

Annual Environmental Report 2025-26

September 2026



together
we are
the **network**

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Report approved by:	Greg Dodd Regulation & Strategic Planning Director Northern Gas Networks
Date:	01 September 2026

Foreword

Welcome to our fifth Annual Environmental Report, published following the close of RIIO-GD2, our regulatory contract from April 2021 – March 2026. I'm proud of the strong progress we have made in reducing our environmental impact, while continuing to deliver a safe, reliable and affordable gas network for our customers and communities.

Environmental performance is central to how we make decisions, prioritise investment and deliver long-term value for customers, communities and the wider energy system. This report shows how our Environmental Action Plan has driven measurable progress during the final year of RIIO-GD2 and how the lessons learned have shaped our priorities, choices and ambitions for the future.

Across RIIO-GD2, we focused on the areas where we could make the greatest difference for customers and stakeholders: reducing emissions, using resources more responsibly, strengthening network resilience and protecting the local environments in which we operate.

Through practical action across our operations and supply chain, we have cut leakage, tackled legacy environmental risks, improved biodiversity, reduced waste and embedded more sustainable choices into how we work.

We've continued to support the wider energy transition too, demonstrating how today's gas network can play a role in enabling lower-carbon energy solutions while we prepare for the future needs of our customers and communities. This included adding a further 825 scmh of biomethane capacity to our network in 2025/26, taking the total connected capacity to 19,082 scmh across 20 sites, enough to supply approximately 62,000 typical UK homes.

As we move into RIIO-GD3, we do so with confidence: building on what has worked, learning from what has been more challenging and continuing to balance environmental ambition with affordability, reliability and customer need.

Thank you to our colleagues, partners and supply chain for helping turn ambition into action. Together, we are showing that practical progress today can help create a cleaner, fairer and more sustainable energy future for the communities we are proud to serve.

Mark Horsley
Chief Executive Officer, Northern Gas Networks



In 2025/26, we've continued to make strong progress against the ambitious goals set out in our Environmental Action Plan, focusing on the areas where we can make the greatest impact, and I am proud to say that we have delivered or out-performed 21 of our RIIO-GD2 commitments. We maintained strong performance across our core environmental commitments, including reducing gas leakage through replacing ageing metallic mains and ensuring zero waste was sent to landfill. These achievements reflect our commitment to operational excellence and environmental responsibility.

We've also continued our programme of environmental remediation, addressing historic contamination across our sites. Alongside this, we have delivered further biodiversity enhancements across our operational site, helping to create lasting environmental value within the communities we serve.

Our Environmental Action Plan was shaped by the voices of our stakeholders and reflects our ambition to lead on sustainability. Despite ongoing economic challenges, our customers continue to tell us that environmental performance matters deeply to them. As we move into RIIO-GD3, we have responded by setting ourselves consciously ambitious commitments. We remain focused on reducing our environmental impact and delivering meaningful outcomes for customers, communities and the environment, driven by a belief that responsible environmental stewardship benefits everyone across our region.

Neil Whalley

Head of Environment and Sustainability, Northern Gas Networks



1 Introduction

1.1 About us

We are Northern Gas Networks (NGN), the gas distributor for the North of England. We keep 2.9 million homes and businesses cooking on gas, through our vast underground pipe network.

We are committed to providing a safe, reliable and great value service to our customers and stakeholders, while exploring the potential for new technologies to deliver low carbon energy, such as hydrogen, through our network to support a greener future. Innovation underpins everything we do – whether we are replacing pipes, fixing leaks, developing low carbon energy solutions or supporting our most vulnerable customers.

By thinking differently, listening to our colleagues and stakeholders, working closely with our partners and considering our communities, we are pushing the boundaries of what a utility company is capable of.

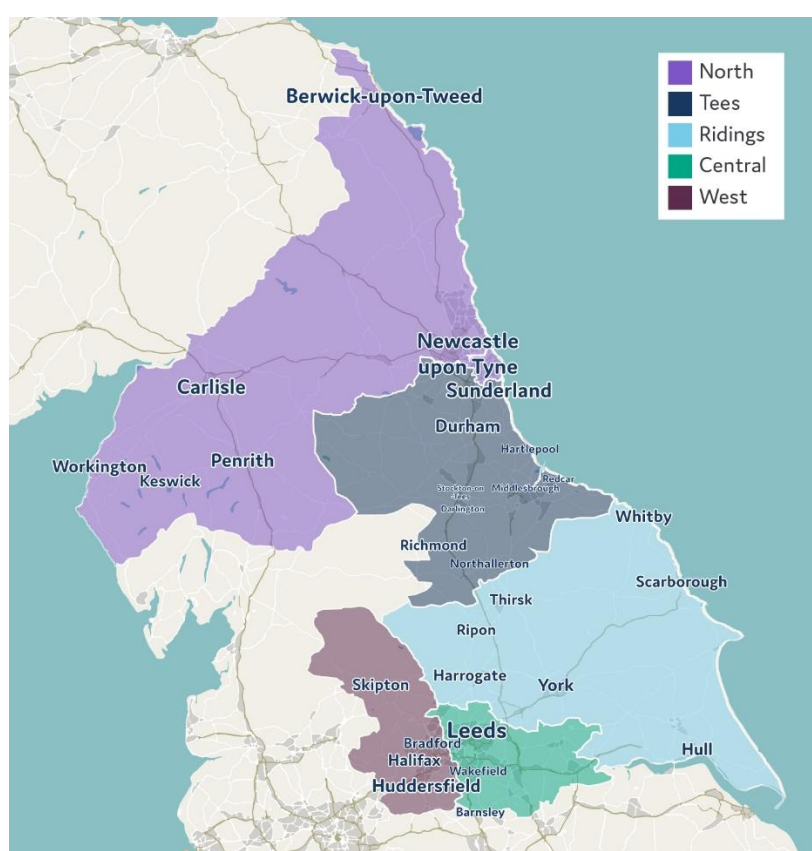


Figure 1 – Our network region

1.2 About this document

This document constitutes NGN's Annual Environmental Report for the period 1 April 2025 to 31 March 2026, publication of which is a licence obligation for the RII0-2 gas distribution price control. This document has been completed in accordance with RII0-2 Environmental Reporting Guidance,

Version 1.0, Ofgem, 2 March 2021¹ ('reporting guidelines' herein) and should be read in conjunction with our RIIO-2 Environmental Action Plan (EAP)².

NGN is a regulated business and operates under a licence issued by the Office of Gas and Electricity Markets (Ofgem) and is subject to common statutory requirements which are overseen by the Department for Energy Security and Net Zero (DESNZ), the Health and Safety Executive (HSE) and the Environment Agency (EA). Allowed revenues for NGN, including for environmental protection, decarbonisation and adaptation to climate change, are currently set by Ofgem in periodic price reviews and require submission of a detailed business plan. Between 1 April 2021 and 31 March 2026 we are operating under the RIIO-Gas Distribution 2³ ('RIIO-2' herein) price control framework. Prior to this we operated under the RIIO-Gas Distribution 1 ('RIIO-1' herein) price control framework between 1 April 2013 and 31 March 2021.

Our latest business plan included commitments to deliver an environmentally sustainable network⁴, including an Environment Action Plan (EAP) which committed us to a series of actions to reduce the environmental impacts of our business operations, decarbonise our business, and support a net zero carbon future aligned to the United Nations Sustainable Development Goals (UN SDGs). Our EAP was built on strong stakeholder engagement evidence to ensure that we met the needs and expectations of our stakeholders. A summary of our RIIO-2 EAP commitments is provided in Figure 2.

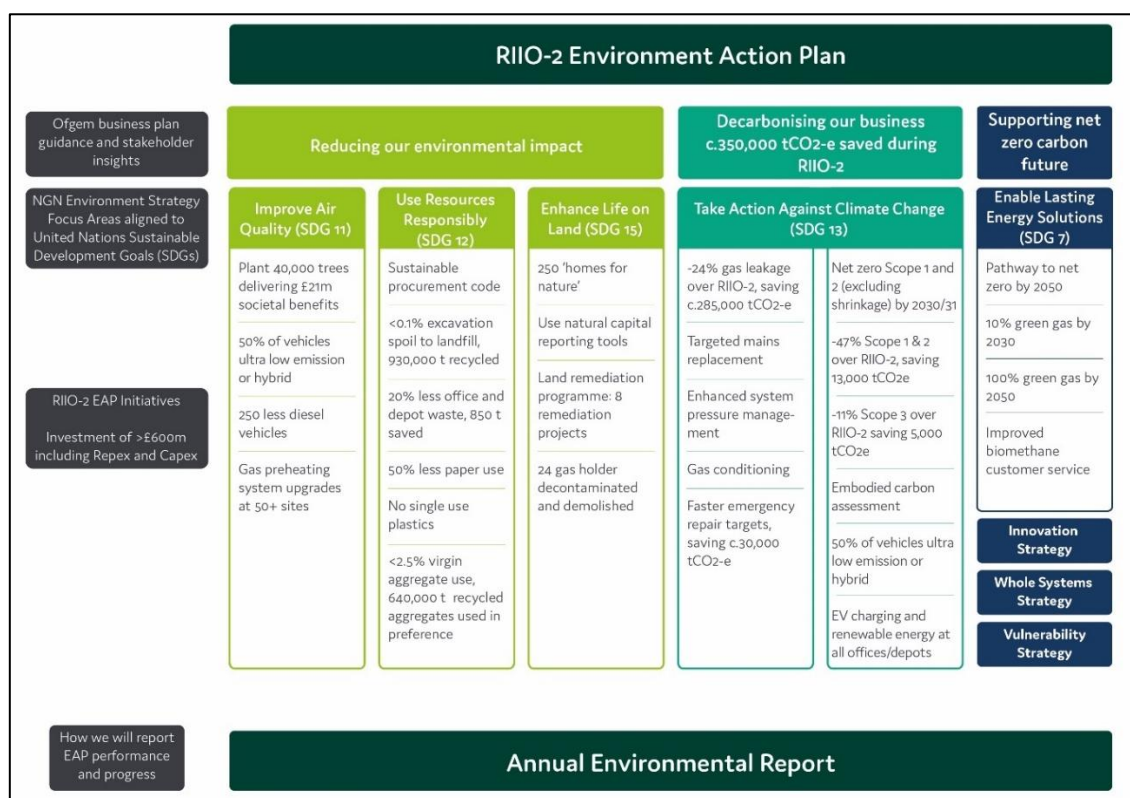


Figure 2 – Summary of our Environment Action Plan for 2021 to 2026 (RIIO-2)

¹ <https://www.ofgem.gov.uk/publications/riio-2-environmental-reporting-guidance>

² <https://www.northerngasnetworks.co.uk/wp-content/uploads/2019/12/A8-NGN-RIIO-2-Enviromental-Action-Plan.pdf>

³ <https://www.ofgem.gov.uk/energy-policy-and-regulation/policy-and-regulatory-programmes/network-price-controls-2021-2028-riio-2>

⁴ See Section 4.4 of our RIIO-2 business plan: <https://www.northerngasnetworks.co.uk/wp-content/uploads/2019/12/NGN-RIIO-GD2-Business-Plan-2021-2026.pdf>

We have established a long-term sustainability agenda for ourselves and our supply chain as demonstrated in our People and Planet Strategy⁵. The purpose of this strategy is to set a universal sustainable direction for our decision making and wider business strategy so that together with our colleagues, partners and supply chain we can deliver positive changes. Our People and Planet Strategy includes a roadmap of short-term goals (to 2026) that are aligned to our RIIO-2 regulatory commitments (including our EAP commitments), medium-term (to 2030), and longer-term commitments that stretch out to 2050 and beyond in some instances. During 2024/25 we expanded our strategy to include commitments to strong governance. Our strategy is aligned to directly support our priority UN SDGs. A summary of our People and Planet Strategy commitments is provided in Figure 3. These commitments are confirmed in our Sustainability Policy⁶.



Figure 3 – Summary of our People and Planet Strategy commitments

1.3 Our environmental responsibilities

1.3.1 Assessing our environmental impact

Since achieving ISO14001 accreditation for our environmental management system (EMS) in 2000⁷, we have continually analysed and monitored our performance to understand, mitigate and reduce the adverse environmental impacts of our business. This process starts with understanding the context of our business as a regional gas distribution network (GDN) with core activities of operating and maintaining our infrastructure, responding to gas emergencies, providing new gas connections and replacing metallic gas mains. A summary of the key aspects of our business is provided in Table 1 below.

⁵ See pages 3 and 4 and Appendix A in our [2025 Annual Sustainability Report](#) for further details.

⁶ <https://www.northerngasnetworks.co.uk/wp-content/uploads/2025/06/Sustainability-Policy-2025.pdf>

⁷ <https://northerngasnetworks.ams3.digitaloceanspaces.com/wordpress/wp-content/uploads/2025/12/19094323/NGN-Certificate-ISO-14001-2015-V13.pdf>

Key Aspects of Our Network and Business Operations			
Our Customers, Colleagues and Region	Our Network	What We Do	Environment Performance and Innovation
Deliver gas to 2.9m homes and businesses	c.36,000 km of pipe	>99% of uncontrolled gas escapes attended within 1 hour	c.0.5% of gas throughput lost as shrinkage per year
Varied network area – cities, towns and National Parks.	c.700 company vehicles – including cars, vans and heavy goods vehicles (HGVs)	>18,000 repairs to our gas pipes completed annually	20 biomethane production sites connected to our network enabling supply of green gas
c.1600 full time employees across 13 offices and depots	No gas holders connected to network, 47 decontaminated and demolished since 2013	>500km of metallic gas mains replaced per year	Award winning hydrogen research and development projects, including HyDeploy and East Coast Hydrogen.
45% of our domestic customers are reporting experiencing financial difficulties paying their energy bills during 2025/26, down from 50% in 2024/25 [^]	c.150 asset sites built on known former gasworks sites	c.£250m of goods and services purchased per year	c.200,000t of waste generated per year; less than 0.0% disposed to landfill
Based on figures to end 2025/26.			
[^] Page 18: https://together.northerngasnetworks.co.uk/wp-content/uploads/2026/03/0124-NGN-Customer-Perceptions-2026-FV1-2.pdf			

Table 1- Summary of key environmental aspects of NGN business

With the help of our stakeholders, we identify aspects of our business that result in environmental impacts and then assign significance ratings to each based on a structured hazard-severity matrix. A summary of our current significant environmental aspects and impacts is provided in Table 2.

Business Aspect	Environmental Impact								NGN RIO-2 Mitigation
	Depletion of resources	Air pollution	Greenhouse gas emissions	Nuisance (eg odour, noise)	Water pollution	Land Pollution	Waste disposal to landfill	Ecosystem/habitat damage	
Use of Virgin Aggregate in reinstatement	✓								EAP
Plastic gas pipe production	✓		✓						EAP
Use of Gas	✓		✓						EAP
Venting Gas			✓	✓					IS
Use of Electricity	✓		✓						EAP

Business Aspect	Environmental Impact								NGN RIIO-2 Mitigation
	Depletion of resources	Air pollution	Greenhouse gas emissions	Nuisance (eg odour, noise)	Water pollution	Land Pollution	Waste disposal to landfill	Ecosystem/habitat damage	
Use of Fuel	✓	✓	✓						EAP
Gas Transportation (upstream production, NGN losses, and downstream use)			✓	✓					EAP, WS & IS
Roadworks		✓	✓	✓					EAP, WS & IS
Contaminated Land				✓	✓	✓		✓	EAP
Disposal of Waste (excluding excavation spoil)							✓		EAP
Purchase of good and services	✓	✓	✓	✓	✓	✓	✓	✓	EAP
Significant aspects are those identified to have a significance of 15 out of 25 or greater on a 5 x 5 hazard-severity matrix. Environmental impacts represents principal direct environmental impacts associated with the aspect, other secondary impacts may occur. EAP = NGN RIIO-2 Environmental Action Plan. WS = NGN RIIO-2 Whole Systems Strategy. IS = NGN RIIO-2 Innovation Strategy.									

Table 2 – Summary of NGN's most significant current environmental aspects and impacts

1.3.2 Incorporating stakeholder views

As detailed in our EAP (see Sections 5 and 6.1), we engaged with our stakeholders to inform the development of our EAP commitments to ensure they met their needs, priorities and expectations. We have continued our stakeholder engagement as business as usual to ensure that we approach our environmental commitments in the most appropriate and effective manner, taking into account the values and priorities of our stakeholders. This has included:

- Annual customer perceptions survey incorporating environmental priorities research (2020/21⁸, 2021/22⁹, 2022/23¹⁰, 2023/24¹¹, 2024/25¹², and 2025/26¹³).

⁸ <https://together.northerngasnetworks.co.uk/wp-content/uploads/2021/03/Customer-Perceptions-Research-Presentation-Final-Report-Outcomes-Customer-Facing-v1.pdf>

⁹ <https://together.northerngasnetworks.co.uk/wp-content/uploads/2022/03/Customer-Perceptions-Research-Presentation-2021-Wave-2-SHORT-SUMMARY-.pdf>

¹⁰ <https://together.northerngasnetworks.co.uk/wp-content/uploads/2023/01/NGN-Customer-Perceptions-tracker-report-Wave-3.pdf>

¹¹ <https://together.northerngasnetworks.co.uk/wp-content/uploads/2024/03/Customer-Perceptions-2024-Wave-4.pdf>

¹² <https://together.northerngasnetworks.co.uk/wp-content/uploads/2025/05/0086-NGN-Customer-Perceptions-2025-CV7-1.pdf>

¹³ <https://together.northerngasnetworks.co.uk/wp-content/uploads/2026/03/0124-NGN-Customer-Perceptions-2026-FV1-2.pdf>

- Regular engagement with the NGN Customer Engagement Group (now referred to as Independent Stakeholder Group)¹⁴ to provide a forum for challenge and review of EAP performance.
- Participation in the Energy Networks Association Gas Environment Group (until December 2024) and Climate Change Resilience Working Group, and since January 2025 Future Energy Networks' (FEN¹⁵) Gas Environment Group, where we work with the other energy networks of the UK to align reporting standards and metrics, and share best practice.
- Participation in several regional sustainability focussed forums where we work with our fellow locally based organisations to share best practice and knowledge and identify synergies, including: Yorkshire and Humber Climate Commission¹⁶; West Yorkshire Combined Authority Climate, Energy and Environment Committee¹⁷; and Leeds Anchors Network¹⁸.

Our latest customer research from 2025/26¹⁹ identified that our customers' top priorities for us are keeping bills as low as possible and providing a reliable and safe service. When reviewing our sustainability commitments from our People and Planet Strategy, customers continue to prioritise providing access to affordable energy solutions. We utilised this insight when developing our RIIO-3 business plan²⁰ and EAP²¹.

1.3.3 Our strategic governance approach to delivering an environmentally sustainable network

As detailed in Section 1.2, our People and Planet Strategy sets a universal direction for our sustainable decision making and wider business strategy to ensure we deliver positive changes. Our People and Planet Strategy includes 12 commitments, of which four are related to protection of the environment and mirror the objectives of our RIIO-2 EAP.

Our shareholders pay close attention to our sustainability performance and activities, including delivery of our EAP commitments, and require regular performance and activity reporting. To formalise this, an NGN Board Committee on Environment, Social and Governance (ESG) was established in 2022/23. The Committee meets quarterly to review performance against our People and Planet Strategy and EAP commitments, monitor progress towards sustainability targets, and provide oversight of other material sustainability matters.

Performance against our EAP commitments is measured and reported monthly to our senior management team to ensure that performance is kept on track, with progress updates regarding our medium- and long-term targets provided regularly, and also reviewed at our Sustainability Working Group. Our Sustainability Working Group comprises relevant senior managers to enable the identification and discussion of material sustainability related business aspects, and provide monitoring and oversight of business sustainability performance, including the performance of key individual sustainability initiatives/projects.

Corporate bonuses paid to Senior Management Team and colleagues include company environmental performance elements, most notably performance against our carbon reduction targets. This

¹⁴ <https://ngnceg.co.uk/>

¹⁵ <https://www.igem.org.uk/future-energy-networks.html>

¹⁶ <https://yorksandhumberclimate.org.uk/>

¹⁷ <https://westyorkshire.moderngov.co.uk/mgCommitteeDetails.aspx?ID=222>

¹⁸ <https://news.leeds.gov.uk/leeds-spotlight/leeds-inclusive-anchors-network>

¹⁹ <https://together.northerngasnetworks.co.uk/wp-content/uploads/2026/03/0124-NGN-Customer-Perceptions-2026-FV1-2.pdf>

²⁰ <https://www.northerngasnetworks.co.uk/wp-content/uploads/2024/12/NGN-RIIO-GD3-OFGEM-SUBMISSION-REDACTED-2.pdf>

²¹ <https://www.northerngasnetworks.co.uk/wp-content/uploads/2024/12/A6-Environmental-Action-Plan.pdf>

responsible approach further emphasises to our colleagues the importance of achieving our EAP commitments and contributed to us receiving full marks for Leadership in the 2025 GRESB Infrastructure Asset Assessment. NGN achieved an overall score of 96%, up from 81% in 2024, and above the average of 90%.

2 Environmental performance dashboard

In accordance with the reporting guidelines, our performance against a series of identified key environmental performance indicators during the period 1 April 2025 to 31 March 2026 is presented below.

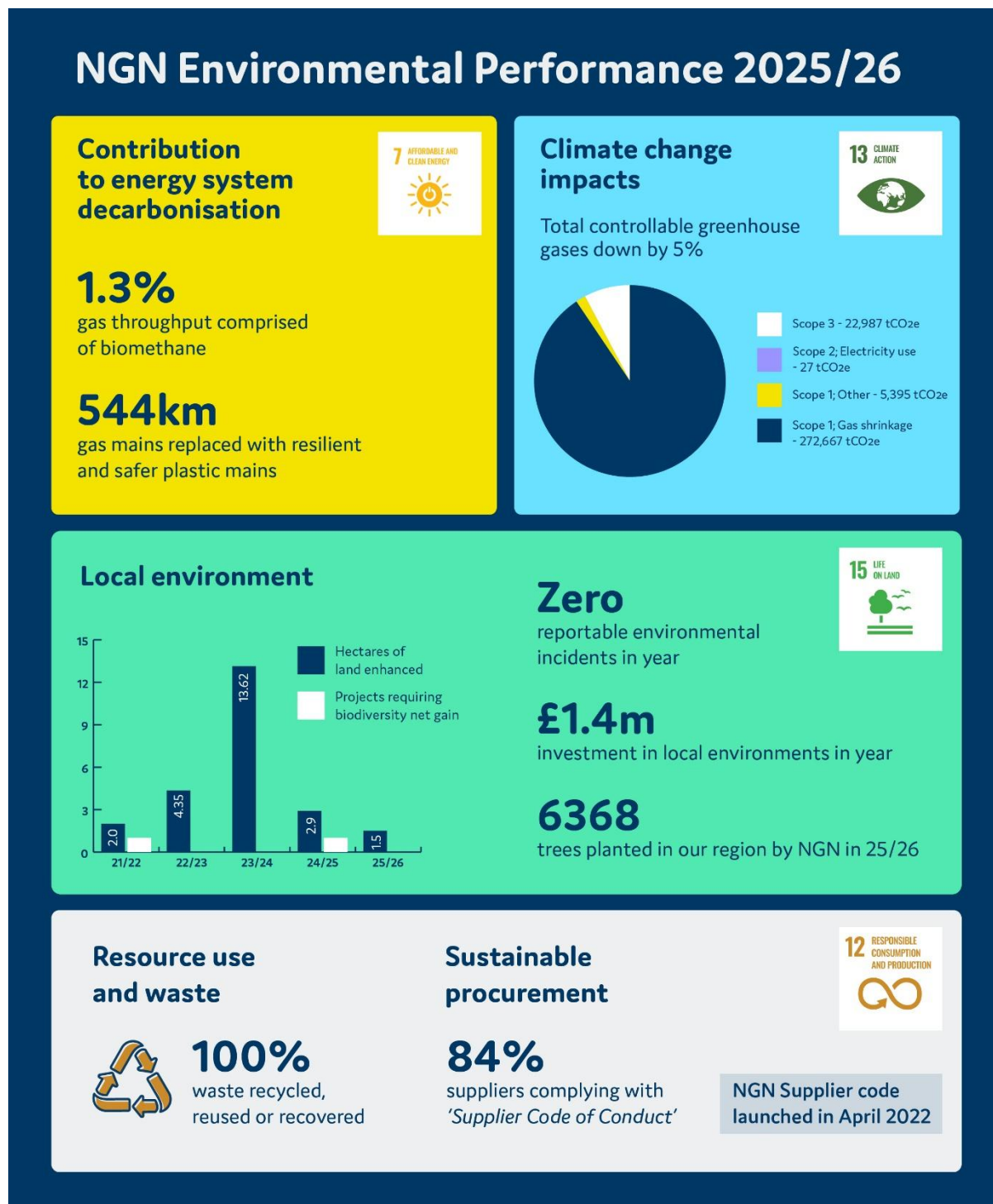


Figure 4 – Environmental performance dashboard for 2025/26.

3 Environmental Action Plan commitments performance

Our RIIO-2 Environmental Action Plan (EAP) contains 27 ambitious commitments designed to reduce our most significant environmental impacts. These commitments were developed in 2019 and therefore required assumptions about how our business, supply chain and the wider operating environment would evolve throughout RIIO-2. Since then, a number of significant global socio-economic and political events have occurred, including the COVID-19 pandemic, energy crisis and cost-of-living crisis, all of which have influenced the context in which we have delivered our commitments.

In accordance with the reporting guidance, Table 3 provides a summary of progress against each RIIO-2 EAP commitment as at 31 March 2026. As shown, 21 commitments are rated green, indicating that we have achieved or out-performed the commitment within RIIO-2. The five commitments rated red are largely interrelated and, while progress has been made, achievement of these commitments has been affected by factors outside of our direct control. Nevertheless, these commitments have delivered valuable learning and informed the development of our environmental ambitions and plans for RIIO-3. There is one commitment rated as amber which is underway and delivery will be completed during RIIO-3.

RIIO-2 EAP Commitment Performance Rating to 31 March 2026					
EAP Commitment	Description and Expected Benefit [^]	Target Year	Implementation Milestones	RAG Indicator*	RIIO-2 Status Update
<i>Commitments to Reduce Our Environmental Impact</i>					
Plant 40,000 trees in our region	>£22m of cumulative benefits over 50 years including reduced air pollution, carbon sequestration (2,450 tCO ₂ e), biodiversity gain, flood alleviation and amenity gain	2026	n/a	Green	Commitment out-performed: Utilising shareholder funding, during 2025/26 we planted 6,368 trees, bringing our cumulative total to 64,959 trees planted across East, North and West Yorkshire. This means we have outperformed our target of planting 40,000 trees during RIIO-2 by 62%.
80% compliance with new Supplier Code of Conduct	Development and implementation of Supplier Code of Conduct embedding sustainability in supply chain	2026	n/a	Green	Commitment out-performed: Supplier Code of Conduct development and launched April 2022: https://www.northerngasnetworks.co.uk/wp-content/uploads/2022/04/Supplier-Code-of-Conduct_FINAL_compiled.pdf 84% compliance achieved for 2025/26
<0.1% excavation spoil to landfill	c.930,000 t of excavation spoil recycled saving 10 tCO ₂ e	2026	n/a	Green	Commitment out-performed: 0.0% spoil to landfill performance for third consecutive year. We have been working with our supply chain to ensure

EAP Commitment	Description and Expected Benefit^	Target Year	Implementation Milestones	RAG Indicator*	RIIO-2 Status Update
					our RIIO-2 target was achieved and have overcome location-based constraints regarding access to recycling facilities.
20% less office/depot waste (vs 2017/18)	850t waste reduction 4,800t waste diverted from landfill 480tCO2e saving	2026	n/a	Red	Commitment not achieved: 11% reduction in office and depot waste tonnage in 2025/26 compared to 2017/18 baseline due to extraordinary project related waste generation during the year. Waste generation had been stable and very close to reduction target (18%) during the three previous years.
0% office and depot waste to landfill		2026	n/a	Green	Commitment out-performed: 0% office and depot waste sent to landfill for third consecutive year.
50% less paper use	30t of paper use avoided; 30tCO2e saving	2026	n/a	Green	Commitment out-performed: Paper use in 2025/26 was 84% less than 2018, meaning we have substantially out-performed our RIIO-2 target.
Eliminate avoidable single use plastics from offices and depots	Reduced carbon emissions, resource use and waste	2026	n/a	Green	Commitment achieved: A strategy to achieve this was developed and positive actions taken. Changes made included phasing out plastic milk bottles at our head office, changing our bin bags to ensure they are biodegradable or recyclable, replacing single use water bottles for operational colleagues with reusable alternatives, and removing single use plastic items from our colleague stationary catalogue.
<2.5% virgin aggregate use in reinstatement	640,000 t of recycled aggregate preferentially used, saving 80 tCO2e	2026	n/a	Red	Commitment not achieved: 4.36% virgin aggregate used in 2025/26. Consistent performance throughout RIIO-2, with c.60% improvement compared to end of RIIO-1. End RIIO-2 target not achieved due to geographical supply chain constraints for quality recycled aggregate in parts of our networks, most notably in Cumbria.
250 homes for nature	250 positive interventions to	2026	n/a	Green	Commitment achieved:

EAP Commitment	Description and Expected Benefit [^]	Target Year	Implementation Milestones	RAG Indicator*	RIIO-2 Status Update
	enhance biodiversity				Interventions made at 252 sites between 2018 and 2025/26. 146 interventions made during 2025/26.
Development of natural capital assessment	Report natural capital valuation of ecosystem services provided at up to 50 NGN sites during 2021, 2023 and 2025.	2026	n/a	Green	Commitment achieved: Ecosystem services screening completed, bespoke natural capital valuation tool developed and utilised on baseline assessments at 32 infrastructure sites in 2021/22. Repeat assessments taken place in 2023/24 and 2025/26.
Land remediation programme	Management programme including 8 remediation projects – reduced risk of pollution	2026	n/a	Green	Commitment out-performed: Two remediation projects were completed in 2024/25, with a further seven completed in 2025/26. A total of nine projects were completed during RIIO-2, out-performing our target of eight for the period.
Gas holder decontamination and demolition programme	Decontaminate and demolish 23 gas holders – reduced risk of pollution	2026	n/a	Green	Commitment achieved: We completed our RIIO-2 programme of work ahead of schedule, decontaminating and demolishing all 23 of our remaining gasholders by the end of 2024/25.
Commitments to Decarbonise Our Business					
Reduce gas leakage by 24%	Carbon savings of c.285,000 tCO ₂ e	2026	n/a	Green	Commitment out-performed: Controllable gas leakage reduced by a further 5% (12 GWh) in 2025/26 compared to 2024/25. As a result, controllable gas leakage was 26% lower than the 2020/21 baseline, exceeding our RIIO-GD2 commitment. A third-party damage incident to an NGN intermediate pressure main in North-East England in May 2025 resulted in significant involuntary gas loss. When this incident is included, total gas leakage increased by 4% compared to 2024/25, although it remained 19% lower than the 2020/21 baseline.
Repairing gas leaks faster –	Carbon savings of c. 30,000 tCO ₂ e	2026	n/a	Green	Commitment achieved:

EAP Commitment	Description and Expected Benefit [^]	Target Year	Implementation Milestones	RAG Indicator*	RIIO-2 Status Update
89% within 7 days and 98% within 28 days					7 and 28 day repair targets achieved every year during RIIO-2.
Gas network infrastructure capital investments	Carbon savings of 22,480 tCO ₂ e	2026	n/a	Green	Commitment achieved: Our overall 2025/26 expenditure in this area was above the annual allowance, primarily driven by increased delivery activity in local transmission system (LTS), storage and entry, and governors. Despite the in-year overspend, Capex remains £37.3m below allowance across RIIO-2, reflecting lower expenditure in earlier years in the period. This investment programme is anticipated to have delivered carbon savings in keeping with those estimated in our RIIO-2 EAP.
Gas preheating system upgrades at 50+ sites	Asset upgrades delivering reduced air pollution and carbon emissions (1890 tCO ₂ e)	2026	n/a	Amber	Commitment under way but delivery delayed: 43 units completed from 2021/22 to 2025/26 with a further 28 in progress to ensure achievement of our commitment. We have adequate resources in place to complete the programme of work during RIIO-3.
Install renewable energy production at all offices and depots	Carbon savings of 280 tCO ₂ e	2026	n/a	Green	Commitment achieved: Solar photovoltaic (PV) infrastructure installation completed in 2024/25 at all offices depots where installation was deemed viable (eight locations). Total installed capacity of 388 kilowatt peak (kwp). During 2025/26, we generated 343 Mwh of renewable electricity at our premises.
Purchase of 100% zero carbon electricity	Only zero carbon electricity to be consumed at NGN premises from 2023, carbon savings of 7100 tCO ₂ e	2023	2023	Green	Commitment achieved: Achieved in 2021/22 ahead of schedule and continued across remainder of RIIO-2. 100% of electricity consumption at NGN offices, depots and infrastructure sites from certified zero carbon sources.

EAP Commitment	Description and Expected Benefit [^]	Target Year	Implementation Milestones	RAG Indicator*	RIIO-2 Status Update
Purchase of 100% renewable gas for metered use	Only green gas to be consumed at NGN premises from 2024, carbon savings of 530 tCO ₂ e	2024	2024	Green	Commitment achieved: Contract signed and moved to 100% green gas supply in April 2025. There was a slight delay in achieving this commitment due NGN entering a long-term contract during the energy crisis to secure a competitive gas tariff to minimise costs.
Install electric vehicle charging at all offices and depots	Enabler to achieve vehicle fleet decarbonisation and Scope 1 and 2 emissions reduction targets	2026	n/a	Green	Commitment achieved: The COVID-19 pandemic initially delayed the preparatory work needed to deliver this commitment, however 43 charging points were installed across eight of our operational depots and offices by the end of 2024.
50% of vehicle fleet ultra low emission or hybrid (25% of commercial vehicles and 100% of company cars)	Vehicle fleet changes delivering reduced air pollutant and carbon emissions (4230 tCO ₂ e saving); 250 diesel vehicles removed from NGN fleet	2026	n/a	Red	Commitment not achieved: At the end of 2025/26, the total NGN vehicle fleet comprises 6% ultra low emission or hybrid vehicles, with 100% of company cars being ultra low emission or hybrid. NGN continue to search the market for fit for purpose battery electric vans. During the last quarter of 2024/25 we purchased a batch of 10 battery electric medium-sized vans to fully trial across the network within the First Call Operative emergency response role to ensure they can robustly meet our operational requirements. This trial started in 2025/26 and continues to ensure a robust assessment. We also face constraints in the availability of public electric vehicle charging infrastructure across our region. We have therefore not achieved our RIIO-2 commitment. This commitment, and the constraints we face, directly links to our ability to achieve our Scope 1 and 2 and Scope 3 emissions reduction targets.
Reduce Scope 1 and 2 emissions by 47% vs 2018	Carbon savings of c.13,000 tCO ₂ e	2026	n/a	Red	Commitment not achieved: 2025/26 emissions were 6% higher than 2024/25 and 50% greater than our annual target. 2025/26 emissions were

EAP Commitment	Description and Expected Benefit [^]	Target Year	Implementation Milestones	RAG Indicator*	RIIO-2 Status Update
(excluding shrinkage)					28% less than 2017/18 baseline thereby missing RIIO-2 target. Our overall RIIO-2 performance is impacted by the constraints we are experiencing with decarbonising our vehicle fleet and our requirements for a larger operational workforce and operational vehicle fleet. Our total Scope 1 and 2 controllable emissions (including shrinkage) continue to reduce year-on-year, despite the constraints referenced above, as a result of our continued gas leakage reduction performance.
Reduce key Scope 3 emissions** by 11% vs 2018	Carbon savings of c.5,000 tCO ₂ e	2026	n/a	Red	Commitment not achieved: 2025/26 emissions decreased by 0.6% compared to 2024/25 but were 17% greater than our annual target. Key scope 3 emissions have remained similar across RIIO-2 thereby missing our RIIO-2 EAP target. This is reflective of our mains replacement workload and a result of constraints our supply chain face in decarbonising their vehicle fleets and machinery.
Development of embodied carbon assessment	Development of assessment methodology and metric	2026	2022	Green	Commitment achieved: Methodology developed and reporting completed throughout RIIO-2.
Commitments to Support a Net Zero Future					
Increased green gas capacity connected to network	Aspiration for 10% green gas flowing through network by 2030, 100% by 2050	2026	n/a	Green	Commitment achieved: A further 825 scmh of biomethane capacity was added to the NGN network in 2025/26, taking the total connected capacity to 19,082 scmh across 20 sites. This brings the cumulative additional biomethane capacity connected during RIIO-2 to 2,742 scmh, an increase of 17%. Biomethane comprised 1.3% of network gas throughput in 2025/26.

EAP Commitment	Description and Expected Benefit [^]	Target Year	Implementation Milestones	RAG Indicator*	RIIO-2 Status Update
Improved customer service for biomethane providers	Green gas connection initial capacity studies within <=5 working days and detailed capacity studies within <=20 working days compared to <=15 and <=30 working days during RIIO-1	2026	2026	Green	Commitment achieved: During 2025/26, 100% of initial capacity studies were issued within our voluntary target of five working days or less, and 100% of detailed capacity studies for new connections were completed within our voluntary target of 20 working days or less. Across RIIO-2, 98% of initial capacity studies were issued within our voluntary target of five working days or less, while 93% of detailed capacity studies for new connections were completed within our voluntary target of 20 working days or less.
Whole Systems thinking	Enable the achievement of net zero greenhouse emissions in the UK by 2050	2050	n/a	Green	Commitment achieved: We have an active portfolio of innovation projects to support the net zero transition. Please refer to our Network Innovation Annual Summary Report for 2025/26 for full details of our innovation work: https://docs.northerngasnetworks.co.uk/innovationreport/annual-innovation-report-2026/
[^] Reference: RIIO-2 EAP. Carbon savings reflect cumulative savings over RIIO-2. *In accordance with the reporting guidance: Red = progress against milestones is at significant risk and highly likely to be missed; Amber = progress is delayed but likely to be achievable before the end of RIIO-2 price control period; Green = progress against the implementation milestones is on track. ** Contractor vehicles; production and transportation of polyethylene gas pipe and fittings; upstream emissions and transmission and distribution losses for electricity consumed; business travel via air and rail.					

Table 3 – Summary of progress against RIIO-2 EAP commitments

4 Environmental impacts performance

4.1 Decarbonisation

Key annual performance summary:

- ***Two biomethane production sites connected, total connected now 20***
- ***Biomethane injection remained stable, providing 1.3% of network gas throughput***
- ***Wide ranging stakeholder engagement to increase biomethane injection***

This section provides a performance summary of our actions to deliver decarbonisation of the energy system.

4.1.1 Biomethane and Other Low Carbon Gas Connections

We recognise the value that biomethane and other low carbon gas sources can make now to the net zero transition and work hard to enable their connection to our network. In addition, our engineers work closely with producers to enable them to maximise their gas injection volumes and minimise down time.

Throughout RIIO-1 we worked hard to develop our connection procedures for biomethane and other non-conventional gas producers, including development of a dedicated website²², and we have continued this work throughout RIIO-2. Our time sequence of biomethane capacity connected is shown in Figure 5. During 2025/26, we connected two further biomethane production sites to our network, increasing maximum connected production capacity by 4.5% compared with 2024/25 and 16.8% across RIIO-2, to a total of 19,082 standard cubic metres of gas per hour (SCMH). Between 2024/25 and 2025/26 annual biomethane injection into NGN's network remained the same at 0.71 TWh, enough for approximately 62,000 typical UK homes. Biomethane comprised 1.3% of network gas throughput in 2025/26.

It is of note that the development of new connection sites is typically significantly influenced by the availability of government subsidies / incentives.

²² <https://biomethane.northerngasnetworks.co.uk/>

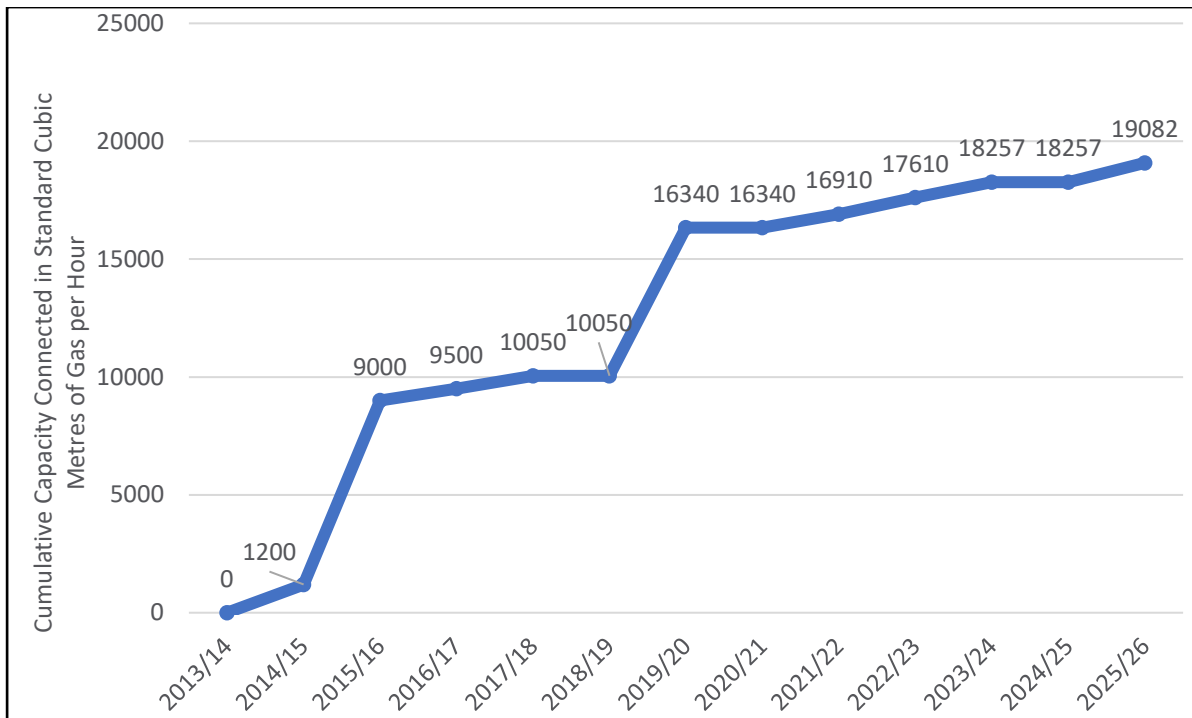


Figure 5 – Capacity of biomethane and low carbon gas injection capacity connected to NGN network

A summary of our RIIO-2 biomethane and low carbon gas connection workload is provided in Table 4.

	Unit	2021/22	2022/23	2023/24	2024/25	2025/26
<i>Biomethane Connections</i>						
Enquiries	Number	51	40	54	58	34
Connection studies	Number	7	9	12	15	11
Capacity of connection studies	SCMH	7,800	8,755	17,600	40,350	11,800
Connections	Number	1	1	1	0	2
Capacity connected	SCMH	570	700	647	0	825
Volume (energy value) of biomethane injected in year	Gwh	683	727	711	707	711
Average monthly flow rate (all connections)	SCMH	5,177,255	5,595,934	5,471,511	5,439,239	5,470,771

	Unit	2021/22	2022/23	2023/24	2024/25	2025/26
<i>Other Green Gas Connections</i>						
Enquiries	Number	3 [^]	0	1	1	1
Connection studies	Number	1 [^]	0	0	2 [*]	0
Capacity of connection studies	SCMH	1,000	0	0	28,700	0
Connections	Number	0	0	0	0	0
Capacity connected	SCMH	0	0	0	0	0
Volume (energy value) of green gas injected	Gwh	0	0	0	0	0
Average monthly flow rate (all connections)	SCMH	0	0	0	0	0
[^] Landfill gas sources. [*] Onshore gas field sources.						

Table 4 – Biomethane and green gas connection performance

Improving Our Green Gas Connection Customer Performance

Our green gas connection process is detailed in our Biomethane Handbook, this includes:

- A description of the key stages involved in connecting a biomethane plant to our network;
- An overview of how a connection is designed, and the personnel involved;
- An explanation of how to reserve a connection point on the network;
- An overview of the construction process; and
- Details of the inspection process for a completed project.

Ofgem have set us a target of a 7-day turnaround for initial capacity studies for biomethane connection customers. In our RIIO-2 Business Plan we committed to an internal target of <5 days so that customers know quickly if the selected location is suitable for their project. We met both the Ofgem target and our internal target in 2025/26 on 100% of studies, with all 35 studies completed within <5 days.

In our business plan we also committed to produce detailed capacity studies within 20 working days, compared with 30 working days in RIIO-1. In 2025/26 we completed all 11 customer detailed studies within 20 days.

Stakeholder Engagement

NGN continues to actively engage in several forums aimed at improving biomethane connection standards across the industry:

- **Green Gas Taskforce (GGTF):** GGTF is a voluntary collaborative initiative comprised of biomethane producers, industry groups, and gas distribution networks. The GGTF promotes the role of green gases in achieving net-zero and enhancing energy security. It works across stakeholders to support policy, operational and market frameworks that encourage sustainable deployment and expansion of green gas.
- **Green Gas Technical Forum (formerly the Entry Customer Forum (EnCF)):** This forum, hosted by FEN, focuses on unlocking technical barriers to biomethane deployment, aiming to reduce costs and accelerate connection timelines. It promotes standardisation and process improvements across connection lifecycles, with a clear action plan to drive developments forward.
- **Gas Entry Connections Technical Working Group (GECTWG):** Chaired by NGN and also hosted by FEN, this technical group addresses network connection challenges including gas quality, connection processes, and risk assessment. GECTWG supports resolutions to issues identified both via the Green Gas Technical Forum and directly from connected sites.

We also remain engaged in Uniform Network Code Workgroups where outcomes impact new biomethane projects and operational sites. These sessions allow site owners and operators to share progress and challenges, while helping NGN identify areas of support and provide technical updates.

To further enhance performance and transparency, NGN publishes a quarterly dashboard that tracks key metrics across all connected biomethane sites. This tool enables operators to benchmark their operations and pinpoint opportunities for improvement.

Site Specific Operational Challenges

In April 2024, we launched a calorific value (CV) trial in our North Local Distribution Zone (LDZ), introducing fixed CV targets for connected biomethane sites. The initiative was designed to reduce CV-related network capping and has been successful, resulting in uninterrupted biomethane injection with no capping events, alongside positive feedback from participating sites.

Following the success of the trial, NGN is proposing to make fixed CV targets a permanent feature of the Network Entry Agreement through a formal contract variation.

Building on the positive outcomes achieved in the North LDZ, we are now working with System Control to implement a similar trial in our North East Yorkshire LDZ. The trial will run for a defined period, after which we will assess its effectiveness by reviewing capping events and customer feedback.

Our strategy of adjusting down network pressures, where feasible, also continues to support increased entry flow across biomethane production sites

Propane is blended with biomethane to increase the CV to the required level to enable network injection. Through our operational meetings with producer sites and discussions with other networks via the GECTWG, we identified an issue relating to propane quality. The issue relates to hydrocarbons 'dropping out' of the propane and contaminating meters and equipment on biomethane sites. There

have been no recent discussions of propane contamination. We continue to discuss this and the management techniques with our operators.

4.1.2 Innovating for Decarbonisation and Environmental Protection

We have an active portfolio of innovation projects to support the net zero transition and protect the environment. Please refer to our Network Innovation Annual Summary Report for 2025/26²³ for full details of our innovation work.

4.2 Climate Change

Key annual performance summary:

- ***Total controllable carbon emissions down 5% saving 14,500 tCO₂e***
- ***Controllable gas shrinkage and leakage down 5%***
- ***Scope 1 and 2 business carbon emissions up 6% due to a growing vehicle fleet as the search for suitably resilient zero emission operational vehicles continues***

This section provides a performance summary of our actions to reduce the carbon emissions associated with our business. As detailed in our RIIO-2 EAP, NGN commit to achieving net zero greenhouse gas emissions by 2050.

4.2.1 Shrinkage and Leakage

Shrinkage comprises gas leakage, gas illegally taken by third parties and own use gas by NGN, primarily used for pre-heating gas at locations where gas transfers from one pressure tier to another. Shrinkage is measured in GWh using the Shrinkage and Leakage Model agreed with Ofgem. Based on 2025/26 controllable values (see below), gas leakage accounted for 92.8% of shrinkage, with gas illegally taken by third parties accounting for 4.6% and own use gas for 2.6%.

Natural gas is principally composed of methane, which is a potent greenhouse gas. When combusted it produces carbon dioxide, another greenhouse gas. Shrinkage comprises both combusted and uncombusted natural gas and is reported as a Scope 1 emission. Shrinkage remains our primary greenhouse gas emissions source, contributing over 90% of our total measured greenhouse gas emissions in 2025/26.

Our RIIO-2 EAP identified reduction targets to be achieved over RIIO-2 for both shrinkage, a 23% reduction, and leakage, a 24% reduction, compared to the values we had forecast for the end of 2020/21 in our EAP.

Our shrinkage and leakage volumes and emissions are summarised in Tables 5 to 8, as specified in the reporting guidelines.

²³ <https://docs.northerngasnetworks.co.uk/innovationreport/annual-innovation-report-2026/>

Gas Leakage Volumes in Gwh	2021/22	2022/23	2023/24	2024/25	2025/26
Low pressure mains	171	148	137	125	116
Medium pressure mains	25	25	25	24	24
Services	37	31	27	23	20
AGIs	59	59	59	59	59
Interference	1	2	1	1	21*
Total	293	265	249	232	240
Total controllable	293	265	249	232	220**
Target total	283	273	257	237	222
Targets were forecasts prepared at the end of the previous reporting year, e.g. 2021/22 forecast prepared at end of 2020/21. *Interference increased significantly to 21 GWh in 2025/26, compared to 1 GWh in 2024/25. This was driven by a substantial involuntary gas loss of 20 Gwh following a third-party damage incident to an NGN intermediate pressure main in North East England in May 2025. **2025/26 controllable value excludes 20Gwh of gas loss associated with the involuntary third-party damage event.					

Table 5 – Gas leakage volumes performance

Gas Leakage in tCO ₂ e	2021/22	2022/23	2023/24	2024/25	2025/26
Total	359,482	324,874	305,488	284,234	294,519
Total controllable*	359,482	324,874	305,488	284,234	269,534
Target total	346,689	334,217	315,300	290,859	271,993
Volumes of gas leakage in Gwh converted into tCO₂e using conversion factor of 1,226.42 tCO₂e/Gwh as per reporting guidelines (page 24) Targets were forecasts prepared at the end of the previous reporting year, eg 2021/22 forecast prepared at end of 2020/21. *2025/26 controllable emissions exclude the 24,985 tCO₂e of emissions associated with the involuntary third-party gas leak from May 2025.					

Table 6 – Gas leakage in tCO₂e performance

Other Gas Shrinkage Volumes in Gwh	2021/22	2022/23	2023/24	2024/25	2025/26
Own use	7.6	6.7	6.9	6.7	6.2
Theft	13.4	11.8	12.2	11.8	10.9
Total	21.0	18.5	19.1	18.5	17.1

Table 7 – Other gas shrinkage volumes performance

Other Gas Shrinkage in tCO ₂ e	2021/22	2022/23	2023/24	2024/25	2025/26
Own use	1,394	1,219	1,261	1,223	1,131
Theft	2,468	2,157	2,232	2,165	2,002
Total	3,863	3,376	3,493	3,388	3,134
Volumes of gas leakage in Gwh converted into tCO ₂ e using conversion factor of 182.96 tCO ₂ e/Gwh as per 2025 UK Government Greenhouse Gas Conversion Factors					

Table 8 – Other gas shrinkage in tCO₂e performance

Our long-term controllable shrinkage and leakage reduction performance is summarised in Figure 6, demonstrating that between 2013 and 2026 NGN's annual gas leakage reduced by 46%. Cumulatively this represents a saving of 1,292 GWh of natural gas over the period compared to our baseline position, equivalent to approximately 1,584,817 tCO₂e²⁴ of Scope 1 NGN emissions.

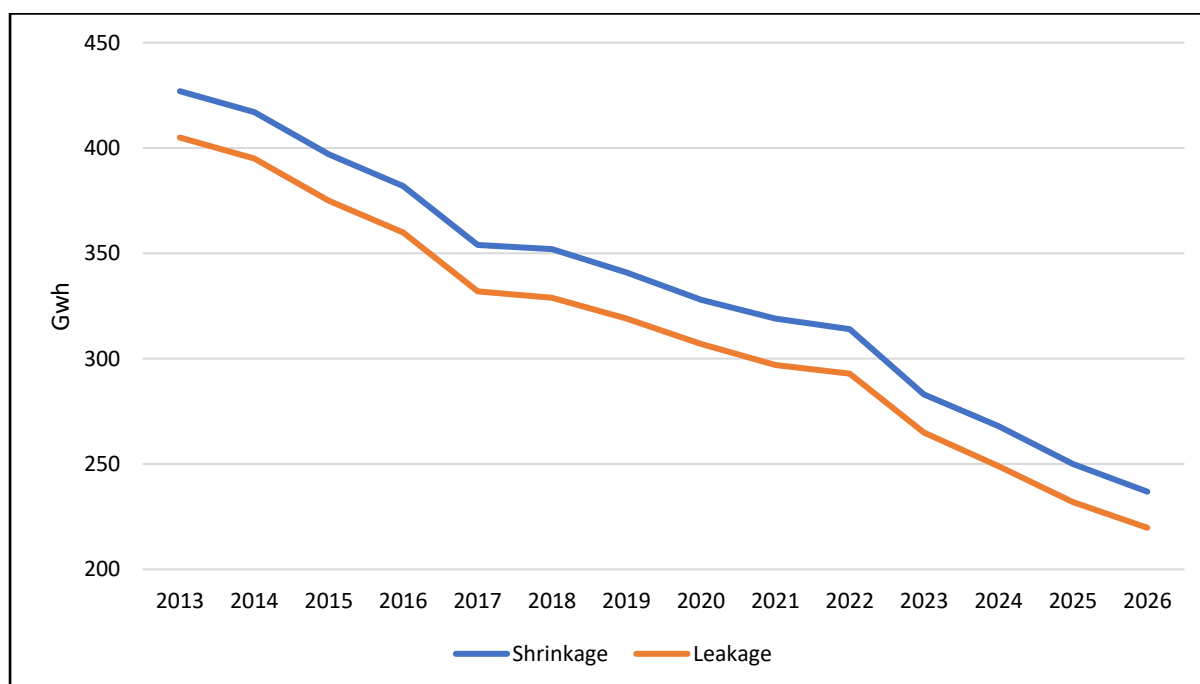


Figure 6 – Controllable shrinkage and leakage performance since start of RIIO-1

²⁴ 1,292 Gwh at 1226.42tCO₂e/Gwh.

Performance Summary

Throughout RIIO-2 we have operated our shrinkage reduction strategy which includes an optimised mains replacement programme which prioritises the replacement of metallic pipes which cause the greatest carbon impact, the installation and utilisation of equipment to enable proactive system pressure management and conditioning our gas with Monoethylene Glycol (MEG) to saturate and swell metallic joints which might otherwise leak gas. During 2025/26 we have continued to utilise data to guide our management actions to maximise shrinkage reduction outcomes.

As a result of our actions, our 2025/26 controllable gas shrinkage and leakage volumes reduced by 13 Gwh (5%) and 12 Gwh (5%) respectively compared to 2024/25, saving nearly 15,000 tCO₂e. Our shrinkage gas volume continues to comprise less than 0.5% of the gas transported through our network annually. In addition, our controllable shrinkage and leakage both reduced by 26% vs 2020/21 thereby outperforming our RIIO-2 period reduction targets and saving nearly 300,000 tCO₂e.

Unfortunately, a third-party damage incident to an NGN intermediate pressure main in north-east England in May 2025 caused substantial involuntary gas loss (20 Gwh, equivalent to approximately 25,000 tCO₂e), outweighing our in-year network shrinkage reductions. As a consequence, our annual total shrinkage increased by 2.8% compared to 2024/25, with associated emissions rising by 3.5%, and also impacting our RIIO-2 period performance. The impact of this event was mitigated by swift incident response and the excellent performance of our wider shrinkage reduction activities throughout the year.

Repairing Gas Leaks Faster

Whilst not included within the Shrinkage and Leakage Model, it is recognised that gas escapes result in emissions of natural gas to the atmosphere. As detailed in Part 4.2.2 of our RIIO-2 Business Plan, we voluntarily committed to repairing emergency gas escapes more quickly during RIIO-2. These commitments were intended to reduce the amount of gas lost to the atmosphere and deliver real-world carbon emission savings which, although difficult to estimate, could amount to 30,000 tCO₂e over RIIO-2. As shown in Table 9, we have achieved our performance targets throughout the RIIO-2 period including consistent improving performance on repairs completed within seven days.

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2025/26 Target
Outstanding gas emergency repairs completed within 7 days (%)	86%	91%	90%	91%	93%	94%	>89%
Outstanding gas emergency repairs completed within 28 days (%)	95%	98%	98%	98%	99%	98%	>98%

Table 9 – Gas emergency repair performance

4.2.2 Business Carbon Footprint - Scope 1 and 2

Scope 1 (direct) and Scope 2 (indirect) business carbon emissions (excluding shrinkage) comprised approximately 1.7% of our total reported greenhouse gas emissions during 2025/26. Despite this imbalance, our stakeholders have told us that they expect us to reduce all elements of our carbon emissions, not just gas shrinkage²⁵, and we agree with this view.

Working with the Carbon Trust in 2018/19 we established and adopted science-based aligned carbon reduction targets for a well below 2 degree warming scenario in 2050²⁶. This analysis also informed the targets that we set for key Scope 3 emissions. As detailed in our RIIO-2 EAP, after developing and adopting our carbon reduction targets, we subsequently adopted more ambitious short and long-term targets following the UK's commitment to achieving net zero greenhouse gas emissions by 2050. These targets, underpinned by our EAP initiatives and coupled with anticipated developments in technology, meant us targeting the achievement of:

- 47% reduction in Scope 1 and 2 non-shrinkage business carbon emissions by 2025/26 vs 2017/18 baseline²⁷; and
- net zero non-shrinkage Scope 1 and 2 business carbon emissions by the end of the 2030/31.

These targets directly support the achievement of net zero emissions in our network regions and the UK. Our business carbon footprint reduction targets are presented in Appendix A. It should be noted that our carbon reduction targets are unable to be approved by the Science Based Targets Initiative (SBTi) as there is currently no approved target development methodology for the oil and gas sector. SBTi have paused their work to develop an Oil and Gas Standard²⁸ and are not currently accepting commitments from oil and gas sector companies such as NGN. Our Scope 1 and 2 business carbon emissions are summarised in Table 10 and Figure 7.

Emissions in tCO2e	Specific Area	2021/22	2022/23	2023/24	2024/25	2025/26
Building energy use	Building – electricity*	0	0	0	0	0
	Building – natural gas	317	322	319	303	333
	Substation electricity	0	0	0	0	0
Operational transport	Road**	4,468	4,777	4,783	4,814	5,089
	Sea	0	0	0	0	0
	Air	0	0	0	0	0
Fugitive emissions	IIGs^	n/a	n/a	n/a	n/a	n/a

²⁵ Customer Insight 43, RIIO-2 EAP.

²⁶ As defined by the International Energy Agency for a global emissions trajectory that represents a 50% chance of limiting average future temperature increases to 1.75°C above pre-industrial levels. Our 2017/18 non-shrinkage carbon emissions form the baseline of this modelling.

²⁷ 7,494 tCO2e.

²⁸ <https://sciencebasedtargets.org/sectors/oil-and-gas> - accessed 3 August 2026.

Emissions in tCO2e	Specific Area	2021/22	2022/23	2023/24	2024/25	2025/26
	F-gases	Not measured	0	0	5	0
Fuel combustion	Diesel	0^^				
	Gas	Included in gas shrinkage^^^				
Controllable gas shrinkage***		363,344	328,250	308,963	287,622	272,667
Total gas shrinkage		363,344	328,250	308,963	287,622	297,653
Total excluding shrinkage						
Target		4,943	4,527	4,011	3,688	3,612
Emissions		4,785	5,099	5,102	5,122	5,422
Certified carbon offsets purchased		0	572	0	0	0
<u>Net emissions</u>		<u>4,785</u>	<u>4,527</u>	<u>5,102</u>	<u>5,122</u>	<u>5,422</u>
Total including controllable shrinkage		368,129	333,350	314,065	292,744	278,990
Total including total shrinkage		368,129	333,350	314,065	292,744	303,074
Total including total shrinkage per £m turnover (tCO2e/£m – market based)		874	661	584	559	509
Total including total shrinkage per Gwh gas transported (tCO2e/Gwh – market based)		5.48	5.64	5.15	4.95	5.54
^ Insulation and interruption gas - not relevant to gas distribution networks ^^ Fuel combustion in stationary and mobile plant included in Operational Transport – Road category as it cannot be distinguished from vehicle fuel consumption in source data (fuel card sales receipts). ^^^ Own use gas emissions are included in shrinkage emissions, see Table 8 for further details. * Value reported in table is as per market based methodology. Value for location based methodology: 2021/22 = 951 tCO2e; 2022/23 = 714 tCO2e; 2023/24 = 919 tCO2e; 2024/25 = 817 tCO2e; and 25/26 = 616 tCO2e ** Including electricity used to charge electric vehicles Full details of our business carbon reduction targets for the period 2021 to 2026 are contained in Appendix A. *** Total shrinkage minus leakage from (third party) interference sources. See Tables 5 and 6.						

Table 10 – Scope 1 and 2 greenhouse gas emissions

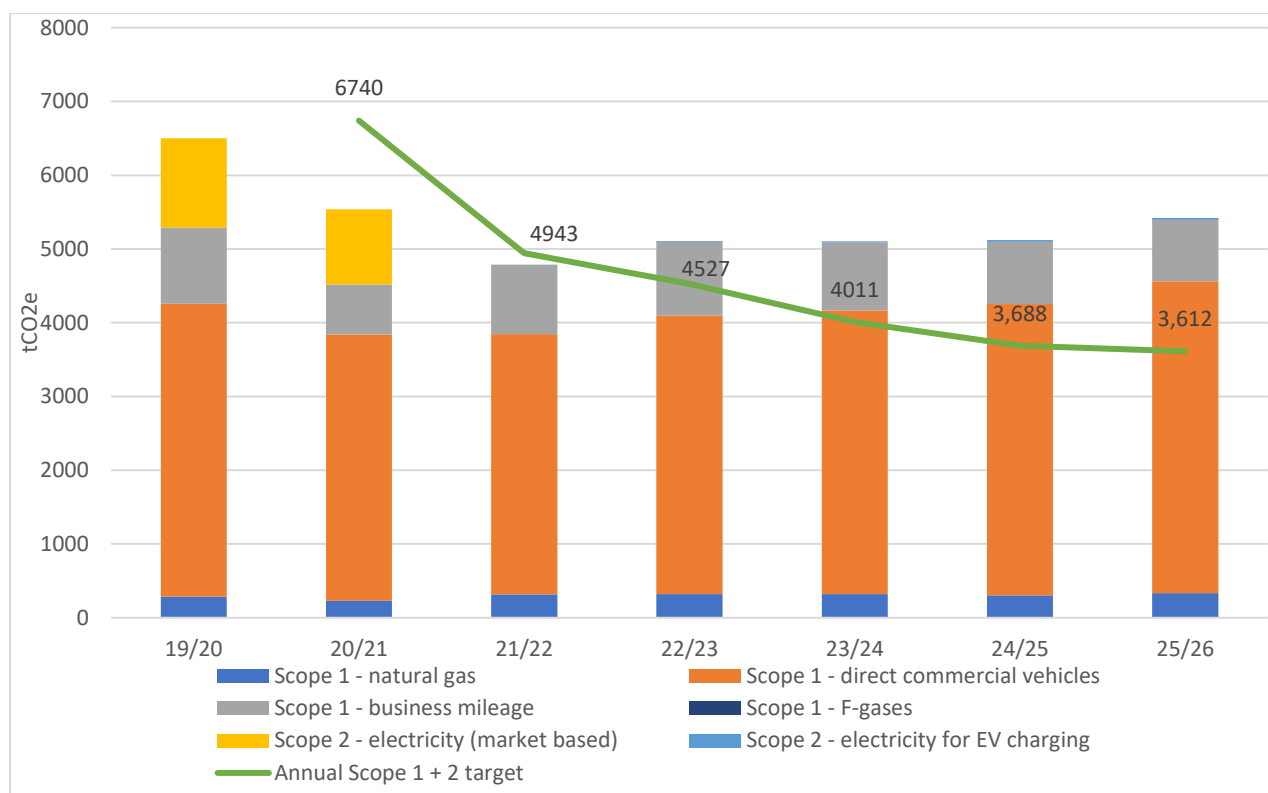


Figure 7 – Composition of Scope 1 and 2 greenhouse gas emissions excluding shrinkage and carbon offsets.

The EAP reporting guidelines request networks report the CO₂e intensity of an operational mile travelled over the duration of RIIO-2. This data is presented in Figure 8 based on NGN fuel purchasing records and travel data from our vehicle telematics system. It is noted that NGN’s commercial vehicle fleet are fuelled using company fuel purchase cards which provide total fuel consumption data in litres for all fuel purchases, including that purchased for use in vehicles and portable field equipment (such as generators), with fuel consumption purpose being indistinguishable in the purchasing data. In addition, our larger commercial vehicles often directly power field equipment (such as hydraulic breakers) and thus consume fuel whilst stationary.

Figure 8 demonstrates that the carbon intensity of our operational vehicle fleet has decreased by 19% since 2020/21. This change is believed to be associated with our new vehicle purchases and we will continue to report this data into RIIO-3 to capture the benefits of our vehicle fleet transformation.

It is of note that during RIIO-2 the annual mileage of our operational vehicle fleet has increased year-on-year as a result of our growing fleet and workload characteristics. During 2025/26 our annual operational mileage was 28% greater than in 2021/22 (when operational travel had returned to more usual patterns after the COVID-19 period).

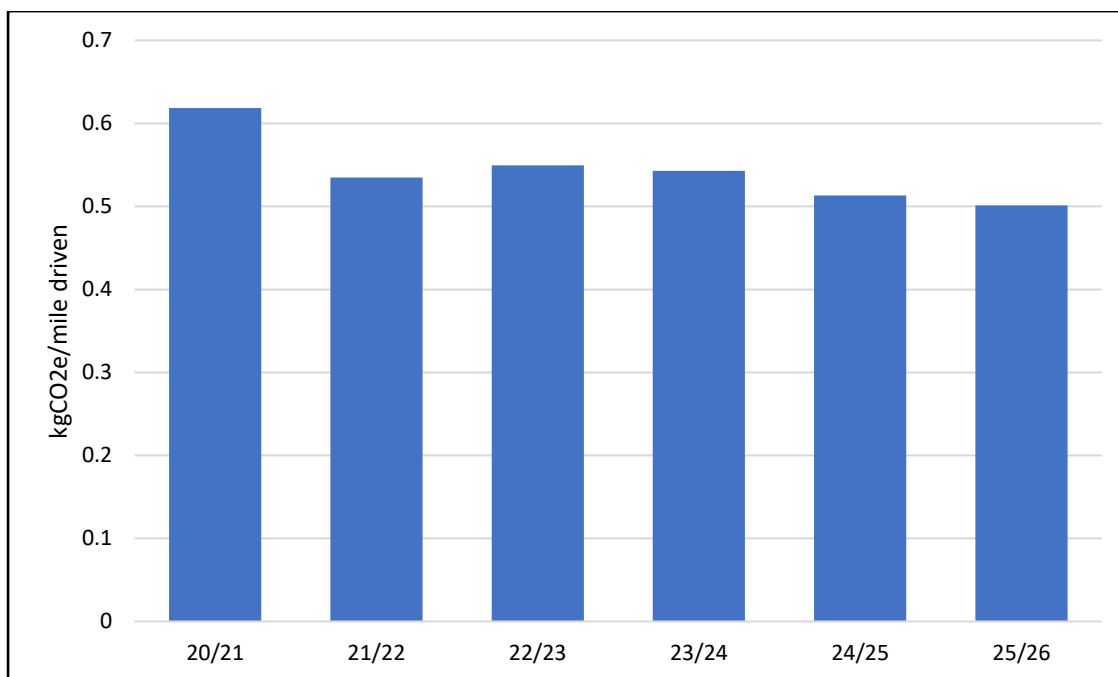


Figure 8 – Carbon intensity of operational vehicle travel (kgCO2e/mile driven)

Performance Summary

The impacts of the Covid-19 pandemic temporarily influenced our Scope 1 and 2 BCF during 2020/21 and 2021/22 as our business travel habits changed and energy consumption fell. Our Scope 1 and 2 BCF (market-based excluding shrinkage) has since stabilised with some small increases at the end of the period and during 2025/26 was 28% below our 2017/18 baseline. In pursuance of our end of RIIO-2 Scope 1 and 2 BCF target we were 50% in excess of our self-set annual target for 2025/26.

As shown in Table 10, our Scope 1 and 2 BCF (market-based) continues to be dominated by road vehicle emissions (94%). Further discussion of our vehicle decarbonisation programme progress is provided below.

We continue to purchase only 100% certified renewable electricity for our premises. During 2024/25 we delivered our RIIO-2 EAP commitment to install rooftop solar photovoltaics (PV) at our offices and depots with a total generation capacity of 388 kilowatt peak installed across eight of our locations. During 2025/26 we generated 343 Mwh of renewable electricity at our premises. Further, in April 2025 we switched to a 100% certified green gas supply tariff for our premises following the expiry of our previous energy supply contract. Although our RIIO-2 EAP anticipated this transition from 2024, we deferred the switch to secure a longer-term contract during the energy crisis and help manage costs. While the switch supports wider gas supply decarbonisation, the Greenhouse Gas Protocol reporting requirements does not currently permit the associated benefits to be reflected in our reported operational greenhouse gas emissions. It was anticipated when setting our RIIO-2 Scope 1 and 2 BCF targets that the carbon savings from this proactive purchasing of low carbon gas would enable a reduction in our reported emissions.

During 2025/26 we have continued to transform our company car fleet and have achieved our end of RIIO-2 target to have 100% hybrid, plug-in hybrid or battery electric vehicles in our fleet. In late 2022/23 we also launched a new electric and hybrid vehicle leasing salary sacrifice scheme to enable

colleagues to make sustainable vehicle choices and continued this into 2025/26. To date, 96 NGN colleagues have taken advantage of this scheme.

The main influences on our Scope 1 and 2 BCF performance are the external constraints we have experienced with delivery of our commercial vehicle fleet investment plans, most notably delayed delivery of new (Euro-6 engine) diesel vehicles that we ordered during RIIO-2, and the limited availability of suitably resilient zero emission commercial vehicles. As a consequence, our operational vehicle fleet emissions intensity has remained stable during RIIO-2 as shown in Figure 8. In parallel our actual operational vehicle fleet emissions have increased year-on-year throughout RIIO-2 because of our growing operational workforce and vehicle fleet, and associated mileage as discussed above, necessary to deliver our workload for our customers. Our operational vehicle fleet remained broadly unchanged between 2024/25 and 2025/26 but increased by 17% (+103 vehicles) compared to the start of RIIO-2 (2021/22). Reducing emissions from our fleet has remained challenging, and performance in this area has been a significant factor in our inability to achieve our end-of-RIIO-2 Scope 1 and 2 BCF target.

Vehicle Fleet Decarbonisation Programme Progress Summary

Our RIIO-2 vehicle replacement strategy included replacing 146 small and medium diesel vans with electric vehicles (EV) and installing 182 EV charging points. These figures have since been revised due to the constraints and challenges with implementing a full electric emergency response fleet.

Our plan was to begin installing the EV charging points in the first year of RIIO-2 and to purchase two EV vans to fully trial and understand the impact on our operations of adopting EVs. Despite Covid-19 related delays to the preparatory work, we installed 43 EV charge points across eight of our operational depots and offices during 2023/24. These EV charge points now support charging of battery electric vans and encourage more colleagues to make the switch from an internal combustion engine to a plug-in hybrid or full battery electric car for both personal and business travel.

NGN continue to search the market for a fit-for-purpose battery electric van capable of meeting the demands of our operational activities. Following an extensive market review undertaken earlier in RIIO-2, we ordered 10 battery electric medium-sized vans in May 2024 to undertake a full operational trial within our First Call Operative emergency response fleet. However, global supply chain constraints and manufacturer delays meant the vehicles were not delivered until May 2025. For the purposes of the trial, NGN utilised existing colleague home charging points and where required installed new charging points at colleague's homes. Those charging NGN EV vans at home are provided with access to a payment mechanism which allows the costs of the energy used at their home to charge their NGN EV to be paid directly by NGN, thereby eliminating immediate out of pocket expenses for colleagues.

The trial commenced during the final year of RIIO-2 and evidenced several previously anticipated challenges. Real-world vehicle range when carrying operational equipment was around 20% lower than manufacturer estimates and reduced further during winter months, with average range reductions of 37%. Feedback also highlighted the limited availability of charging infrastructure across many semi-rural and rural parts of our network, creating operational constraints during emergency response activities. While the trial demonstrated that battery electric vans can support some operational activities, the combination of limited real-world range and insufficient charging infrastructure are significant constraints which must be overcome before wider fleet electrification.

Further zero emission van orders will be considered during RIIO-3, subject to suitability assessments and the availability of vehicles capable of meeting our operational requirements.

Case Study – Empowering colleagues through Carbon Literacy Training	
In November 2025 we hosted our first certified Carbon Literacy Training session, designed to strengthen our commitment to sustainability. The session introduced colleagues to the science of climate change, the role of carbon emissions, and practical ways to measure and reduce impact. Seventeen employees completed the training, equipping them with the knowledge to drive positive change across our organisation. Building on this success, we plan to deliver further sessions in RIIO-3 to reach more colleagues.	

4.2.3 Total Scope 1 and 2 Emissions

As shown in Table 10, our total Scope 1 and 2 controllable emissions decreased by 4.7% between 2024/25 and 2025/26, and 24% between 2021/22 and 2025/26. Whilst our Scope 1 and 2 BCF emissions increased during 2025/26, our out-performance in controllable shrinkage reduction meant our 2025/26 total controllable Scope 1 and 2 emissions (278,990 tCO₂e) met were below emissions target for the year (279,097 tCO₂e).

4.2.4 Business Carbon Footprint - Scope 3

Scope 3 greenhouse gas emissions are those associated with an organisation's value chain across 15 defined categories, including goods and services purchased, leased assets and waste disposal. As reported in our 2021/22 AER²⁹, our screening assessment identified that Scope 3 emissions categories 1 to 7 are considered to be relevant and material to our business operations. This assessment identified that Scope 3 emissions typically comprise approximately 15% of NGN's total greenhouse gas emissions (Scope 1 = c.85% and Scope 2 = <0.5%).

Reporting Improvement Programme

Following expansion of our Scope 3 emissions reporting in 2022/23, our 2025/26 reporting included the same emissions sources. Scope 3 emissions reported by NGN during 2025/26 are based on actual consumption data (such as tonnes of product purchased or litres of fuel consumed) multiplied by the relevant published carbon conversion factor wherever practicable, with none estimated from financial spend based factors/indices. This is the same approach as applied for our previous AERs.

Moving into RIIO-3 we will continue to work to expand the range of our Category 1 (goods and services) and Category 2 (capital goods) reporting as supply contracts are renewed. Engagement with our supply chain to date has identified a general absence of carbon/environmental data availability

²⁹ See Appendix B: https://www.northerngasnetworks.co.uk/wp-content/uploads/2022/09/NGN-21-22-AER_final.pdf

for many of the capital products that we purchase, hence we are currently reporting the emissions from our consumption of uniform materials (such as polyethylene, copper and steel pipes) for which published carbon conversion factors are available and emissions can be readily calculated based on mass of product purchased.

Performance Summary

Table 11 and Figure 9 identify the Scope 3 categories identified as material to NGN and their emissions for 2025/26.

Scope 3 Category	Data Content	Approx. Data Coverage in 2024/25 (%)	Emissions tCO2e				
			2021/22	2022/23	2023/24	2024/25	2025/26
1 – Goods and services	Gas mains replacement and helicopter survey contractor fuel emissions; Contractor reinstatement material; Landscape maintenance contractor vehicle emissions; batteries; and electrical consumables (WTW)	43%*	14,590	12,233	13,169	13,743	13,330
2 – Capital goods	Polyethylene gas pipe and fittings^^; steel pipe; copper pipe		6,163	6,490	7,197	6,325	6,208
3 – fuel and energy related activity not included in Scope 1 and 2	WTT emissions and transmission and distribution losses for Scope 1 and 2 emissions (fuel use in direct commercial vehicles and company owned/controlled cars; metered natural gas use; electricity use)**.	100%^	1,154	1,215	1,231	1,236	1,288
4 – upstream transportation and distribution	Logistics contractor emissions	100%^	102	99	84	87	86
5 – waste generated in operations	Office and depot waste, excavation spoil and polyethylene pipe waste	100%^	314	297	350	333	302
6 – business travel	Business travel via air, rail, hire cars and in personal cars plus hotel stays	100%^	83	155	532	284	466
7 – employee commuting	Employee commuting and homeworking emissions	100%^	Not available	1,141	1,215	1,096	1,307

Scope 3 Category	Data Content	Approx. Data Coverage in 2024/25 (%)	Emissions tCO2e				
			2021/22	2022/23	2023/24	2024/25	2025/26
and homeworking							
Total Emissions		41%*	22,406	21,630	23,776	23,104	22,987
Certified carbon offsets purchased (see Appendix B)			0	203	0	0	0
<u>Net emissions</u>			<u>22,406</u>	<u>21,427</u>	<u>23,776</u>	<u>23,104</u>	<u>22,987</u>
Total per £m turnover (gross tCO2e/£m)			53	43	44	44	39
Total per Gwh gas transported (gross tCO2e/Gwh)			0.33	0.37	0.39	0.39	0.42
* 2025/26 emissions for data content shown divided by estimated emissions for 2020/21. ** WTT emissions for gas shrinkage excluded as per Ofgem Table 11.06 format. 2025/26 gas shrinkage WTT emissions = 257.273 Gwh x 30.21 tCO2e/GWh = 7,772 tCO2e. ^ Source data available and included in emissions calculation for all relevant emissions sources. ^^ Polyethylene pipe and fittings emissions based on carbon conversion factor for high density polyethylene published by UK government and includes manufacture and transportation of products. Pipe manufacturer’s bespoke emissions calculations may vary. <u>Emissions from Downstream Customer Gas Consumption</u> It is of note that NGN do not own or control the gas that we transport and as such downstream emissions associated with customer gas combustion are not attributable to NGN as a Scope 3 emission. For completeness these emissions have been estimated as 11.6m tCO2e on the assumption that all gas transported through NGN network and not lost to shrinkage is subject to combustion by customers with carbon emissions generated as per carbon conversion factors published by UK Government Department of Business, Energy and Industrial Strategy for 2023: Gas consumption by NGN customers = 54,720 Gwh (NGN throughput) – 257 Gwh (NGN shrinkage) = 54,463 Gwh Gas consumption = 54,463 Gwh x (182.96 + 30.21) tCO2e/Gwh = 11.6m tCO2e							

Table 11 – Scope 3 greenhouse gas emissions

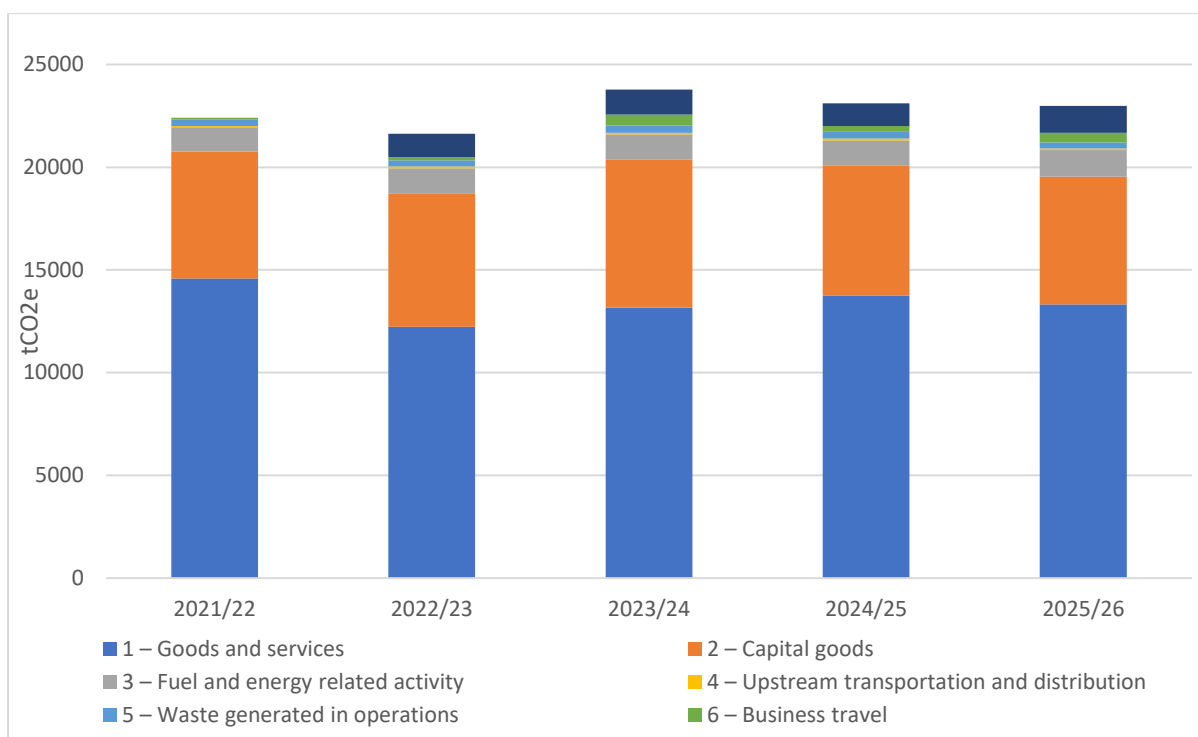


Figure 9 – Scope 3 greenhouse gas emissions by Scope 3 category

As referenced above, we strive to continuously expand the range of Scope 3 emissions that we measure and report as a matter of best practice. This makes gross Scope 3 emissions performance comparisons with previous reporting years problematic as we are not always comparing like with like.

Our RIIO-2 EAP included reduction targets for a consistent set of key Scope 3 emissions sources as measured during RIIO-1. Our performance against these targets is shown in Table 12 and identifies that these emissions have been similar throughout RIIO-2, and whilst decreasing in 2025/26 compared to 2024/25 (-0.6%), exceeded our annual target (+17%) meaning we did not achieved our RIIO-2 reduction target. This is reflective of our gas mains replacement work programme characteristics, in particular increasing mains replacement contractor vehicle emissions and limited availability of suitable low emission commercial vehicles and machinery.

Key Scope 3 Emissions (tCO2e)		2021/22	2022/23	2023/24	2024/25	2025/26
Contractor Vehicles – Mains Replacement Contractors Vehicle Emissions (Category 1 – Goods and Services)	Emissions	9,062	8,821	9,893	10,333	10,169
	Target	8,490	8,260	8,029	7,799	7,568
Contractor Vehicles – Helicopter Surveys (Category 1 – Goods and Services)	Emissions	53	35	40	44	55
	Target	77	77	77	77	77
Polyethylene gas pipe and fittings (Category 2 – Capital Goods)	Emissions	6,084	6,368	7,052	6,203	6,065
	Target	6,470	6,436	6,402	6,367	6,334

Key Scope 3 Emissions (tCO ₂ e)		2021/22	2022/23	2023/24	2024/25	2025/26
Electricity Generation and Transmission and Distribution Losses (Category 3 – fuel and energy related activity not included in Scope 1 and 2)	Emissions	0	0	0	0	0
	Target	41	38	0	0	0
Business travel – air (Category 6 – business travel)	Emissions	0	1	357	115	308
	Target	198	196	194	192	190
Business travel – rail (Category 6 – business travel)	Emissions	2	8	12	10	12
	Target	22	22	22	22	22
Total	Emissions	15,200	15,233	17,355	16,705	16,607
	Certified carbon offsets purchased	0	203	0	0	0
	<u>Net emissions</u>	<u>15,200</u>	<u>15,030</u>	<u>17,355</u>	<u>16,705</u>	<u>16,607</u>
	Target	15,298	15,030	14,724	14,457	14,191

Table 12 – Key Scope 3 emissions reduction targets and performance

4.2.5 Total Scope 1, 2 and key Scope 3 emissions

As shown in Tables 10 and 12, our total controllable Scope 1, 2 and key Scope 3 emissions decreased by 4.5% between 2024/25 and 2025/26, and 22.9% between 2021/22 and 2025/26. Our 2025/26 controllable Scope 1, 2 and key Scope 3 emissions were slightly (0.8%) over our emissions target for the year.

4.2.6 Embodied Carbon

As identified in the reporting guidelines, embodied carbon (EC) is commonly defined as the whole life ('cradle to grave') total greenhouse gas emissions generated to produce a built asset, including emissions associated with extraction, manufacture/processing, transportation, assembly and end of life decommissioning.

As detailed in our 2021/22 AER, we have completed a scoping assessment of the embodied carbon (EC) associated with our principal areas of work expenditure, namely: gas mains replacement, diversions and reinforcements (<7 barg); new connections; and gas emergency repair. This assessment was aligned to PAS2080³⁰ and included consideration of asset lifecycles.

Process mapping of our work projects was completed to identify sources of EC associated with our works for inclusion in our EC calculation based on assessment of their materiality and source data quality, resulting in c.90% of identified emissions sources being included based on 2020/21 data. A summary of our EC assessment methodology is included in Appendix C of our 2021/22 AER³¹.

³⁰ PAS2080 Carbon Management in Infrastructure Verification: <https://www.bsigroup.com/en-GB/our-services/product-certification/product-certification-schemes/pas-2080-carbon-management-in-infrastructure-verification/>

³¹ https://www.northerngasnetworks.co.uk/wp-content/uploads/2022/09/NGN-21-22-AER_final.pdf

Using our methodology, estimated baseline total and normalised 'as built' EC values for 2020/21 have been calculated for our principal workload, in addition to actual performance values for 2021/22, 2022/23, 2023/24, 2024/25 and 2025/26 (normalised to 2020/21 cost basis for consistency to remove inflationary effects). An EC intensity target to be achieved by the end of RIIO-2 was also developed based on our relevant EAP commitments (such as our excavation spoil recycling and vehicle fleet decarbonisation targets) and 2020/21 waste and material consumption volumes. This information is shown in Figures 10 and 11. We will continue to review our EC data collection throughout RIIO-3 to identify areas to improve this new area of reporting.

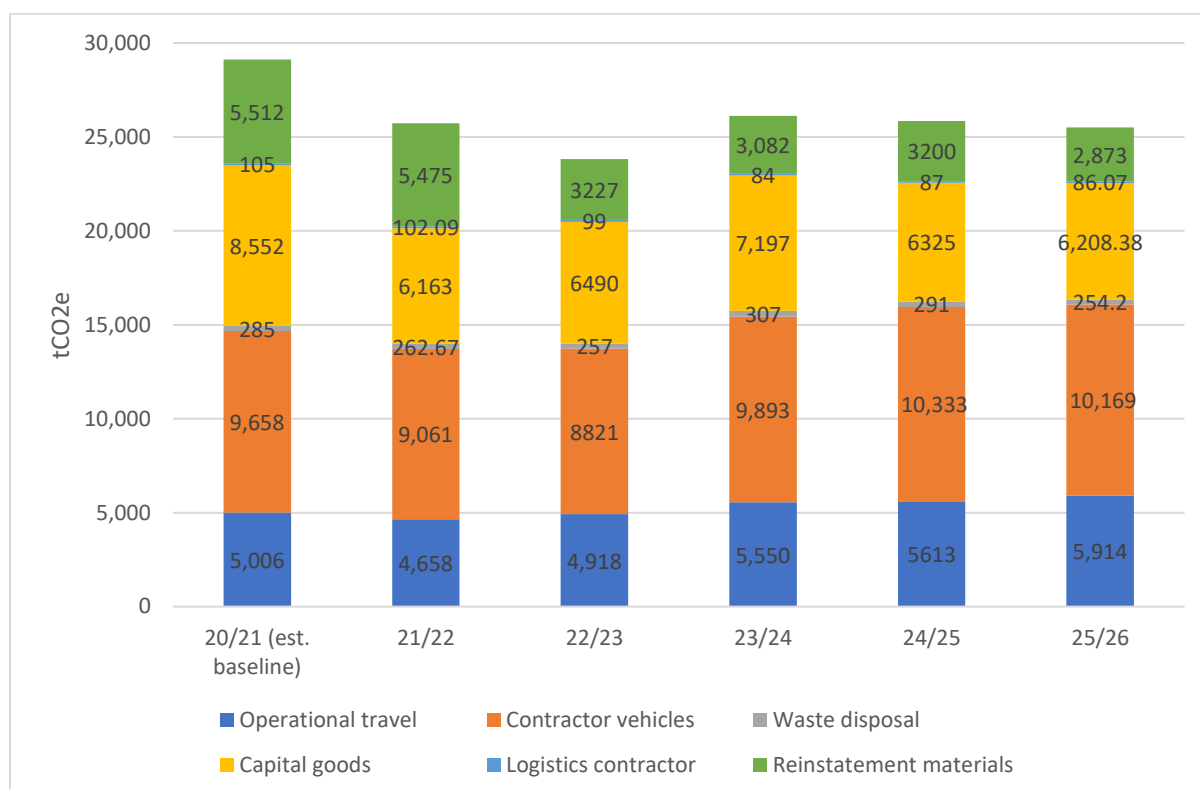


Figure 10 – Embodied carbon emissions for gas mains replacement, diversions and reinforcements (<7 barg), new connections and emergency repair work

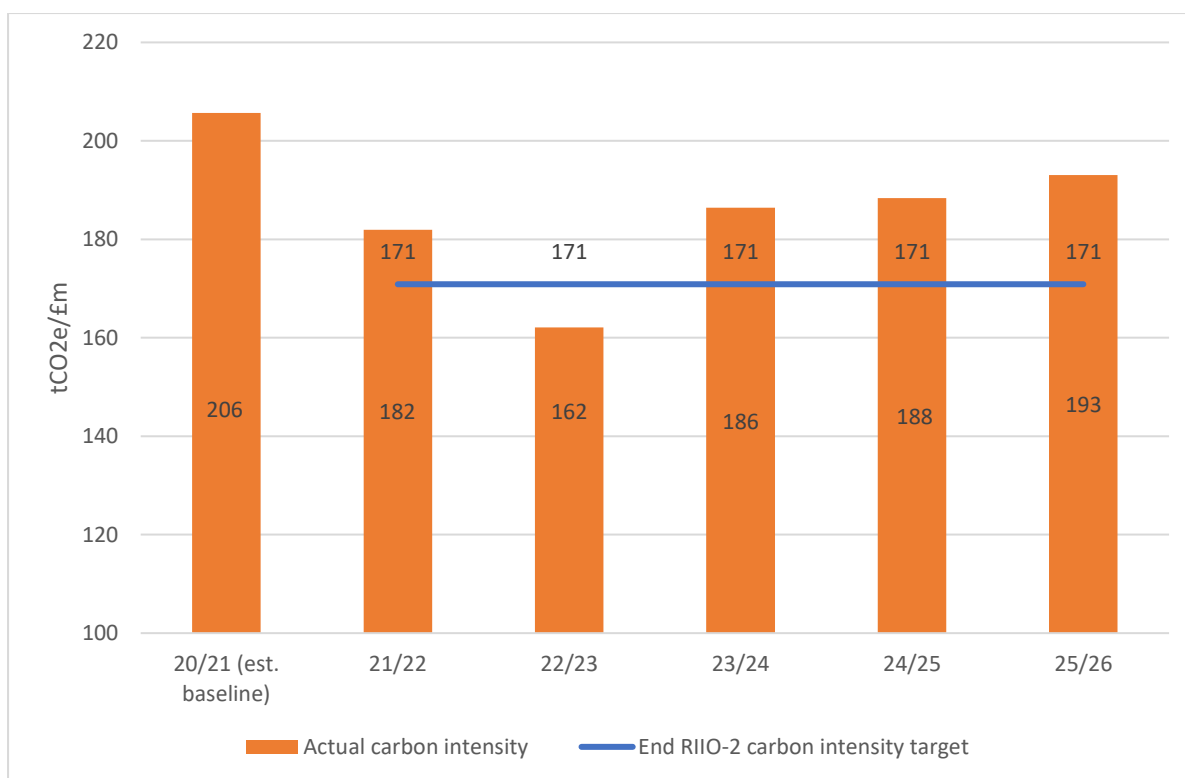


Figure 11 – Estimated embodied carbon emissions intensity for gas mains replacement, diversions and reinforcements (<7 barg), new connections and emergency repair work in 2020/21 prices

As shown in Figure 10, total EC has remained similar throughout RIIO-2, with a 1.3% reduction between 2024/25 and 2025/26 interpreted to be influenced by a 4% reduction in mains replacement workload³².

Figure 11 demonstrates that the EC intensity for our main work types has remained similar throughout the final three years of RIIO-2 and consistently less than our estimated baseline for 2020/21 by c.10-20 tCO2e/£m. Based on our RIIO-2 EAP commitments we were targeting a 17% reduction in this value by end 2025/26 compared to our baseline, which we achieved during 2022/23 but have since exceeded due to the characteristics of our workload, our growing vehicle fleet requirements and difficulties obtaining suitable zero emission vehicles and machinery. We will continue to monitor our EC performance throughout RIIO-3.

The workload included in our EC calculation is varied and includes repair of gas leaks, installation of new gas connections, replacement of gas mains and associated services for a wide range of diameters, and network reinforcement (<7 barg). Estimated emissions for mains replacement, diversions and reinforcements workload based on expenditure identified that the carbon intensity of this work reduced from approximately 50 tCO2e per km of pipe installed in 2020/21 to approximately 35 tCO2e per km throughout RIIO-2, thereby indicating consistent performance. Equivalent comparison values from other utility works are difficult to establish, however these values are similar to (but substantially less than) those reported from the water industry (approximately 90-190 tCO2e per km for new polyethylene mains laid in roads³³), with the difference anticipated to be due to NGN gas mains

³² 2020/21 = 29,118 tCO2e; 2021/22 = 25,722 tCO2e; 2022/23 = 23,813 tCO2e; 2023/24 = 26,113 tCO2e; 2024/2025 tCO2e = 25,849; and 2025/2026 = 25,504

³³ Carbon curves for the assessment of embodied carbon in the wastewater industry; Smyth, Davison and Brow; *Water and Environment Journal* **31** (2017) 4-11.

replacement being predominantly done by insertion techniques utilising the existing gas mains rather than traditional open trench methods anticipated to be utilised for new water mains.

We are looking into opportunities to expand the scope of our embodied carbon data capture during RIIO-3 to include capital projects such as fixed asset site upgrades and diversions undertaken for third parties to enable a wider scope of EC reporting in the future.

4.3 Sustainable procurement, resource use and waste

Key annual performance summary:

- **84% expenditure with Supplier Code of Conduct compliant suppliers**
- **100% waste recycled, reused or recovered**
- **0% excavation spoil to landfill**
- **Virgin aggregate use increased to 4.4% due to geographical supply constraints**

4.3.1 Supply Chain and Sustainable Procurement

Our EAP recognised the need for us to develop a sustainable approach to procurement and resource consumption to reduce the environmental impact of our business operations.

During 2025/26 we spent £255m on goods and services from nearly 500 suppliers, 64% of which were known to be small and medium sized enterprises (SMEs). Our principal area of expenditure was mains replacement and reinstatement contractors which accounted for 38% of expenditure on goods and services.

For core business procurement events we preferentially engage suppliers who have been approved via the Achilles Utilities Vendor Database, an independent supply chain assurance assessment. In addition, potential suppliers for procurement events are typically required to complete a pre-qualification questionnaire (PQQ) which as standard includes questions regarding their environmental management systems, past environmental performance, corporate environmental objectives, how they meet our EAP objectives and their sustainable business practices, and are awarded scores accordingly. It is of note that we are aware that many of our suppliers have set their own sustainability metrics and targets but we do not have access to data regarding the proportion of suppliers that have these and as such cannot provide performance data on this.

During 2021/22 we worked with our stakeholders³⁴ to finalise our Supplier Code of Conduct ('supplier code') and associated compliance process. Our supplier code is aligned to the UN SDGs and requires our suppliers to operate to high standards of environmental management and sustainable business practices. We expect the implementation of our supplier code to ensure delivery of our RIIO-2 commitments in the most sustainable manner for both our stakeholders and the planet, including with respect to ethical working practices and reducing greenhouse gas emissions. We set an EAP commitment to achieve at least 80% of our suppliers (by value) complying with our supplier code by the end of RIIO-2.

³⁴ ³⁴ <https://together.northerngasnetworks.co.uk/wp-content/uploads/2021/11/Supplier-code-of-conduct-Workshop-12-January-2022-v2.pdf>

Performance Summary

Following launch in April 2022³⁵, our supplier code has subsequently been communicated with existing and potential suppliers and compliance tracked by our Procurement Team. Our performance can be seen in Table 13 and identifies during 2025/26 84% of our expenditure was with suppliers who have agreed to our supplier code, a total of 243 suppliers and thereby achieving our target set for end RIIO-2. This means we have out-performed our RIIO-2 commitment.

Supply Chain	2021/22	2022/23	2023/24	2024/25	2025/26
Percentage of suppliers (by value) meeting NGN's supplier code (%)	n/a	79	82	87	84

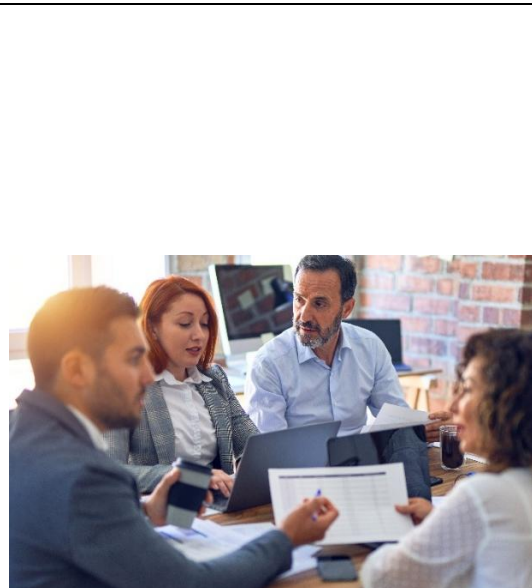
Table 13 – Sustainable procurement performance

During 2022 we joined the Supply Chain Sustainability School to help improve the sustainability performance of our supply chain and we have since achieved Gold status. Our membership enables us to provide our suppliers with access to free to use training materials to help them develop their awareness of sustainability issues and how they can improve their own sustainability performance. In 2025/26 our suppliers engaged with sustainability-related training materials over 1,765 times on the school's platform, reflecting a strong commitment to learning and improvement.

Case Study – Supplier Training

In early 2026, we successfully launched an Environmental Supplier Learning Pathway in partnership with the Supply Chain Sustainability School. The programme began with an introductory sustainability webinar, followed by a series of online training sessions covering a range of topics, including waste management and carbon emissions. Representatives from 10 of our largest suppliers by spend took part in the programme, of whom most are direct service providers delivering our mains replacement programme.

The learning pathway provided participating suppliers with opportunities to build their understanding of key environmental sustainability topics and develop their capability in areas relevant to NGN's environmental ambitions. We are currently seeking feedback from participants to help evaluate the impact of the programme and identify opportunities for future development. Subject to the outcomes of this review, we plan to expand our supplier training and engagement activities during RIIO-3 to further support our environmental ambitions.



³⁵ https://www.northerngasnetworks.co.uk/wp-content/uploads/2022/04/Supplier-Code-of-Conduct_FINAL_compiled.pdf

4.3.2 Efficient Resource Use and Waste

Our business operations inherently involve consumption of resources and generation of waste by ourselves and our contractors.

A summary of our primary material/resource consumption types by volume/mass is presented in Table 14 including data from ourselves and our main contractors.

Material/Resource Type	Unit	2021/22	2022/23	2023/24	2024/25	2025/26
Secondary (recycled) aggregates	tonnes	107,344	114,439	130,976	125,950	116,277
Asphalt	tonnes	98,149	39,743	39,991	37,688	35,041
Primary (virgin) aggregates*	tonnes	31,744	28,095	32,214	28,453	25,961
Soil	tonnes	11,492	4,372	4,209	5,396	4,234
Concrete and concrete products (eg kerbstones)	tonnes	7,782	7,316	6,383	9,099	7,749
Polyethylene pipe and fittings	tonnes	1,861	1,947	2,157	1,979	1,959
Diesel**	Litres	3,746,881	4,256,051	4,641,547	4,826,696	4,800,259
Petrol**	Litres	65,370	76,487	97,336	102,290	118,635
Materials/resources presented are those with annual consumption >1000 tonnes or litres. Data represents consumption for NGN, gas main replacement contractors and reinstatement contractors. * All aggregates including sand; not just stone as required in Ofgem reporting definition for 'virgin aggregate' for Table 11.07. ** Excludes consumption associated with travel in cars claimed as mileage as actual fuel consumption unknown.						

Table 14 – Primary material/consumption volumes for NGN and contractors

In addition to the information provided in Table 14, we had an EAP commitment to use less than 2.5% primary (virgin) aggregate (crushed stone) in reinstatement by 2025/26. During 2025/26 our virgin aggregate consumption was 4.4%, a small increase compared to 2024/25 (3.9%), but significantly less than in 2021/22 (8.0%), 2020/21 (11.2%) and 2013/14 (29%)³⁶. Most of our operational areas consistently operate at, or very close to, 0% virgin aggregate use. However, challenges remain in certain parts of our network, particularly Cumbria, where limited availability of quality recycled aggregate continues to constrain network-wide performance. As a result, we did not achieve our EAP commitment in RIIO-2. We will continue working closely with our supply chain moving into RIIO-3 to improve access to recycled materials and further reduce reliance on virgin aggregate.

³⁶ See page 83: <https://www.northerngasnetworks.co.uk/wp-content/uploads/2021/07/NGN-RIIO-GD1-Year-8-Report.pdf>.

We typically generate c.200,000 t of waste annually, >99% of which is excavation spoil. During 2025/26 100% of our waste was recycled, reused or recovered, with 0.0% disposal to landfill for the third consecutive year, thereby achieving our RIIO-2 EAP commitment. A summary of waste production and disposal performance to the best available detail is provided in Table 15 below.

Waste Type	Unit	2021/22	2022/23	2023/24	2024/25	2025/26	2025/26 Target
Waste Production							
Excavation spoil	tonnes	201,061	196,887	235,897	225,598	206,336	n/a
Mixed recycling and recovered waste	tonnes	57	60	182	157	182	n/a
General waste	tonnes	583	526	411	409	549	n/a
Metals	tonnes	53	73	54	64	53	n/a
Wood	tonnes	39	47	66	64	57	n/a
Plastics (inc gas pipe waste)	tonnes	206	191	210	203	175	n/a
Green waste	tonnes	13	8	7	8	10	n/a
Hazardous	tonnes	3	3	1	11	6	n/a
Food	tonnes	n/a	n/a	n/a	n/a	9	n/a
Other**	tonnes	38	32	82	53	47	n/a
Total	tonnes	202,053	197,828	236,909	226,566	207,424	n/a
Total office and depot waste^	tonnes	981	936	946	937	1,018	916*
Total waste per £m turnover	Tonnes/£m	480	392	440	433	349	n/a
Waste Disposal Performance							
Total waste: disposed to landfill recycled/reused recovered	%	0.12 99.88** *	0.22 99.52 0.26	0 99.89 0.11	0.02 99.87 0.11	0.02 99.85 0.14	n/a
Excavation spoil: disposed to landfill recycled/reused recovered	%	0.11 99.89** *	0.21 99.79 0.00	0.00 100 0.00	0.02 99.98 0.00	0.02 99.98 0.00	<0.1% n/a n/a
Office and depot waste: disposed to landfill recycled recovered	%	2.48 97.52** *	1.34 44.03 54.63	0.25 73.86 25.89	0.01 75.49 24.50	0.17 73.97 25.86	0% n/a n/a
* Equates to 20% reduction compared to 2018 baseline (1145 t) ** Includes batteries, sanitary waste, and oil. ***2021/22 data only available as disposal to landfill and diversion from landfill (recycled or recovered). ^ Waste disposed at office and depot sites only (excludes waste generated at infrastructure sites and temporary work sites).							

Waste Type	Unit	2021/22	2022/23	2023/24	2024/25	2025/26	2025/26 Target
Waste data from our leased office at Doxford Park, Sunderland could not be obtained from our landlords. In response the waste data for our head office at Thorpe Park, Leeds has been duplicated as a proxy for the missing Doxford Park data as the offices typically have similar numbers of colleagues working there.							

Table 15 – Waste disposal performance

The proportion of office and depot waste sent to landfill increased slightly during 2025/26 to 0.17%, but remains very low and achieving our RIIO-2 EAP target of 0% for the third consecutive year.

Following three stable years, office and depot waste increased by c.80 tonnes in 2025/26 compared to recent years. This performance was largely driven by extensive renovation works at two of our depots, which generated unusually high volumes of waste during the year. As a consequence, whilst we achieved an 11% reduction in office and depot waste mass against our 2018 baseline during 2025/26, we fell short of our EAP target to achieve a 20% reduction by the end of RIIO-2. It is of note that office and depot waste had been 18% below baseline during the three previous years. We anticipate this is a temporary impact and as we move into RIIO-3 we will continue to identify opportunities to reduce waste generation and improve resource efficiency across our offices and depots.

We communicate our EAP waste and material targets with our colleagues via digital signage in our offices and depots, in addition to sharing them with our contractors. Our contractors are required to submit a detailed monthly waste, materials and fuel consumption report which identifies their performance against our EAP commitments. The performance data is subject to challenge and scrutiny at contractor performance review and meetings, and since April 2022 is included as scored criteria in our contractor 'Champions League' with similar weightings to health and safety and customer service performance.

NGN's paper consumption remains low at approximately 0.5 million sheets per year, compared with a 2018 baseline of 3 million sheets. This represents an 84% reduction, significantly exceeding our RIIO-2 EAP target to halve paper consumption by 2025/26. Paper usage also decreased by approximately 25% between 2024/25 and 2025/26.

Our EAP included a commitment to eliminate avoidable single use plastics from our offices and depots by the end of RIIO-2. During 2022-23 we undertook a baseline assessment of our single use plastics consumption across our facilities and identified areas for improvement. We have since made improvements including:

- successfully switched single use plastic milk containers to glass milk bottles at our head office (saving >1000 bottles and c.40kg of plastic waste per year);
- changing our office bin liners to recyclable or biodegradable bags;
- ensuring we have recycling facilities for used printer ink and toner cartridges;
- providing our operational colleagues with refillable water bottles as a sustainable alternative to ready bottled drinking water which is estimated to save c.80,000 single use plastic bottles weighing approximately three to four tonnes annually; and
- Reduced the number of single use plastic items in our office stationery supplier catalogue.

Case Study – Making everyday office supplies more sustainable

We've transformed our colleague stationery catalogue to be more sustainable. Our catalogue has been streamlined from 250,000 items to 170 core products, each selected to meet our sustainability standards. Colleagues now have access to more eco-friendly options, with many items replaced by alternatives that use less single-use plastic and are made from recycled, recyclable, or reusable materials, helping to cut waste and conserve resources.

To further reduce our footprint, we have consolidated deliveries so that all orders arrive on a single day each week. This simple change helps to minimise the associated environmental impact associated with transporting stationery and office supplies.



4.4 Local environment

Key annual performance summary:

- ***Continuous review of severe weather management procedures***
- ***Completion of land remediation works at seven former gasworks sites***
- ***Planting of more than 6,300 trees in our community to improve air quality***
- ***'Homes for natures' at 146 NGN sites***
- ***Zero reportable environmental incidents***

4.4.1 Climate Change Resilience

NGN is designated as a reporting authority under the Climate Change Act (2008). During December 2024 we published our latest climate change adaptation and risk assessment report in response to the fourth round of the Climate Change Adaptation Reporting Power (CCARP)³⁷. NGN have contributed to all rounds of CCARP to date (Round 1 (2011), Round 2 (2015) and Round 3 (2021)).

Our 2024 report details the climate change scenario analysis that we have completed collaboratively with the other energy networks of Great Britain and how we have used this to complete climate change risk assessments for our operations and assets in 2024, 2050 and 2100 for 2°C (Representative Concentration Pathway (RCP 4.5)) and 4°C (RCP 8.5) future warming pathways. No high risks have been identified for any of the time horizons and warming scenarios analysed. The long-term future of gas network infrastructure in the UK is uncertain so our assessment assumes that gas networks will continue to play a critical role in the UK energy system with infrastructure assets and network operation and maintenance requirements similar to current.

³⁷ Report available here: https://www.northerngasnetworks.co.uk/wp-content/uploads/2024/12/NGN-CCAR-Round-4-Report_Final.pdf

Our risk scores for the current time and 2050 are stable between our CCARP Rounds 3 and 4 assessments reflecting our mature awareness of climate change and proactive monitoring and management of assets to mitigate potential impacts. New analysis for CCARP4 identifies that risks in 2100 remain broadly stable compared to earlier horizons across both climate scenarios assessed, albeit with potentially increased likelihoods of occurrence, in particular under a 4°C warming scenario. It is noted that there is relatively low confidence in the 2100 risk ratings due to uncertainties in the climate modelling and long-term gas network characteristics.

During 2024 we published our Climate Resilience Strategy³⁸ which identifies our commitments for 2026 to 2031 to improve our resilience, including proactive asset management investments, regional and national collaboration, and development and reporting of climate resilience metrics. Our strategy also details how we have learnt from recent extreme weather events to improve our preparedness.

During 2025/26 we continued to work collaboratively with our regulator (Ofgem) and the other gas and electricity networks of Great Britain to inform the development a suite a of climate resilience metrics and indicators for public reporting

4.4.2 Enhancing the Local Environment

A summary of our principal schemes to enhance the local environment during RIIO-2 is provided in Table 16 with commentary provided below.

Scheme Name	Location	Description	Environmental Benefit	Timescales
Land remediation programme	Knottingley AGI, West Yorkshire	In situ remediation of former gasholder tank	Recovery of c.1,900 litres of hazardous coal tar for disposal	2017 to January 2023 (complete)
	Howdon Holder Station, Tyne and Wear	In situ remediation of former gasholder tank	Recovery of c.7,500 litres of hazardous coal tar for disposal	February 2020 to November 2023 (complete)
	Former Gas Holder Station, Normanton, West Yorkshire	Removal and replacement of soil impacted by historical gasworks contaminants	Removal and off-site disposal of c.70 tonnes of contaminated soil to eliminate potential exposure pathway of soil contaminants to site users and neighbours	March 2025 (complete)
	Former gasworks site, Hull, East Yorkshire	Engineered capping of 365 m ² of soil impacted by asbestos	Elimination of potential exposure pathway of soil contaminants to site users and neighbours	March 2025 (complete)
	Former gasworks site, Hendon, Sunderland	In situ remediation of former gasholder tank	Recovery of over 19,000 litres of hazardous coal tar and contaminated water for disposal	April 2025 to January 2026 (complete)
	Former gasworks site, Keighley, West Yorkshire	In situ remediation of former gasholder tank	Recovery of c.89,000 litres of hazardous coal	July 2025 to March 2026 (complete)

³⁸ Strategy available here: <https://www.northerngasnetworks.co.uk/wp-content/uploads/2024/12/A8-Climate-Resilience-Strategy.pdf>

Scheme Name	Location	Description	Environmental Benefit	Timescales
			tar and contaminated water for disposal	
	Former gasworks site, Bingley, West Yorkshire	In situ remediation of former tar tank and engineered capping of 2600 m ² of soil impacted by asbestos.	Recovery of over 6,000 litres of hazardous coal tar and contaminated water for disposal and elimination of potential exposure pathway of soil contaminants to site users and neighbours	Capping layer November 2025 (Complete) In situ remediation October 2025 to July 2026 (complete)
	Former gasworks site, Cripplegate, Halifax, West Yorkshire	Removal and replacement of soil impacted by historical gasworks contaminants	Removal and off-site disposal of over 200 tonnes of contaminated soil to eliminate potential exposure pathway of soil contaminants to site users and controlled waters.	March 2026 (complete)
	Former gasworks site, Brighouse, West Yorkshire	Removal and replacement of soil impacted by historical gasworks contaminants	Removal and off-site disposal of 12 tonnes of contaminated soil to eliminate potential exposure pathway of soil contaminants to site users and controlled waters.	March 2026 (complete)
	Former gasworks site, Shelley, West Yorkshire	Removal and replacement of soil impacted by historical gasworks contaminants	Removal and off-site disposal of 80 tonnes of contaminated soil to eliminate potential exposure pathway of soil contaminants to site users and controlled waters.	February 2026 (complete)
	Former gasworks site, Birkshall, Bradford, West Yorkshire	Removal and replacement of coal tar contaminated soil from a former tar tank covering 54 m ² .	Elimination of potential exposure pathway of soil contaminants to controlled waters, sites users and neighbours	April 2025 (complete)
Tree planting scheme	North, East and West Yorkshire	Planting of >50,000 trees	Air quality, carbon sequestration, water retention and biodiversity	April 2021 to 2026 (complete)
Homes for Nature	Various NGN asset sites	Creation of habitat and changing vegetation management to	Changes made at 252 sites	2017 to 2026 (complete)

Scheme Name	Location	Description	Environmental Benefit	Timescales
		encourage biodiversity		

Table 16 – Schemes to enhance the local environment during RIIO-2

Land Remediation

As detailed in our RIIO-2 EAP, our stakeholders were strongly of the view that NGN should be doing more in relation to land remediation. During RIIO-2 we committed to continuing our award-winning land remediation programme which was initiated in RIIO-1 to proactively manage our portfolio of approximately 150 asset sites built on former gasworks. This programme involves targeted inspection, investigation and monitoring works, with bespoke remediation where necessary, to ensure our sites are maintained in statutory compliant conditions, posing no significant pollution risks.

Our land remediation workload for RIIO-2 is summarised in Table 17.

Land Remediation Monitoring and Maintenance Works at Gasholder and Non-Gasholder sites		Statutory Land Remediation at Gasholder and Non-Gasholder Sites
On-going periodic site condition reviews for all sites within our portfolio (currently 148) to ensure conditions remain stable and existing environmental risk assessments regarding site pollution potential remain valid.	Environmental monitoring works at up to nine sites, and intrusive survey works at up to a further seven sites, to confirm site conditions and refine the existing site environmental risk assessment.	Remediation works at up to eight sites where RIIO-1 intrusive survey and monitoring works have identified potentially non-compliant conditions, or where remediation would deliver environmental betterment to reduce the long-term contamination risks associated with the sites to ensure compliance.

Table 17 – RIIO-2 land remediation workload summary

During 2025/26 we continued our programme of managing our portfolio of sites with potential for land contamination. Monitoring and maintenance works were completed across 75 sites. This included intrusive land contamination survey work at three of the sites and environmental sampling at ten of the sites to provide an updated assessment of the environmental risk and potential liability associated with each site. In addition, site inspections were completed at a further 60 former gasworks sites to ensure their conditions remain stable and their existing environmental risk assessments remain valid. It is of note that some sites had more than one work activity undertaken. Total expenditure on our land remediation programme during 2025/26 in current year prices was £1,343,569.51.

During 2025/26, land remediation works were successfully completed at seven of our asset sites affected by historic gasworks contamination:

- Brighouse, Shelley and Halifax: shallow hydrocarbon-impacted soils were excavated and disposed of at suitably licensed facilities. The excavations were then backfilled with suitable for use imported recycled aggregate and finished with a surface cover layer of imported primary gravel.

- Bingley: coal tar associated with a historic below ground tar tank was removed and disposed of at a suitably licensed facility. In situ pumping techniques were selected to minimise impacts to site neighbours. A new cover layer was installed across the operational area using imported primary gravel to mitigate risks associated with asbestos fibres identified in shallow soils.
- Birkshall: the on-site section of a historic below ground tar tank was excavated, the coal tar-contaminated contents removed, and the excavation backfilled with suitable for use material.
- Hendon and Keighley: solar-powered recovery systems were installed to extract coal tar from borehole sunk into the bases of former below ground gasholder tanks, reducing the risk of future tank breaches and impacts to controlled waters.

We have outperformed against our RIIO-2 targets for land remediation, delivering 317 monitoring and maintenance activities and nine land remediation projects compared to targets of 292 and eight respectively. This workload outperformance was delivered for £2.47m against a period allowance of £3.40m (in 2018/19 prices).

Case Study – Land Remediation at Commercial Road, Hendon

NGN owns a former gasworks and gas storage site located at Commercial Road, Hendon in Sunderland. The site is predominantly vacant, with a fenced AGI compound in the east and further active gas infrastructure and a booster house in the north.

The site formerly contained five gasholders (Nos. 1 to 5). Gasholders 1 and 2 were demolished and infilled in 1985, while Gasholders 3 to 5 were demolished and infilled during 2022/23.

In 2023, NGN commissioned an environmental ground investigation within the footprint of Gasholders 1 and 2. Coal tar was encountered near the base of Gasholder 2, and subsequent monitoring undertaken using wells installed during the investigation identified coal tar thicknesses of between 0.45 m and 0.67 m within the gasholder tank. Recovery trials and viscosity testing confirmed that the coal tar was recoverable.

In 2025, NGN appointed specialist remediation contractor Rhodar Ltd, together with its partner Geo2, to undertake coal tar recovery works to mitigate the risk of future tank breaches and potential impacts to the underlying Principal Aquifer. Boreholes were drilled to the base of the gasholder tank and installed with solar-powered recovery pumps. Coal tar was extracted to the



Figure A – Solar powered coal tar pumping system and bunded storage containers in operation at Hendon.



Figure B - Extracted coal tar collecting in bunded containers at the surface before being disposed of to a suitably licenced facility.

surface and stored within bunded containers prior to off-site disposal at a suitably licensed facility.	
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By completion of the project, approximately 19,300 litres of coal tar and coal tar-contaminated water had been recovered from the gasholder and safely disposed of at a suitably licensed facility leaving behind only negligible thicknesses in the tank base.	
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In addition to our strategic land contamination remediation programme, we committed to decontaminating and dismantling all of our remaining gas holders during RIIO-2 as they are no longer required for gas network operations. This work permanently eliminates the maintenance costs, safety risks and environmental liabilities associated with these historic structures. Between 2021/22 and 2024/25, all 23 gas holders were decontaminated and dismantled thereby delivering our commitment.

Tree Planting in Our Communities

Our EAP and 2021/22 AER describe how our shareholders committed £400,000 to fund the planting of 40,000 trees in our region during RIIO-2 to help tackle air pollution. To enable this, we have established a bespoke partnership with the Community Forest Trust³⁹, White Rose Forest⁴⁰ and Humber Forest⁴¹ to deliver the tree planting and after care maintenance, including funding the appointment of a dedicated Project Officer for a five-year period. The Project Officer also supports our partners in enabling other tree planting activities, such as completing planting funding applications to other third party sources. NGN have valued the societal and environmental benefits delivered by the planting scheme at over £22m over 50 years⁴².

During 2025/26 we directly funded the planting of 6,368 trees across six sites in East and West Yorkshire. The total net area of land planted during 2025/26 was 1.028 hectares. Since the programme started in 2021 we have planted 64,959 trees⁴³ across 133 sites in our region, meaning we have exceeded our RIIO-2 tree planting commitments by 62% and delivered nearly 23 hectares of new woodland.

As detailed in Section 1.3.2 of our 2021/22 AER, we engaged with our stakeholders during the design of the site selection methodology for the planting scheme and took on board their feedback by expanding it to include hedgerow creation to deliver broader environmental benefits. During 2025/26 our scheme directly funded the planting of 580m of new hedgerow across three sites in East and West Yorkshire. In total our scheme has funded the planting of 4,096m of new hedgerow in our region.

In addition to the direct outputs of our own tree planting scheme, the project officer funded by NGN has also assisted partners in obtaining other sources of funding for tree planting, including leveraging a further £341,000 of capital funding to plant 817 standard (larger) trees through the Forestry Commission's 'Urban Tree Challenge Fund' programme.

³⁹ <https://www.communityforest-trust.org/>

⁴⁰ <https://whiteroseforest.org/>

⁴¹ <https://www.humberforest.org/>

⁴² CV6: <https://www.northerngasnetworks.co.uk/wp-content/uploads/2019/12/A13-NGN-RIIO-2-Customer-Value-Proposition.pdf>

⁴³ Our 2021/22, 2022/23, 2023/24 & 2024/25 planting numbers have been revised since production of our 2024/25 AER.

The cost to NGN shareholders of our tree planting during 2025/26 was £81,013.



Figure 12: NGN tree planting scheme outputs – new hedgerow in Hull, East Yorkshire

Homes for Nature

It is well established that biodiversity in the UK and globally is under significant pressure from land use change and climate change. Through our Homes for Nature commitment, we pledged to make positive biodiversity enhancements at 250 of our fixed asset sites by the end of RIIO-GD2, at no additional cost to gas customers. These enhancements can include habitat creation, installation of wildlife features, and changes to vegetation management practices to create conditions in which biodiversity can thrive. To support delivery of this commitment, we developed a catalogue of biodiversity enhancement measures suitable for our infrastructure sites and shared this with our landscape management contractor to facilitate implementation.

During 2025/26, we implemented biodiversity enhancements at a further 146 asset sites, bringing our total number of Homes for Nature sites to 252. As a result, we have achieved our target of enhancing 250 sites by the end of RIIO-2.

In addition, during 2025/26 we introduced a new vegetation management contract that embeds our No Mow May commitments across approximately 140 infrastructure sites. This approach supports native wildflowers and pollinators by allowing vegetation to grow and flower during key periods of the year, helping to create more biodiverse habitats across our operational footprint. We will continue this approach into RIIO-3.

Case Study – No Mow May, 2022 to 2025

At NGN, maintaining our infrastructure sites safely and efficiently has traditionally involved regular grass cutting to ensure access, reduce fire risk and keep sites well maintained. However, recognising the growing importance of biodiversity and the role our sites can play in supporting nature recovery, we challenged this approach through our Homes for Nature programme.

Following a biodiversity workshop with stakeholders in 2021, we identified the No Mow May initiative as an opportunity to create habitats for pollinators and other wildlife. In May 2022, we launched a trial at five infrastructure sites, leaving grass uncut to allow wildflowers to establish and provide food sources and habitats for bees, butterflies and other insects.

The positive results led us to expand the trial to ten sites in 2023 and 2024, focusing on leaving grass uncut around site margins to balance biodiversity benefits with operational requirements.

Building on this success, in 2025 we introduced a new vegetation management contract that embeds No Mow May principles across approximately 140 infrastructure sites. The contract requires 10-20% of grass areas to remain uncut during May, creating habitats for wildlife while maintaining safe and reliable operations. This approach aligns with customer feedback, which prioritised biodiversity and safety over maintaining a ‘tidy’ appearance⁴⁴. The initiative demonstrates how simple changes in land management can deliver meaningful biodiversity benefits at no additional cost to customers.



No Mow May at various NGN sites in 2025

⁴⁴ Northern Gas Networks, *Customer Perceptions 2024 Wave 4*, p.35. Available at: <https://together.northerngasnetworks.co.uk/wp-content/uploads/2024/03/Customer-Perceptions-2024-Wave-4.pdf>.

Ecosystem Services and Natural Capital Evaluation

As described in our 2021/22 AER⁴⁵, we developed a bespoke natural capital assessment methodology and completed baseline evaluations at 32 infrastructure sites.

A second assessment was undertaken in 2023/24 at the same sites (with one site no longer in NGN ownership), and showed that our sites delivered a range of ecosystem service benefits, including carbon sequestration of 2.7 tonnes per hectare per year, up from 1.6 tonnes in 2021/22, while biodiversity value remained stable at 4.6 biodiversity units per hectare. Overall, the natural capital provided by our infrastructure sites was valued at an average of £1,700 per hectare per year (2021 prices), representing a 13% increase compared to 2021/22. Further details are provided in Appendix B of our 2023/24 AER⁴⁶.

A third assessment of the same sites (where still in NGN ownership) was completed in autumn 2025. This identified further improvements in carbon sequestration, increasing to 2.79 tonnes per hectare per year, while biodiversity value decreased slightly to 3.8 biodiversity units per hectare. Overall, the natural capital value of our infrastructure sites increased to an average of £1,800 per hectare per year (2021 prices), a 6% increase compared to 2023/24. Full details of the findings and valuation are provided in Appendix B.

4.4.3 Biodiversity Net Gain

We have not undertaken further projects requiring biodiversity net gain calculation during 2025/26 beyond those taking place in 2021/22 and 2024/25, as shown in Table 18.

Project Description	Year	Onsite/offsite	Baseline units	Post intervention units	Total net unit change	Percentage net change
Customer Energy Village development, Gateshead, Tyne and Wear*	2021/22	On site	0.45	0.00	0.21	46%
		Off site	13.30	13.97		
Low Hall Farm AGI, Cumbria refurbishment**	2024/25	On site	0.81	0.80	0.36	44%
		Off site	1.39	1.76		
*Values calculated in November 2020 using DEFRA 2.0 Metric methodology						
**Values calculated in July 2024 using DEFRA 4.0 Metric methodology						

Table 18 – Biodiversity net gain projects during RIIO-2

4.4.4 Environmental Incidents

Neither NGN nor contractors working on behalf of NGN experienced any environmental incidents which necessitated reporting to the Environment Agency or local authorities during 2025/26. In addition, we did not receive any enforcement action from environmental regulators (such as warning letters, enforcement notices, financial penalties or prosecutions) during 2025/26. This continues our

⁴⁵ NGN 2021/22 Annual Environmental Report: https://northerngasnetworks.ams3.digitaloceanspaces.com/wordpress/wpcontent/uploads/2022/09/19095221/NGN-21-22-AER_final.pdf

⁴⁶ NGN 2023/24 Annual Environmental Report: https://www.northerngasnetworks.co.uk/wp-content/uploads/2024/10/NGN-23-24-AER_Final-for-website.pdf

strong compliance record throughout the RIIO-2 period, during which no environmental incidents requiring regulatory notification or enforcement action were recorded.

	2021/22	2022/23	2023/24	2024/25	2025/26
Number of reportable environmental incidents	0	0	0	0	0
Enforcement action received from environmental regulators	0	0	0	0	0

Table 19 – Reportable environmental incidents by NGN and contractors

5 Statement on scope and quality of data

The data contained in this report is presented to the best of our knowledge and capabilities in accordance with RIIO-2 Environmental Reporting Guidance, Version 1.0, Ofgem, 2 March 2021⁴⁷. All data contained in this report is subject to our own data assurance procedures prepared in accordance with the Ofgem Data Assurance Guidelines⁴⁸. It is recognised that this is our fifth AER prepared under the requirements of RIIO-2 and reporting may evolve in subsequent publications.

The scope of the environmental data presented (such as fuel consumption, tonnages of waste etc) is limited to that associated with our principal typical network workload activities, namely gas mains replacement, network reinforcements (<7 barg) and diversions, gas connections, and emergency repair. NGN do not currently hold data associated with abnormal workload activities such as infrastructure site capital installation / upgrades, gas holder demolition or land remediation projects, however we are looking to improve our collection of this data in the future. Any other additional exclusions associated with each data set is identified in the relevant section of the report. Wherever possible reported values are based on actual consumption data.

Greenhouse gas emissions reported have been calculated using conversion factors published by the UK Government for 2025⁴⁹, with the exception of gas leakage which utilises a bespoke conversion factor provided by Ofgem in the RIIO-2 Environmental Reporting Guidance. Gas shrinkage and leakage volumes are calculated using the industry standard Shrinkage and Leakage Model approved by Ofgem.

The process followed in the preparation of this report has been subject to audit by NGN's independent Internal Audit team. NGN's greenhouse gas emissions as contained in this document are also replicated in the Annual Report and Accounts of Northern Gas Networks Holdings Limited and as such are subject to independent third party audit⁵⁰ (by PwC for the period 1 April 2025 to 31 March 2026).

⁴⁷ <https://www.ofgem.gov.uk/guidance/riio-2-environmental-reporting-guidance>

⁴⁸ <https://www.ofgem.gov.uk/publications/data-assurance-guidance>.

⁴⁹ <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2025>

⁵⁰ See Statutory Accounts for period 1 April 2025 to 31 March 2026 here:

<https://northerngasnetworks.ams3.digitaloceanspaces.com/wordpress/wp-content/uploads/2026/08/17111232/Northern-Gas-Networks-Holdings-Limited-Mar-2026.pdf>

Appendix A – RIIO-2 carbon reduction targets

Scope	Item	2017/18 (baseline)	RIIO-2 Target (tCO2e)				
			21/22	22/23	23/24	24/25	25/26
1	Metered gas use	285	220	205	191	0	0
1	Operational vehicles	3,935	3,441	3,156	2,917	2,795	2,729
1	Business mileage	1255	1013	797	588	579	570
2	Electricity use – offices, depots and gas sites (market based)	2,019	165	158	0	0	0
2	Electricity use – electric vehicle charging (operational vehicles – market based)	0	80	162	242	242	242
2	Electricity use – electric vehicle charging (business mileage – market based)	0	24	49	73	72	71
3	Contractor vehicles - road vehicles	9,573	8,490	8,260	8,029	7,799	7,568
3	Contractor vehicles - helicopter	77	77	77	77	77	77
3	PE Pipe	6,847	6,470	6,436	6,402	6,367	6,334
3	Rail	22	22	22	22	22	22
3	Air	422	198	196	194	192	190
3	Transmission and distribution losses	538	41	38	0	0	0
Total Scope 1		5,475	4,674	4,158	3,696	3,374	3,299
Total Scope 2 (market based)		2,019	269	369	315	314	313
Total Scope 1 & 2 (market based)		7,494	4,943	4,527	4011	3,688	3,612
Total Scope 3		17,479	15,298	15,030	14,724	14,457	14,191
Total Scope 1, 2 & 3 (market based)		24,973	20,241	19,557	18,735	18,145	17,803

Appendix B – 2026 Natural capital survey findings

		Annual Physical Benefits by Ecosystem Service									Annual Financial Benefits by Ecosystem Service						Total Financial Benefits over 15 years in 2026 prices (Discounted)	Total Financial Benefits over 15 years in 2026 prices (non-discounted)
Site Name	Site Area	Carbon Sequestration Benefits	Air Pollutant Removal				Water Regulation	Local Temperature Regulation	Pollination	Biodiversity	Carbon Sequestration	Air Pollutant Removal	Local Temperature Regulation	Water Regulation	Biodiversity	Total		
	ha	tonnes/year	tonnes/year	tonnes/year	tonnes/year	tonnes/year	m ³ /year retained on habitats	°C temperature reduction	Relative suitability index for pollinators	Biodiversity Units	£/year	£/year	£/year	£/year	£/year	£/year	£	£
Pickering	5.1	25.47	132.962	39.443	72.282	244.687	1197	-0.000059	0.53	23.85	£6,722.81	£2,652.68	£1,002.19	£2,341.85	£2,647.79	£15,367.31	£142,404.70	£230,509.71
Low Thornley	5.9	19.45	112.994	34.821	62.715	210.530	1159	-0.000032	0.59	28.86	£5,135.88	£2,107.02	£696.09	£2,233.84	£2,421.18	£12,594.01	116705.2948	£188,910.22
Harrogate	0.7	1.33	3.907	4.052	2.608	10.567	4	0.000000	0.30	2.61	£350.02	£547.71	£0.79	£17.80	£170.83	£1,087.15	£10,074.31	£16,307.23
Kirkburton	0.3	2.82	9.129	2.582	5.482	17.193	143	-0.000005	0.58	1.82	£744.81	£95.66	£113.29	£277.56	£340.19	£1,571.51	£14,562.77	£23,572.68
Halifax	0.9	1.77	5.235	1.481	3.167	9.884	78	-0.000003	0.52	0.49	£467.78	£48.02	£72.89	£155.05	£185.43	£929.17	£8,610.40	£13,937.61
Selby	0.6	0.75	6.116	1.730	3.652	11.498	81	-0.000001	0.43	1.74	£198.15	£60.24	£23.04	£167.74	£198.31	£647.47	£5,999.94	£9,712.06
Rawcliffe	1.3	0.37	21.294	5.860	10.295	37.449	56	-0.000007	0.53	2.85	£98.64	£529.25	£16.12	£122.08	£23.52	£789.60	£7,317.03	£11,844.03
Cooper Bridge	0.6	6.32	20.119	6.355	11.682	38.156	275	-0.000012	0.56	4.26	£1,667.96	£305.25	£249.74	£529.71	£663.00	£3,415.66	£31,651.98	£51,234.89
Burley Bank	1.1	0.85	18.017	7.002	8.255	33.275	39	-0.000005	0.33	1.80	£223.48	£658.29	£12.43	£82.46	£85.61	£1,062.26	£9,843.70	£15,933.94
Baldersby	0.6	2.42	9.045	3.034	5.895	17.973	82	-0.000004	0.44	2.76	£640.06	£342.27	£69.42	£166.96	£274.88	£1,493.59	£13,840.70	£22,403.87
Melkthorpe	0.6	2.60	11.678	3.295	6.517	21.490	120	-0.000005	0.58	2.92	£685.72	£187.52	£103.11	£231.21	£269.51	£1,477.07	£13,687.63	£22,156.09
Newby	0.6	2.83	12.316	3.462	6.759	22.538	133	-0.000007	0.45	3.83	£746.21	£215.29	£116.80	£263.34	£290.58	£1,632.22	£15,125.34	£24,483.30
Thomer	0.3	4.20	10.293	2.920	6.232	19.445	254	-0.000008	0.52	2.54	£1,109.84	£115.15	£173.93	£489.93	£446.21	£2,335.06	£21,638.38	£35,025.92
Hopton Top	0.4	1.03	11.355	4.838	4.061	20.254	13	0.000000	0.60	2.66	£273.05	£635.71	£0.00	£29.05	£86.08	£1,023.89	£9,488.08	£15,358.30
West Edmonsley	0.8	0.21	14.320	3.999	6.931	25.250	28	-0.000004	0.48	1.18	£55.75	£361.36	£8.64	£57.07	£10.77	£493.59	£4,574.00	£7,403.90
Tyne NBV	1.0	0.50	3.793	1.073	2.295	7.160	54	-0.000001	0.54	2.47	£132.95	£38.90	£15.69	£104.70	£134.30	£426.53	£3,952.52	£6,397.92
Scremerston	0.5	0.56	6.794	2.394	3.558	12.746	36	-0.000002	0.54	2.45	£148.89	£245.18	£10.84	£74.08	£97.75	£576.74	£5,344.47	£8,651.06
South gosforth	1.1	6.35	20.171	5.689	12.076	37.936	283	-0.000012	0.57	3.76	£1,675.23	£218.54	£259.67	£576.20	£663.72	£3,393.37	£31,445.43	£50,900.54
ShIPLEY	0.5	0.60	5.491	1.535	2.981	10.007	50	-0.000001	0.50	0.00	£158.51	£94.88	£20.94	£99.52	£115.35	£489.20	£4,533.30	£7,338.03
Kirkleatham	0.5	0.21	7.525	2.102	3.702	13.329	27	-0.000002	0.45	0.00	£56.53	£202.09	£8.38	£51.06	£33.55	£351.61	£3,258.28	£5,274.15
Wakefield	1.0	1.68	13.568	3.837	8.006	25.412	180	-0.000002	0.60	4.76	£444.04	£172.96	£50.84	£352.05	£440.06	£1,459.94	£13,528.90	£21,899.16
Alberto Street	0.8	3.71	15.059	4.244	8.583	27.885	170	-0.000008	0.43	1.31	£980.51	£211.00	£153.12	£335.54	£385.37	£2,065.54	£19,140.80	£30,983.11
Garforth	0.4	3.92	10.612	3.002	6.420	20.034	173	-0.000007	0.58	2.15	£1,034.41	£118.68	£161.18	£334.25	£410.05	£2,058.57	£19,076.21	£30,878.56
Keighley	0.9	1.72	20.596	5.743	10.628	36.967	123	-0.000007	0.51	4.81	£453.16	£443.68	£67.58	£253.77	£232.42	£1,450.62	£13,442.50	£21,759.30
Low Moor	0.9	5.82	28.270	7.991	16.069	52.330	264	-0.000011	0.55	5.74	£1,536.91	£389.05	£229.88	£514.84	£607.25	£3,277.93	£30,375.68	£49,168.94
Kidacre Street	1.9	2.06	15.512	4.389	9.386	29.286	222	-0.000003	0.65	8.69	£543.93	£159.04	£64.18	£444.65	£549.47	£1,761.26	£16,321.10	£26,418.88
Pudsey	0.3	3.15	10.879	3.078	6.582	20.539	161	-0.000006	0.45	1.26	£832.87	£111.54	£126.37	£310.89	£385.35	£1,767.02	£16,374.47	£26,505.27
Howdon	1.6	1.02	24.498	6.919	13.080	44.496	96	-0.000001	0.61	6.24	£268.74	£418.13	£19.48	£184.48	£204.49	£1,095.32	£10,150.01	£16,429.77
Hendon	2.8	1.06	30.550	9.048	15.750	55.348	91	-0.000002	0.50	3.81	£278.59	£622.54	£18.57	£183.89	£178.81	£1,262.40	£11,883.62	£19,235.96
Elton	1.0	0.31	8.869	2.653	4.445	15.967	22	0.000000	0.66	2.05	£82.85	£233.09	£0.00	£41.44	£29.35	£386.73	£3,583.73	£5,800.97
Townton	2.2	1.88	23.167	6.185	11.728	41.081	134	-0.000009	0.56	6.34	£495.35	£566.59	£75.49	£308.14	£176.71	£1,622.28	£15,033.18	£24,334.13
Asselby	1.3	0.21	5.438	1.549	2.600	9.588	29	-0.000001	0.53	5.36	£55.47	£165.21	£3.28	£96.68	£16.02	£336.66	£3,119.70	£5,049.85
Total	38.4	107.19	649.571	196.307	354.424	1200.301	5777	-0.000229	16.64	145.26	£28,299.09	£13,272.51	£3,943.93	£11,431.82	£12,773.93	£69,721.29	£646,088.17	£1,045,819.37
Mean benefit per hectare	-	2.79	16.897	5.106	9.220	31.223	150	-0.000006	0.43	3.78	£736.14	£345.26	£102.59	£297.37	£332.29	£1,813.65	£16,806.57	£27,204.70

Glossary of Terms

Biomethane	Renewable or low carbon gas that is a gas mixture predominantly comprising methane and is sourced from organic material (biomass). This gas has similar thermal characteristics to natural gas and may be cleaned and injected into the natural gas network.
Carbon offset	An activity that compensates for the emission of carbon dioxide or other greenhouse gases by providing for an emissions reduction elsewhere. As greenhouse gases are widespread in the Earth's atmosphere the wider global climate benefits from emissions reductions regardless of where the emissions and reductions actually occurred.
Calorific value (CV)	A measure of the energy contained within a gas and is dependent on the composition of the gas. The CV is used to calculate the energy that may be released when a known volume of gas is completely combusted under specified conditions.
Capital expenditure (capex)	Expenditure on investment in long-lived assets, for example gas pressure reduction infrastructure.
Carbon footprint	Total amount of greenhouse gas emissions caused directly and indirectly by a business or activity.
Diversion (gas)	Diverting part of the gas pipeline away from its current route in order to facilitate safe working, for example in association with an infrastructure scheme such as a new road construction.
Ecosystem services	The direct and indirect contributions of ecosystems to human wellbeing which have an impact on our survival and quality of life. There are four types of ecosystem services: provisioning (for example provision of food), regulating (for example noise mitigation), cultural (for example enabling recreation) and supporting services (for example biodiversity and maintenance of genetic diversity).
Gas distribution networks	Eight individually licenced gas network areas in Great Britain, known as East of England, North West, West Midlands, London, Northern, Scotland, Southern, and Wales & West.
Gas Transporter	The holder of a Gas Transporter's Licence in accordance with the provisions of the Gas Act 1986.
Gigawatt Hours (Gwh)	Equal to one million Kilowatt Hours.
The Health and Safety Executive (HSE)	A public body responsible for regulating health and safety in Great Britain with the primary function to secure the health, safety and welfare of people at work and to protect others from risks to health and safety from work activity.
Kilowatt Hours (Kwh)	A unit of energy equal to the work done by the power of 1000 watts operating for one hour.
Land remediation	Work activity which reduces the degree of soil and water contamination at a site to a point whereby the site no longer presents significant risks to human health, controlled waters and the wider environment.
Licence Condition (obligation)	An obligation placed on the network companies to meet certain standards of performance. The authority (see Ofgem) has the power to take appropriate enforcement action in the case of failure to meet these obligations.
Natural capital	The world's stocks of natural assets which include geology, soil, air, water and all living things. It is from this natural capital that humans derive a wide range of services, often called ecosystem services, which make human life possible.
Northern Gas Networks (NGN)	The gas transporter licence holder for the Northern gas distribution network.
Ofgem	The Office of Gas and Electric Markets, which supports the Gas and Electricity Markets Authority (GEMA), the body established by Section 1 of the Utilities Act 2000 to regulate the gas and electricity markets in Great Britain
Operating expenditure (opex)	The costs of the day to day operation of the network such as staff costs, repairs and maintenance expenditures, and overhead.

Price control	The control developed by the regulator (see Ofgem) to set targets and allowed revenues for network companies over a defined duration.
Price Control Deliverable	A specific investment for which funding has been provided to a network by Ofgem under a price control period (such as RIIO-2) and must be delivered or the funding returned to Ofgem. Examples could include purchase of a specified number of electric vehicles.
Reinforcement (gas)	The installation of new assets to accommodate changes in the level or pattern of gas supply and demand.
Replacement (gas)	The replacement or refurbishment of assets which are at the end of their useful life due to their age or condition, or need to be replaced on safety or environmental grounds. For gas distribution networks the primary component of replacement work is the HSE enforced iron gas mains replacement programme.
Replacement expenditure (Repex)	Expenditure related to the replacement or decommissioning of gas assets, in practice predominantly iron gas mains for gas distribution networks.
RIIO	Revenue = Incentives + Innovation + Outputs Ofgem's regulatory framework for gas and electricity networks.
Shrinkage	A term used to describe gas either consumed within or lost from a transporter's system. For gas distribution networks this comprises gas lost via leakage (c.95%), gas illegally taken by third parties (c.3-4%) and gas used in the operation of the network infrastructure, for example pre-heating prior to pressure reduction (c.1-2%).
Stakeholder	Those parties that are affected by, or represent those affected by, decisions made by network companies and Ofgem. As well as consumers, this would for example include Government and environmental groups.
Tank to wheel (TTW)	The greenhouse emissions arising from the use of a specified fuel from the point of purchase by the consumer.
Total expenditure (Totex)	All expenditure related to a licensee's regulated activities but with the exception of some specified expenditure items.
United Nations Sustainable Development Goals (UN SDGs)	17 goals which aim to end poverty and other deprivations, improve health and education, reduce inequality, and spur economic growth, all while tackling climate change and working to preserve our oceans and forests. https://sdgs.un.org/
Well to tank (WTT)	The greenhouse emissions arising from the extraction, production, refining and transportation (including any losses during transportation) of a specified fuel prior to the purchase and consumption by the consumer.
Well to wheel (WTW)	The sum total of well to tank and tank to wheel greenhouse gas emissions for a specified fuel thereby providing the whole life emissions for the use of this fuel.