

ESPUG Sustainability Strategy

Foreword from our CEO Kevin O'Connor

The Board and management of ESP recognise that as part of our ongoing success and in meeting our ambition to be the Number One Adopter of Choice for independent networks we must operate sustainably, both for people and the planet.

Our success is built on our enduring and collaborative relationships with our customers, our people and our investors. We are committed to being an environmentally and socially responsible network owner and holding ourselves, and those we work with, to the highest standards of conducts and ethics.

Transparency and Excellence are two of the ESP core values and this strategy sets out our ambitious goals and how we will monitor and report on our progress against those targets.

I look forward to working with colleagues and business partners to achieve our sustainability goals and to sharing our progress with you.

Kevin O'Connor
January 2024

Sustainability Vision Statement

ESP adopts and operates gas, electricity, clean and wastewater networks across Great Britain, serving over one million connections. Our continued growth and development are built on our strong relationships with our construction partners and our robust governance, audit and maintenance programmes. In defining our approach to sustainability, we have focused on key areas where we can make a difference and which will bring lasting benefits to our customers, our employees and the environment.

- Providing last mile residential gas and electricity connections in the UK, providing house builder choice for a critical infrastructure service.
- Caring for priority residential customers to ensure vital services remain operational.
- Supporting EV charging companies with infrastructure rollout, enabling the electrification of road transport in the UK, contributing to significant emissions reductions.
- Providing a first class environment for collaboration and personal development for our team.
- Employing rigorous governance processes to ensure we are acting in a responsible way which support long-term growth.

Double / Stakeholder materiality assessment

To understand the priorities for our business and our stakeholders we undertook a double materiality assessment, seeking to understand both our impact on people and the environment, and the impact of sustainability-related developments and events on our business.

ESP has a wide range of interested parties including Customers, Colleagues, Investors, Regulators, and Consumers. We have regular engagement with these stakeholder groups through informal as well as formal channels, and we will continue to seek their feedback and priorities as we build on our Strategy in the coming years.

We have defined the aspects of our strategy in three pillars:

- Sustainable – a safe and innovative operator, investing in our future.
- Diverse – a diverse and inclusive employer, investing in our people.
- Responsible – a good corporate citizen, investing in our community.

We view our strategy as a live and evolving document subject to changing external factors. We continually seek to improve our performance and this strategy sets goals for 2035 which we will measure and report against. We utilise the DMAIC approach to continuous improvement across the business and this is also true for our Sustainability Strategy.

- **Define** – Setting clear and achievable goals for our sustainability strategy.
- **Measure** – capturing and recording details of our current metrics using independent auditors to validate our findings.
- **Analyse** – assessing our performance.
- **Improve** – reviewing how and where we can make gains and bring positive influence to bear on others.
- **Control** – embedding those improvements in our everyday activities and decision making.

Sustainable - a safe and innovative operator, investing in our future.

The health and safety of our team, our contractors, and the communities we serve is the highest priority for the Group. As a regulated business we are overseen by the Health and Safety Executive and have a strong culture of hazard reporting to help us identify ways to improve before **any** serious incidents occur.

Our construction partners develop modern and efficient networks which are built for the long term, and we undertake frequent audits during the construction phase to ensure that all procedures and safety standards are adhered to.

The Group is at the forefront of rolling out the infrastructure to support the electrification of transport in the UK, including bus garages, retail parking and forecourts. Our residential networks include an increasing number of Electric Vehicle charge points, reducing emissions and noise pollution for local communities. This aligns with our goal to remain the leading adopter of EV connections in the UK.

Our expanding electricity networks also support the take up of low carbon heating solutions and our gas networks are made of modern materials which are suitable for transporting blends of hydrogen gas up to 100%. This allows us to play our part in the transition away from the use of fossil fuels as set out in the COP28 Agreement.

We continually review opportunities in the market to support the electrification of heat and other low carbon/net zero alternatives. We seek to deliver networks for the future and adopt sustainable drainage system to help manage water usage.

We are committed to measuring and reducing our emissions, preparing, and delivering in line with a Paris-aligned carbon emissions reduction plan. This will include achieving the globally recognised ISO14064-1 GHG certification.

The Group will review Science-Based Targets (“SBTs”) under the Science-Based Target Initiative (“SBTi”) and report on our progress annually.

As part of our ongoing focus on managing the risks and opportunities that climate change brings, we will incorporate climate risk, and opportunity, into our corporate risk assessments.

We will measure and report progress in our sustainability reporting and have set ourselves key short term Targets as well as making longer term Commitments against each strategic pillar.

Targets



- Zero Fatalities or major injuries
- Zero significant environmental incidents
- Measure and reduce our scope 1 and 2 carbon emissions
- Deliver increasing numbers of EV charge points
- Reduce water outflows to sewers through active promotion of sustainable urban drainage systems (SUDs)

Commitments



- Prepare a Paris-aligned carbon emissions reduction plan
- Achieve ISO14064-1 Carbon Reduction certification
- Review and where possible set Science Based Targets for GHG emission reduction
- Embed climate change impacts into our risk assessments, using TCFD requirements as a guide

Diverse – a diverse and inclusive employer, investing in our people

We consider our staff to be one of our most important stakeholders and their engagement and contribution is key to developing and maintaining ESP’s culture as a welcoming and desirable place to work.

We aim to be an excellent employer and offer a variety of learning programmes at all levels, from professional qualifications to training in Unconscious Bias. We deliver a management training program ‘Step Up’ with a hugely successful track record for participants, now in its fourth year.

We are committed to celebrating and sharing the diversity of our team through our cultural calendar and ensuring that team feedback is captured and acted on via regular staff feedback forums.

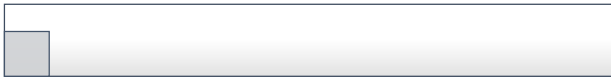
In response to the demand for new ways of working we introduced flexible hybrid working and have an Employee Assistance Programme in place which is available to all staff. We also offer flexible benefits including universal private medical care.

In consultation with our staff, we have identified and adopted the core values which ESP stands for:

- Be Transparent
- Be Excellent
- Be Ambitious
- Be Respectful
- Be Collaborative

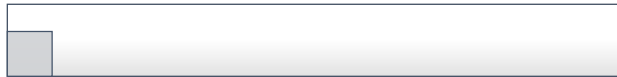
Displaying these values every day, and in all we do, is encouraged, recognised and rewarded.

Targets



- Complete a bi-annual staff satisfaction survey
- Undertake an annual Diversity & Inclusion survey
- Report on the gender profile of our team
- To pay the real living wage, and become accredited by the Living Wage Foundation

Commitments



- Respond to feedback on areas for improvement
- To offer sector leading benefits, including private medical cover, for all employees.
- To support continual development and offer training opportunities at all levels of the business.

Responsible – a good corporate citizen, investing in our community

We recognise that as a provider of essential services we have an obligation to the users of our networks and the wider community to conduct our business in a trustworthy and responsible way.

We have a robust Governance process informed by risk assessments and regular reporting. We have identified and documented our obligations and best practice in relation to our services. We employ a “three lines of defence” model to ensure we are complying with all relevant legislation in relation to our operations;

- the first line is delivered by our team and operatives on the ground,
- our second tier is management with Executive oversight, monitoring and reviewing our performance,
- the third tier is provided by independent and specialist external audits of our activities by accredited third parties.

We have a clear and accountable customer services culture which seeks to provide the highest levels of service. We acknowledge that there will be occasions where we fall short, and we are committed to addressing issues promptly and learning the lessons which will allow us to improve.

The Group participates in the GRESB global benchmark for ESG initiatives for real estate and infrastructure investments. We are proud to have increased our score in all 5 years of participation and will continue to seek further improvements.

We are committed to supporting and enhancing our community. To support that goal, we have formed a partnership with our chosen charity in the local area, Queen Elizabeth’s Foundation for Disabled People. As part of this partnership, as well as fund raising and “matching” donations, all staff are encouraged to undertake volunteering with the different areas of the charity. We have committed a day’s paid volunteering for every member of staff to help achieve this.

Targets



- Year on year reduction in compliance failures
- Year on year reduction in customer complaints
- Year on year increase in community volunteering days
- Year on year increase in ESP's GRESB score

Commitments



- Conduct our business with integrity and honesty
- Adopt a zero tolerance approach to discrimination of any kind
- Use our influence with supply chain partners to promote sustainable procurement policies