



Independent Limited Assurance Report to the Directors of National Grid plc


The Board of Directors of National Grid plc engaged us to provide limited assurance on the information described below and set out in National Grid's Responsible Business Report 2020/21 for the year ended 31 March 2021 ("Responsible Business Report 2020/21").

Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information for the year ended 31 March 2021 has not been prepared, in all material respects, in accordance with the Reporting Criteria.

This conclusion is to be read in the context of what we say in the remainder of our report.

Selected Information

The scope of our work was limited to assurance over the information marked with the symbol  in National Grid's Responsible Business Report 2020/21 (the "Selected Information"). The Selected Information is summarised in Appendix 1 and the Reporting Criteria against which it was assessed is set out in the National Grid Responsible Business Report: Reporting Methodology document available at <https://www.nationalgrid.com/responsibility/responsible-business-report>¹. Our assurance does not extend to information in respect of earlier periods or to any other information included in the Responsible Business Report 2020/21.

Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' and, in respect of the greenhouse gas emissions, in accordance with International Standard on Assurance Engagements 3410 'Assurance engagements on greenhouse gas statements', issued by the International Auditing and Assurance Standards Board. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our Independence and quality Control

We complied with the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, that are at least as demanding as the applicable provisions of the IESBA Code of Ethics.

We apply International Standard on Quality Control (UK) 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our work was carried out by an independent team with experience in sustainability reporting and assurance.

Understanding reporting and measurement methodologies

The Selected Information needs to be read and understood together with the Reporting Criteria, which National Grid is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time. The Reporting Criteria used for the reporting of the Selected Information are as at 31 March 2021.

Work done

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information. In doing so, we:

- made enquiries of National Grid's management, including the Responsible Business (RB) team and those with responsibility for RB management and group RB reporting;
- evaluated the design of the key structures, systems, processes and controls for managing, recording and reporting the Selected Information. This included analysing performance across the US, UK and NGV entities, selected on the basis of their inherent risk and materiality to the group, to understand the key processes and controls for reporting site performance data to the group RB team;
- performed limited substantive testing on a selective basis of the Selected Information at the US, UK and NGV entities and corporate head office to check that data had been appropriately measured, recorded, collated and reported; and
- considered the disclosure and presentation of the Selected Information.

National Grid's responsibilities

The Directors of National Grid are responsible for:

- designing, implementing and maintaining internal controls over information relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- establishing objective Reporting Criteria for preparing the Selected Information;
- measuring and reporting the Selected Information based on the Reporting Criteria; and
- the content of the Responsible Business Report 2020/21.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Directors of National Grid.

This report, including our conclusions, has been prepared solely for the Board of Directors of National Grid in accordance with the agreement between us dated 19 January 2021, in order to assist the Directors in reporting National Grid's Responsible Business performance and activities. We permit this report to be disclosed in the Responsible Business Report 2020/21 for the year ended 31 March 2021 and on the National Grid website, to assist the Directors in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors and National Grid for our work or this report except where terms are expressly agreed between us in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
London
19 May 2021

¹ The maintenance and integrity of National Grid's website is the responsibility of the Directors; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Information or Reporting Criteria when presented on National Grid's website.

Appendix A

KPI	Unit	Value
People metrics		
Diversity % of the Board	%	46.2
Diversity % of Senior leadership Group	%	44.6
Diversity % of the workforce	%	37.9
Diversity % of hires in new talent programmes	%	54.6
Recruitment rates by gender	%	27.1
Recruitment rates by ethnicity	%	29.3
Promotion rates by gender	%	21.3
Promotion rates by ethnicity	%	17.9
Leaver rates by gender	%	29.4
Leaver rates by ethnicity	%	21.8
UK ethnicity pay gap – mean ‘base’	%	2.9
UK ethnicity pay gap – mean ‘incentive’	%	46.5
US gender pay gap – mean ‘base’	%	13.5
US gender pay gap – mean ‘incentive’	%	-23.5
US ethnicity pay gap – mean ‘base’	%	8.0
US ethnicity pay gap – mean ‘incentive’	%	9.9
Environment		
Scope 1 and 2 Greenhouse Gas (GHG) emissions (Scope 2 location based)	KTCO _{2e}	6,943
Scope 1 GHG emissions	KTCO _{2e}	4,727
Scope 2 GHG emissions - market based	KTCO _{2e}	2,264
Scope 2 GHG emissions - location based	KTCO _{2e}	2,216
Scope 3 emissions - total scope 3 emissions	KTCO _{2e}	28,948
Scope 3 GHG emissions - US Cat 3 (Fuel & Energy Related Activities)	KTCO _{2e}	4,126
Scope 3 GHG emissions - US Cat 11 (Use of Sold Products)	KTCO _{2e}	18,235
Scope 3 GHG emissions - UK & US Cat 1 (Purchased Goods and Services)	KTCO _{2e}	6,570
SF6 emissions	KTCO _{2e}	321
Air quality - Emissions from stationary sources (NOx)	tonnes	2,214
Air quality - Emissions from stationary sources (SOx)	tonnes	129
Air quality - Emissions from stationary sources (PM)	tonnes	231
GHG emissions from air travel	KTCO _{2e}	0.32
Total miles from air travel	Miles	657,998
Community		
Electric: Average Customer Bill (Low Income Customers Excluded)- affordability	\$	1,563.14
Gas: Average Customer Bill (Low Income Customers Excluded)- affordability	\$	1,156.45
Electric: Average Low Income (only) Customer Bill- affordability	\$	1,026.82
Gas: Average Low Income (only) Customer Bill- affordability	\$	771.56
Contribution of National Grid’s UK’s transmission costs to consumer bills - affordability	£	29.52

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