, bribery and inappropriate gifts, money laundering and whistle-blowing; and
- a harmonious working environment with zero tolerance to bullying or to any form of harassment linked to a person's sexuality, gender, beliefs or other personal characteristics.

## **2.2 Equal opportunities**

We are committed to a policy of equal opportunity and diversity in employment and recognise that this is essential to making sure we are successful and grow as an organisation. We will do everything possible to select, recruit, train and promote the best candidates based on suitability for the job; to treat all employees and applicants fairly, no matter what their race, gender, marital status, age, nationality, ethnic origin, religious belief, sexuality or disability; and to make sure that no employee suffers harassment or intimidation.

## **2.3 Disabled employees**

It is our policy to provide employment and to make reasonable adjustments for disabled people wherever business needs will allow. If an existing employee becomes disabled, we will make every reasonable effort to make sure that their employment with us can continue on a worthwhile basis and that career opportunities are available to them.

## **2.4 Health, safety and welfare at work**

The health and safety, welfare and well-being of employees, suppliers and the public are extremely important to us. It is our policy to create and improve standards of health and safety, which will lead to avoiding and reducing risks and to make sure that we keep to all health-and-safety law. We have a safety case that is supported by various policies and statements on employee safety and welfare and audits to make sure we keep to all policies and UK law.

We report on our Health Safety & Environment performance every year in the HSE Annual Report.



## 2.5 Employee support and benefits

We give our employees a range of support policies and programmes to make sure their general well-being is prioritised and that we fulfil a duty of care for our employees.

These include:

- an employee assistance programme;
- occupational health support;
- flexible working policy;
- family-friendly policy;
- well-being policy;
- statutory parental leave and options for enhanced and unpaid parental leave; and
- death-in-service benefit.



### 3 Limiting our effect on the environment

Protecting the environment is an important focus for us and we are constantly looking for ways to reduce, as far as possible, the environmental effect of our past, present and future activities. We have carried out a great deal of consultation to help shape our strategy in all areas of our business.

As a large company we understand that reducing our effect on the environment is an expected business practice. As a company, we are committed to continual improvement, including environmental considerations in our day-to-day management, going above and beyond expectations to reduce the effect of our operations and associated emissions.

Our unique safety and environmental leadership framework was approved by the company executive and was recently rated as 'exemplary' by the Health & Safety Executive. It supports ISO14001 which sets out best practice for an environmental management system and puts carbon reduction at the centre of what we do. Its success has resulted in no negative findings for the three-year cycle (2013 to 2015) – which we believe is a first for a utility company. By introducing and developing industry-wide best practices, we have reduced our effect on the environment significantly year on year.

#### 3.1 Limiting the effect of our daily operations on the environment

Delivering a low-carbon, sustainable gas network is one of our main commitments. To achieve this, we continue to look for less-carbon-intensive alternatives to our work. We are committed to:

- reducing the emissions associated with the gas distribution network by the equivalent of 80,000 tonnes of carbon dioxide by 2021 (we will do this by replacing aging iron mains and responding quickly to reported gas leaks);
- reducing the effect on local residents and businesses by introducing new solutions to reduce the disruption and time involved in replacing old and deteriorating or leaking pipework;
- managing projects to deliver less excavation (the digging work we carry out) and less time to complete work compared with the previous price review period;
- reducing the volumes of material that we send to landfill and aggregate material that we import direct from quarried sources (we will reuse materials on site where possible and using recycled stone materials for backfill holes if this is possible locally);
- dealing with and managing the land-related issues associated with land that was contaminated in the past by introducing new and sustainable solutions;
- involving local communities and local authorities to develop partnerships that deliver these new and sustainable solutions; and



- working with our suppliers to reduce their effect on the environment.

### 3.2 Reducing our carbon footprint

We are on target to exceed our commitment to reduce our carbon dioxide emissions by 10% over the current price-control period from 2013 to 2021.

Methods we use to achieve this target include the following.

- Reducing our use of energy and water by using solutions that actively manage what we do.
- We will support this work by replacing, as soon as we can, all old and inefficient machinery and equipment.
- Working with our waste providers to deliver an ambition for zero waste to landfill solutions from 2016.
- Using printing paper which is chlorine-free and carries the FSC kite mark and which meets ISO 9001:2008, ISO 14001:2004 and OHSAS 180001:2007 certified group.
- Reducing the use of energy and water and using renewable or recyclable resources wherever possible.
- From April 2013, making sure that all newly ordered company vehicles have a capped CO2 emission limit.
- Encouraging our people to get rid of all paper waste, which could give private details about our business, in secure bins, 100% of which is recycled.
- Recycling cardboard and pallets.

Every year we report our environmental performance through our regulatory returns to Ofgem and in our yearly stakeholder report.

### 3.3 Innovation and adaptation

We are committed to establishing ourselves as leaders in the development of green gas solutions(biomethane) by adapting our network to meet the forecast changes associated with climate change. We are doing this by:

- working with the UK Government, national and local regulators and the wider gas industry to develop the policies and regulations so there are more opportunities for connecting biomethane and other green gas contributions to the gas network; and
- leading the way forward by developing options and opportunities for delivering low-carbon heating networks .



## 4 Supporting our communities

### 4.1 Fuel poverty

We are committed to tackling fuel poverty. For many homes, a switch to a gas central-heating system can improve the energy rating of the home and reduce energy bills significantly. Since our Warm Home Assistance scheme started in October 2009, we have funded over 10,000 connections to mains gas by offering vouchers to eligible households with a value of up to £2,778 towards the cost of a new gas supply. We also work with our partners to help all our customers save money on their energy bills through advice and funding towards new central-heating systems and home insulation.

### 4.2 Supporting vulnerable customers

Keeping our customers safe and warm is always our top priority, and we have a dedicated team to look after our customers who need this support the most.

These are customers who:

- are registered disabled;
- are chronically sick
- are penisoners; or
- have any other specific needs such as hearing, sight or access requirements.

Our customers who need support the most are also eligible to join the Priority Services Register (PSR) which is held by gas suppliers. The Priority Services Register helps us know which of our customers are most in need of support, so that we can offer practical help and additional support. Benefits of joining the register can include:

- providing alternative heating and cooking appliances if your gas supply is interrupted;
- a password so you know our engineers are genuine;
- moving your gas meter if you can't get to it; and
- a free gas safety check for your appliances if everyone at the property is eligible to register.

We promote the PSR and work on a number of pilot projects to register more PSR customers. If customers give us their permission, we pass this to suppliers and electricity network operators. You can find more information in our vulnerable customer strategy document.



### 4.3 Carbon-monoxide poisoning

To protect people from the effects of carbon-monoxide (CO) poisoning, we have developed a strategy which delivers a wide range of initiatives to raise awareness both to our people and, more widely, to the 7.5 million people who live and work within our network. By using the information our engineers collect at around 6,000 visits each year relating to suspected CO poisoning, we developed a 'hotspot' analysis tool using information from these visits to actively target our campaigns to those communities most at risk.

We use existing partnerships and sponsorship packages to promote this important safety message as well as investing in CO awareness initiatives. We also provide free CO alarms to vulnerable customers and, in the first two years of this price control period (the way our income is controlled by the Government) (RIIO-GD1), we provided over 14,000 alarms – more than that of all the other seven gas distribution networks combined.

### 4.4 Smell gas – the emergency number

As the gas emergency service, we have an obligation to promote the 0800 111 999 gas emergency number. We do this on our website as well as in all of our correspondence to customers and on our vehicles.

### 4.5 Charitable giving

We support a 'matched funding' scheme by matching money raised (up to £300 per financial year for each employee) for registered charities and community groups. All full-time employees are eligible to apply for funding and the process is governed by the 'Matched Funding, Community Support & Corporate Sponsorship Policy'.

Since 2005 we have contributed over £85,000 under the scheme.



## 5 Marketplace

### 5.1 Sourcing suppliers

We buy a wide range of goods, work and services to make sure we can meet our regulatory and business goals. Excellent working relationships are central to delivering our business.

Our procurement policy sets out how we deliver procurement activities. This includes guidance on how we treat suppliers how we should act as a responsible buyer, and has a section dedicated to corporate and socially responsible buying.

We have an approved vendor list (AVL) where we assess suppliers for technical competency, HSE accreditations, insurance cover, financial standing and, where appropriate, make declarations for antibribery and other measures of social, legal and financial responsibility.

We use framework agreements, contracts and purchase orders to formalise the trading relationships with suppliers. Where practical, this can mean appointing suppliers to long-term contracts that reflect the investment both organisations are putting in to support our long-term success.

### 5.2 Modern Slavery Act 2015

We strongly oppose slavery and human trafficking, and would never knowingly carry out business with suppliers or contractors involved in these practices.

We review our operations and supply chain to evaluate the risks in terms of human trafficking and slavery. We also need our contractors and suppliers to keep to the Modern Slavery Act 2015 ('the act'), and will not continue to buy goods or services from any supplier that is found to be taking part in human trafficking or using slave labour. We will also carry out background checks before entering into new agreements with contractors or suppliers.

We offer training to our procurement staff, who are aware of the risks of human trafficking and slavery, and our obligations under the Act. We will produce a statement each year showing what steps have been taken to reduce or remove this risk from the supply chain.

### 5.3 Procurement policy

We review our procurement policy every year to check the content of it and make sure that it is accurate and relevant. The policy includes guidance for buying ethically and with integrity, and clearly covers our responsibilities in terms of the Anti-Bribery Act 2011. It also has a section dedicated to buying as a responsible corporate citizen. This includes using taking account of environmental criteria when



## Corporate social responsibility policy statement

assessing supplier responses (where appropriate). This is an internal document and not for publication.

