

Welcome to our first Safety & Sustainability report

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

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

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

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

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

Setting a course

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

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

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

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

Howard Higgins

Chair of the Safety & Sustainability Committee



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

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

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

Energy networks in transition

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

Delivering on our safety ambition

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

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

Our contribution to society

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

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

Our future

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

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

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

Ed Syson

Chief Strategy & Safety Officer

