

## Our vision and strategy

Our vision describes our intentions and aspirations at the highest level. Our strategic objectives set out what we believe we need to achieve to deliver our vision and be recognised as a leader in the development and operation of safe, reliable and resilient energy infrastructure.

Strategic objective	Description	How we deliver
 <p><b>Deliver operational excellence</b></p>	<p><b>Achieve world-class levels of safety, reliability, security and customer service.</b></p>	<p>Our customers, communities and other stakeholders demand safe, reliable and secure supply of their energy. This is reflected in our regulatory contracts where we are measured and rewarded on the basis of meeting our commitments to customers and other stakeholders.</p> <p>Pursuing excellence in all our operational processes will allow us to manage our assets efficiently, deliver network improvements quickly and provide services that meet the changing demands of our customers.</p>
 <p><b>Engage our people</b></p>	<p><b>Create an inclusive, high-performance culture by developing all our employees.</b></p>	<p>It is through the hard work of our employees that we will achieve our vision, respond to the needs of our stakeholders and create a competitive advantage. Encouraging engaged and talented teams that are in step with our strategic objectives is vital to our success.</p> <p>Our presence within the communities we serve, the people we work with and our opportunities to grow both individually and as a business are all important to making National Grid a great place to work.</p>
 <p><b>Stimulate innovation</b></p>	<p><b>Promote new ideas to work more efficiently and effectively.</b></p>	<p>Our commitment to innovation allows us to run our networks more efficiently and effectively and achieve our regulatory incentives. Across our business, we explore new ways of thinking and working to benefit every aspect of what we do.</p> <p>Embedding innovation and new technology into our operations helps us deliver continuous improvements in the quality and cost of our services.</p>
 <p><b>Engage externally</b></p>	<p><b>Work with external stakeholders to shape UK, EU and US energy policy.</b></p>	<p>Policy decisions by regulators, governments and others directly affect our business. We engage widely in the energy policy debate, so our position and perspective can influence future policy direction. We also engage with our regulators to help them provide the right mechanisms so we can deliver infrastructure that meets the changing needs of our stakeholders.</p>
 <p><b>Embed sustainability</b></p>	<p><b>Integrate sustainability into our decision making to create value, preserve natural resources and respect the interests of our communities.</b></p>	<p>Our long-term sustainability strategy sets our ambition to deliver these aims and to embed a culture of sustainability within our organisation.</p> <p>That culture will allow us to make decisions that protect and preserve natural resources and benefit the communities in which we operate. We remain committed to our targets of a 45% reduction in Scope 1 and 2 greenhouse gas emissions by 2020 and 80% by 2050.</p>
 <p><b>Drive growth</b></p>	<p><b>Grow our core businesses and develop future new business options.</b></p>	<p>We continue to maximise value from our existing portfolio, while exploring and evaluating opportunities for growth. Making sure our portfolio of businesses maintains the appropriate mix of growth and cash generation is necessary to meet the expectations of our shareholders.</p> <p>We review investment opportunities carefully and will only invest where we can reasonably expect to earn acceptable returns.</p> <p>Combining this disciplined approach with operational and procurement efficiencies gives us the best possible opportunity to drive strong returns and meet our commitments to investors.</p>

## Relevant KPIs

- Employee IFR
- Network reliability
- Customer satisfaction

☐ See pages 16–19

- Employee engagement index
- Workforce diversity

☐ See pages 18–19

- Value added
- Network reliability

☐ See pages 16–19

- Customer satisfaction

☐ See pages 18–19

- Greenhouse gas emissions

☐ See pages 18–19

- Regulated asset growth
- Adjusted EPS

☐ See pages 16–17

## Our vision

*Connecting you to your energy today, trusted to help you meet your energy needs tomorrow.*

## How our strategy creates value

Our vision and strategic objectives explain what is important to us, so we can meet our commitments and deliver value.

## Customer and community value

**Safety and reliability** – we strive to provide reliable networks safely, which is essential to safeguard our customers, employees and the communities in which we operate.

**Affordability** – we strive to provide services efficiently, which helps to reduce the amount of money consumers have to pay for their energy.

**Customer service** – providing essential services that meet the needs of our customers and communities is a crucial part of the value they expect from us.

**Sustainability** – we strive to protect the environment and preserve resources for current and future generations.

**Emergency services** – we provide telephone call centres, coordinate the response to gas emergencies, and respond to severe weather events.

**Community engagement** – we listen to the communities we serve and work hard to address concerns about the development of our networks. Our employees volunteer for community-based projects and we support educational initiatives in schools.

## Shareholder value

**Regulatory frameworks** – operating within sound regulatory frameworks provides stability. Making sure these frameworks maintain a balance between risk and return underpins our investment proposition.

**Reputation** – our approach to safety and our reliability record underpin our reputation. These are crucial factors that contribute towards positive regulatory discussions and help us pursue new business opportunities.

**Efficient operations** – efficient capital and operational expenditure allows us to deliver network services at a lower cost and reduces working capital requirements.

**Maximising incentives** – if we perform well against our incentives, and deliver the outputs our customers and regulatory stakeholders require, we can make the most of our allowed returns.

**Funding and cash flow management** – securing low-cost funding and carefully managing our cash flows help us maintain strong returns for our investors.

**Disciplined investment** – we can increase our revenue and earnings by investing in both regulated and non-regulated assets. This helps us deliver attractive returns for our shareholders.