National Grid Responsible Business Report: Reporting Methodology

About this document

This document explains the definitions, scope and calculation methodology for preparing and verifying the key performance metrics reported within the data tables on pages 58 to 64 in our Responsible Business Report ("RBR") 2020/21 ("the data tables"), available on our website[1].

This document is reviewed and updated annually alongside our Responsible Business Reporting to reflect any changes made to the metrics we report in our RBR data tables, as well as any changes made to the scope, definitions and calculation methodologies of individual metrics. This document was last updated May 2021.

Foundations of reporting

Our Responsible Business Report covers all parts of our business operations globally. As our UK business reports in line with a financial year (1 April – 31 March) and US business on a calendar year basis (1 January – 31 December), our metrics have been calculated on this basis, unless stated otherwise. All metrics include the results of the company and its subsidiaries but excludes joint ventures to which we are a part of. Where specific sites, operations or subsidiaries have been excluded from the scope of certain metrics, a clear statement and justification has been made within the relevant metric section of this document.

For newly acquired businesses and new operations, our policy is to include these within the metric reporting of our Responsible Business Report as soon as practically possible, and ideally, no later than the reporting period after the first full financial year of ownership. Therefore, depending on the timing of acquisition and commencement of operations, this could be up to two years following the event, at the latest. Newly sold or disposed operations, will be removed from our reporting from the date at which they leave the Group. Any exceptions to how acquisitions and disposals are handled within our reporting will be clearly stated and explained within the relevant metric section of this document.

All metrics reported within the RBR data tables are subject to our internal quality control review and approval processes. Further to this, we have commissioned PricewaterhouseCoopers (PwC) to provide independent limited assurance over our most material metrics. Their Assurance Opinion for our 2020/21 RBR can be found on our website[1].

Changes to global operations

For our 2020/21 reporting, the only change to our global operations within the last two years is the June 2019 acquisition of National Grid Renewables (US) and the launch of the IFA2 interconnector ("IFA2") in October 2020.

National Grid Renewables has not yet been included in our environmental or people metrics. IFA2 is not yet included within our relevant environmental metrics but has been included within all other metrics. We are in the process of setting up robust data collection and reporting processes for these operations and aim to include the complete contributions of National Grid Renewables and IFA2 in all our key performance metrics within our 2021/22 and 2022/23 RBRs respectively.

1. https://www.nationalgrid.com/responsibility/responsible-business-report

Contents

Metrics

2. Metric externally assured by PwC. The information include within this document for these metrics serves as the foundation for PwC's assurance procedures.

Reporting standards

Global Reporting Initiative (GRI)

Our 2020/21 Responsible Business Report has been prepared in accordance with the GRI Standards (core option). Further details on the requirements and our disclosures can be found in our 2020/21 GRI Index[1] above.

Sustainability Accounting Standards Board (SASB)

Our 2020/21 Responsible Business Report has been prepared with reference to the applicable Sustainability Accounting Standards Board (SASB) utilities sub-sector standards. Further details on the requirements and our disclosures can be found in our 2020/21 SASB Index[3].

3. Low-income customers are defined as those who qualify for the Low Income Home Energy Assistance Program (LIHEAP).

Metrics

1 – Communities

1.1 – Average energy bill charged to US households

1.1.1 – Metric

Average cost per US household. This metric separates the costs to electricity and gas customers as well as Low Income and other customers due to the distinct characteristics of these consumer groups.

1.1.2 – Definitions

Average US electricity customer bill is the average total bill charged to all National Grid US electricity customers, excluding those who participated in low-income program[3].

Average US gas customer bill is the average total bill charged to all National Grid US gas customers, excluding customers who participated in low-income[1] program.

Average low income (only) electricity customer bill is the average total bill charged to National Grid US electricity customers who have participated in a low-income program[1].

Average low income (only) gas customer bill is the average total bill charged to National Grid US gas customers who have participated in a low-income program[1].

The metrics represent the total bill charged to National Grid customers, including taxes and fees (the "fully loaded bill total").

1.1.3 – Scope

The metrics combine the tariff charges managed under all National Grid US rate plans, as listed below.

New York Public Service Commission:

- Niagara Mohawk[4] (upstate, electricity)
- Niagara Mohawk (upstate, gas)
- KEDNY (downstate)[5]
- KEDLI (downstate)[6]

Massachusetts Department of Public Utilities:

- Massachusetts Electric/ Nantucket Electric
- Massachusetts Gas

Rhode Island Public Utilities Commission:

- Narragansett Electric
- Narragansett Gas

The metrics only include customers who have received a service from National Grid for 12 consecutive months as at the reporting date.

All metrics exclude customers who received a temporary credit or charge on their bill that was in addition to tariff rates (a "rider").

Average low-income customer bill metrics only include customers who have participated in a low-income program for 12 consecutive months.

The metrics do not include adjustments made to bills after the reporting date.

This metric is reported in line with the financial year, 1 April to 31 March.

1.1.4 – Calculation methodology

For customer accounts that meet the respective metric definitions, the total of the last 12 consecutive bills is identified from the billing system.

An arithmetic average is then calculated by: Average bill = the total charged to customer ($)/total number of customers.

This equation is adapted to reflect each respective metric in terms of the product sold (gas or electricity) and customer group (average or low income).

1.2 – Contribution of NG UK's transmission costs to consumer bills

1.2.1 – Metric

UK National Grid element of the average domestic consumer bill.

1.2.2 – Definitions

UK average domestic bill is the average gas/electric bill for non-business customers in the UK.

The **National Grid element** is the portion of the average UK domestic bill associated with the transmission costs for the gas/electricity attributable to National Grid.

1.2.3 – Scope

This metric includes bill impact data for UK National Grid Electricity Transmission (NGET), National Grid Gas Transmission (NGGT)[7] and internal Electricity System Operator (ESO) costs.

It does not include the impact of external ESO costs as these costs are a pass-through cost managed on behalf of the industry, rather than being an internal ESO cost.

UK National Grid do not directly charge consumers therefore the metric approximates the network charges proportion of the Energy Supplier bills. It excludes that proportion of our revenues that are charged to other parties e.g. costs levied on companies entering energy onto the network. These costs are excluded because there is no clear approach identified to estimate how much of those costs contribute to household bills.

4. Both transmission and distribution, excluding stranded costs.
5. KeySpan Energy Delivery New York (the Brooklyn Union Gas Company).
6. KeySpan Energy Delivery Long Island (KeySpan Gas East Corporation).
7. The internal Gas Transmission Operator (GTO) and Gas System Operator (GSO) costs are both contained within NGGT.

This metric is reported in line with the financial year, 1 April to 31 March.

1.2.4 – Calculation methodology
The costs are identified from the charges set by National Grid to Energy Suppliers.

NGGT costs are identified from our internal charging models that are used to publish final tariffs to the industry.

For NGET, the portion of the average Transmission Use of System Charges (''TNUoS'') tariff for the relevant year, attributable to NGET, is derived from the charges published by the ESO[8]. This tariff is then multiplied by an estimate of the proportion of annual consumption that takes place during peak times to estimate charges per customer. The charge to customer is scaled up by the average loss adjustment factor as published by Ofgem[9] to account for losses and then multiplied by the average domestic demand, also published by Ofgem[10], to determine an average cost to UK households.

The NGESO Internal Revenue is identified from the ESO's calculation of its Maximum Allowed Revenue for Internal Revenue. This is adjusted by 50% to reflect the costs recovered from Energy Suppliers for Balancing Services Use of System ("BSUoS") charges as per the methodology prescribed by the Connection and Use of System Code[11] ("CUSC") and divided by the total annual demand, as published by the ESO[12], to estimate an average tariff charged by the ESO. That charge to customer is scaled up by the average loss adjustment factor as published by Ofgem[13] to account for losses and then multiplied by the average domestic demand, also published by Ofgem[14], to determine an average cost to UK households.

The average costs of NGGT, NGET and NGESO are then combined to calculate the National Grid element of the average UK domestic customer bill.

1.3 – Number of qualifying volunteering hours

1.3.1 – Metric
Total volunteering hours completed on behalf of National Grid since 1 April 2020.

1.3.2 – Definitions
Volunteering hours: Any time spent volunteering on behalf of National Grid (including any preparation work required).

1.3.3 – Scope
This metric includes all National Grid employees, and those working on behalf of National Grid.

Data is based on hours recorded via internal reporting systems or as reported by our charity partners as relevant.

This metric is reported in line with the financial year, 1 April to 31 March, and cumulatively by summing all data from 1 April 2020 to the relevant year end date.

1.3.4 – Calculation methodology
Volunteering hours are initially recorded by those overseeing the activities. On an annual basis the data is collated to summed to the annual total annual volunteering hours.

The total annual volunteering hours are added to the total hours reported for each financial year since 1 April 2020 to calculate the cumulative volunteering hours.

1.4 – Network reliability – % Availability

1.4.1 – Metric
The % availability of the following systems over the last year:

- US Electricity Transmission ("ET")
- US Electricity Distribution ("ED")
- UK Gas Transmission ("GT")
- UK ET

1.4.2 – Definitions
Potential availability: the maximum possible operational volume of our systems.

Actual availability: The operational volume delivered over the relevant period.

1.4.3 – Scope
US ET and US ED availability excludes major storm days[15].

Metrics is based on performance data recorded by the respective systems' operating systems.

The metric is reported in line with the financial year, 1 April to 31 March except for the US ED system which reports with reference to the calendar year, 1 January to 31 December.

1.4.4 – Calculation methodology
For the system corresponding to the respective definition, actual availability for the last 12 months is identified.

The % availability for the year is then calculated by: % availability = (actual availability/potential availability) * 100.

8. Source: https://www.nationalgrideso.com/document/162431/download
9. Source: https://www.ofgem.gov.uk/publications-and-updates/default-tariff-cap-level-1-october-2020-31-march-2021
10. Source: https://www.ofgem.gov.uk/system/files/docs/2019/10/tdcvs_2019_open_letter_0.pdf
11. Source: https://www.nationalgrideso.com/document/91411/download
12. Source: https://www.nationalgrideso.com/industry-information/charging/balancing-services-use-system-bsuos-charges
13. Source: https://www.ofgem.gov.uk/publications-and-updates/default-tariff-cap-level-1-october-2020-31-march-2021
14. Source: https://www.ofgem.gov.uk/system/files/docs/2019/10/tdcvs_2019_open_letter_0.pdf
15. Major storms are defined by respective US States.

1.5 – Interconnector reliability – % Availability

1.5.1 – Metric

The % availability of the following systems over the last year:

- IFA Interconnector
- IFA2 Interconnector (from go-live date of 21 January 2021)
- BritNed Interconnector
- Nemo Interconnector

1.5.2 – Definitions

Potential availability: the maximum possible operational volume of our systems.

Aggregate availability: Potential availability less any planned outages, short notice planned outages or trips. Aggregate availability includes all unavailability, from the point at which the capacity becomes unavailable to the point at which the link returns to full service and it can flow any nominated volume up to its Nominal Capacity.

1.5.3 – Scope

Metrics is based on performance data recorded by the respective systems' operating systems.

The metric is reported in line with the financial year, 1 April to 31 March.

1.5.4 – Calculation methodology

For the system corresponding to the respective definition, actual availability for the last 12 months is identified.

The % availability for the year is then calculated by: % availability = (aggregate availability/potential availability) * 100.

1.6 – Customer Trust Survey (US)

1.6.1 – Metric

Percent of survey respondents who trust National Grid to provide the advice needed to make good energy decisions.

1.6.2 – Definitions

Survey: supported by a third party research provider, National Grid continuously survey their US based residential customers via an online Brand Image and relationship survey. The Survey asks customers "Considering everything you may know about National Grid, how much do you trust National Grid to provide you the advice you need to make good energy decisions?".

Respondents: Residential customers who submit a response to National Grid's online survey.

Trust: Respondents score National Grid on a 1-10 point scale. where 1 is 'Do not trust advice at all' and 10 is 'Trust advice completely'. Respondents who answer 8, 9 or 10 are considered to 'trust National Grid's advice'.

1.6.3 – Scope

The metric considers US residential customers only and excludes customers for whom National Grid do not have an email address.

Data collected by a third part research vendor and reported to National Grid on a monthly basis.

This metric is reported in line with the financial year, 1 April to 31 March.

1.6.4 – Calculation methodology

For each of National Grid's US markets, the % of respondents who trust National Grid is calculated as: total respondents who answer 8-10 in the survey question / total survey respondents.

Overall results are then weighted by market, based on the proportion of customers in each market that make up National Grid's total US residential customer base.

1.7 – Number of young people provided access to skills development

1.7.1 – Metric

Total people provided access to skills development since 1 October 2020.

1.7.2 – Definitions

Skills development: Programmes operated by National Grid intended to upskill participants. The programmes are not restricted to STEM skills; however, "STEM" (Science, technology, engineering and mathematics) skills are expected to make up the majority of our programmes.

Participant: a participant comes from one of the lower income communities we serve[16].

16. Lower income communities based upon UK ONS and US Census data.

1.7.3 – Scope
This metric includes all participants who have accessed our skills development programmes.

Data is based on hours recorded via internal reporting systems or as reported by our charity partners as relevant.

This metric is reported in line with the financial year, 1 April to 31 March, and cumulatively by summing all data from 1 April 2020 to the relevant year end date.

1.7.4 – Calculation methodology
Participants on our skills development programmes are initially recorded within the respective systems of our skills development programmes. On an annual basis the data is collated to summed to the annual total annual participants on our skills development programmes.

The total annual participants on our skills development programmes are added to the total participants previously reported since 1 October 2020 to calculate the cumulative participants on our skills development programmes.

1.8 – Fatalities

1.8.1 – Metric
Number of fatal injuries associated with work or activity undertaken by National Grid.

1.8.2 – Definitions
Fatal injuries are injuries that directly results in death.

1.8.3 – Scope
Employees, contractors and members of the public are in scope.

We do not include member of the public fatalities where they relate to our asset (on non-National Grid owned property) if an individual trespasses on a National Grid asset and is fatally injured, or a road traffic accident where the vehicle came in contact with an asset and there was a fatality.

This metric is reported in line with the financial year, 1 April to 31 March, and cumulatively by summing all data from 1 April 2020 to the relevant year end date.

1.8.4 – Calculation methodology
All fatalities in the reporting period are summed.

1.9 – Lost time injury frequency rate (LTIFR)

1.9.1 – Metric
Total number of lost time incidents incurred as a portion of total hours worked by the workforce, multiplied by 100,000.

1.9.2 – Definitions
Lost time incidents are defined as events which cause injury and a loss of time beyond the shift during which the incident occurred, consistent with the UK HSE definition.

1.9.3 – Scope
Employees, contractors and agency staff are in scope.

UK, US and NGV operations are covered by this metric.

Lost time injury figures are recorded, tracked and frequently reported via the Group's incident management systems.

This metric is reported in line with the financial year, 1 April to 31 March, and cumulatively by summing all data from 1 April 2020 to the relevant year end date.

1.9.4 – Calculation methodology
Total number of lost time incidents throughout the reporting period are divided by total hours worked by the workforce and multiplied by 100,000.

2 – Economy

2.1 – Investment in energy infrastructure

2.1.1 – Metric

Annual investment into energy infrastructure (£).

2.1.2 – Definitions

Investment in energy infrastructure refers to capital expenditure on additions to property, plant and equipment and non-current intangibles. Investments in and loans to joint ventures and associates are also included. It is reported in GBP (£).

2.1.3 – Scope

This metric includes all capital investments made by National Grid plc.

Data is based on actual investment data (not estimated).

This metric is reported in line with the financial year, 1 April to 31 March.

2.1.4 – Calculation methodology

Investment data is reported and tracked via our operational management and reporting systems. All invested amounts made over the previous year are summed to calculate the total annual capital investment figure. Our annual investments are measured in accordance with International Financial Reporting Standards (IFRS).

2.2 – Investment by NG Partners

2.2.1 – Metric

Annual investments by our NGP investment fund.

2.2.2 – Definitions

NGP refers to National Grid Partners, our dedicated corporate innovation and investment function.

2.2.3 – Scope

This metric includes all investments made by NGP over the course of the year. NGP was formed to identify and invest in technologies and innovation that would ultimately benefit customers. With that founding goal, it is expected that each investment made by NGP will contribute to furthering the Group's Responsible Business priorities as outlined in the Responsible Business Charter. Specifically, the Group's commitment to invest in developing technologies and innovations that benefit our customers and wider society.

Data on amounts invested is continuously tracked and updated as new investments are made.

Any returns on investments realized during the year is not netted against the amount invested.

This metric is reported in line with the financial year, 1 April to 31 March.

2.2.4 – Calculation methodology

Investment data is continuously reported and tracked over the course of the year via our operational management and reporting systems. All of NGP's invested amounts made over the previous year are summed to calculate the total investments in technology and innovation.

2.3 – % of supplier payments paid to contractual term

2.3.1 – Metric

% of supplier payments made within the contractual term.

2.3.2 – Definitions

Contractual term refers to the period between the date an invoice is received and when the invoice is due to be paid.

2.3.3 – Scope

Our reporting considers invoices that are paid over the course of the financial year.

If an invoice is reversed or cancelled it is excluded from the calculation.

Supplier invoice data is continuously monitored and tracked via our financial management systems.

This metric is reported in line with the financial year, 1 April to 31 March.

2.3.4 – Calculation methodology

The metric is calculated based on the volume of invoices settled in the year as follows: (Total invoices paid within the contractual payment terms) / (Total invoices paid) * 100.

2.4 – % of suppliers with carbon reduction target

2.4.1 – Metric

% of National Grid's top 250 suppliers who have an active carbon reduction target by 2030.

2.4.2 – Definitions

National Grid's top 250 suppliers is determined by total spend data.

Carbon reduction targets are targets to reduce carbon emissions as defined by the Carbon Disclosure Project (CDP).

2.4.3 – Scope

Our reporting considers targets set by our suppliers at the time of performing the review during the current reporting period.

All Group suppliers are considered when determining the top 250.

Total supplier spend is determined with via our financial management systems.

2.4.4 – Calculation methodology

The metric is calculated as follows: (# of top 250 suppliers with carbon reduction targets) / (250 * 100).

2.5 – Jobs (worldwide)

2.5.1 – Metric

Total Group workforce.

2.5.2 – Definitions

Total workforce refers to all permanent National Grid employees, regardless of paygrade and how long they have worked at National Grid. Included are those on parental leave or on short/ long term leave of absence, part time workers, graduates and interns. Excluded are temporary employees, contingent workers, manage service providers and non-executive Board members.

2.5.3 – Scope

Includes the total National Grid workforce across all parts of the business.

The number of employees at each respective reporting year end is presented (31 March).

2.5.4 – Calculation methodology

Data is extracted from the HR management system and the sum of workforce members is calculated.

3 – Environment

3.1 – Scope 1 and Scope 2 greenhouse gas emissions

The reporting of National Grid's total carbon emissions in our Annual Report and Accounts is a legal requirement under The Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Our Scope 1 and Scope 2 emissions are calculated and reported in line with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (Revised[17] and the GHG Protocol Scope 2 Guidance: An amendment to the GHG Protocol Corporate Standard[18].

3.1.1 – Metric

We report our Scope 1 and Scope 2 emissions (in tCO_2e) separately for our non-NGV UK operations ("UK"), non-NGV US operations ("US") and NGV businesses ("NGV") as well as a consolidated total. The data we report is:

- Scope 1 emissions (tCO_2e)
- Scope 2 Location-based emissions (tCO_2e)
- Scope 2 Market-based emissions (tCO_2e)

3.1.2 – Definitions

Scope 1 emissions are direct emissions from the operational activities of National Grid.

Scope 2 emissions are indirect emissions from the energy purchased and used by National Grid.

3.1.3 – Scope

The operational control principal as set out by the GHG Protocol is applied across all our emissions and environment metrics. All operations where National Grid has 100% of operational control and the full authority to introduce and implement its operating policies, are included within the reported metrics.) NGV's BritNed and Nemo interconnector operations are incorporated joint ventures where we do not have operational control and are therefore excluded.

Consistent with our policy for reporting new acquired businesses and new operations (see 'Foundations of reporting'), National Grid Renewables (Geronimo site) and the IFA2 interconnector are currently excluded from our emissions reporting. We aim to include National Grid Renewables', acquired in 2019/20, contributions to this metric within our 2021/22 RBR (See 'Foundations of reporting'). IFA2 was launched in October 2020, consistent with our policy for reporting newly acquired businesses we aim to include IFA2's contributions to this metric within our 2022/23 RBR.

Table 1: Scope of National Grid's Scope 1 and 2 emissions sources and business included

Emissions scope	Scope – emissions sources for inventory	Scope – Business included
Scope 1	LIPA electricity generation	US
	Leaks and venting from our gas transmission and distribution systems and LNG facilities	UK, US, NGV
	SF6 leaks from our electric equipment	UK, US, NGV
	Fleet vehicles use	UK, US,
	Company car emissions where vehicle is used for business travel	UK, US, NGV
	Gas-fired compressor use	UK
	Energy consumption at our facilities	UK, US, NGV
Scope 2	Line losses from our electricity transmission and distribution lines	UK, US
	Use of electric drive compressors in our gas business	UK
	Energy consumption at our facilities	UK, US, NGV

Table 1 above presents the scope in terms of emissions sources included for Scope 1 and 2 emissions reporting.

UK and NGV emissions are reported in line with the financial year (1 April to 31 March) and US emissions are reported in line with the calendar year (1 January to 31 December). This reflects the regulatory reporting requirements and processes for the US.

3.1.4 – Calculation methodology

Annual Scope 1 and 2 emissions data is added together from the UK, US and NGV to get the Group level totals (in tonnes of CO_2e). See Table 2 below for detail on how emissions relevant to each source in our emissions inventory are calculated.

17. https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf
18. https://ghgprotocol.org/sites/default/files/ghgp/standards/Scope%202%20Guidance_Final_0.pdf

Table 2: Calculation methodology for Scope 1 and 2 emissions

Emissions scope	Emissions sources for inventory	Calculation methodology
Scope 1	Long Island Power Authority (LIPA) electricity generation	CO_2 emissions tracked using the Continuous Emissions Monitoring System (CEMS).
	Leaks and venting from our gas transmission and distribution systems and LNG facilities	**UK and NGV:** Volume of natural gas vented is recorded at individual sites. Emissions calculated using the following formula: Kg gas vented x Gas Transmission (GT) conversion factor x GWP of CH4. The GT conversion factor is based on gas composition of the entire network. **US:** Emissions from methane leakage are estimated using approved EPA methodology.
	SF6 leaks from our electric equipment	See Section 3.3.
	Fleet vehicles use	**UK:** Fuel purchased is recorded by volume. Emissions calculated via: Litres of fuel x carbon conversion factor. DEFRA/BEIS conversion factors applied for petrol, diesel, and aviation fuel. **US:** Fuel utilised for fleet are recorded on a fleet services system and converted to KT CO_2e using EPA conversion factors.
	Company car emissions where vehicle is used for business travel	Miles travelled are captured through our expenses recording systems in both UK and US. Emissions calculated via: Miles travelled x carbon conversion factor. DEFRA/BEIS conversion factors are applied by fuel type.
	Company owned plane and helicopter	The volume (gallons) of fuel used is recorded internally by the Aviation Process and Performance team. Jet fuel is converted to CO_2e using emission factors from the US EPA Emission Factor Hub.
	Gas-fired compressor use	Volume of gas combustion is tracked at all our compressor sites. Emissions calculation is: Volume of gas x natural gas combustion factor.
	Energy consumption at our facilities	Gas consumption measured by volume. Volume of gas x natural gas combustion factor.
Scope 2	Line losses from our electricity transmission and distribution lines	**UK:** ESO calculate energy losses on the GB Transmission network by Transmission Owner. This is multiplied by the DEFRA/BEIS published carbon intensity of electricity factor. Kg kWh x electricity carbon intensity factor (gCO_2e / kWh) **US:** Energy losses on the US Transmission and Distribution networks multiplied by the published EPA e-Grid factors for the relevant region. Electricity losses (KWh) X eGRID/2204.62 (conversion from lbs to grams)
	Use of electric drive compressors in our gas business	Electricity consumption multiplied by DEFRA/BEIS carbon conversion factor for electricity intensity.
	Electricity consumption at our facilities	Electricity consumption multiplied by DEFRA/BEIS and EPA carbon intensity of electricity factors.

3.2 – Scope 3 greenhouse gas emissions

Our Scope 3 emissions are calculated and reported in line with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (Revised)[16], the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard[19] and the Technical Guidance for Calculating Scope 3 Emissions: Supplement to the Corporate Value Chain (Scope 3) Accounting and Reporting Standard[20].

3.2.1 – Metric

The scope 3 emissions categories we report are:

- Cat. 1 (Purchased Goods and Services) emissions (tCO_2e)
- Cat. 3 (Fuel & Energy Related Activities) emissions (tCO_2e)
- Cat. 5 (Waste Generated in Operations) emissions (tCO_2e)
- Cat. 6 (Business Travel) emissions (tCO_2e)
- Cat. 7 (Employee Commuting) emissions (tCO_2e)
- Cat. 11 (Use of Sold Products) emissions (tCO_2e)
- National Grid total scope 3 emissions (tCO_2e)

3.2.2 – Definitions

Scope 3 emissions are defined as those which are not directly from our operations or activities but occur within our value chain which we can have influence over. We report Scope 3 emissions across six categories as defined by the GHG Protocol (see Table 3 below).

3.2.3 – Scope

National Grid apply the operational control principal to determine operations that are in scope for emissions and environmental reporting. See section 3.1.3 for further detail. For the purposes of reporting on our Scope 3 emissions, NGV operations are reported within our UK figures.

Consistent with our policy for reporting new acquired businesses and new operations (see 'Foundations of reporting'), National Grid Renewables (Geronimo site) and the IFA2 interconnector are currently excluded from our emissions reporting. We aim to include National Grid Renewables', acquired in 2019/20, contributions to this metric within our 2021/22 RBR (See 'Foundations of reporting'). IFA2 was launched in October 2020, consistent with our policy for reporting newly acquired businesses we aim to include IFA2's contributions to this metric within our 2022/23 RBR.

Table 3 below presents the scope in terms of emissions sources included within each Scope 3 category.

Table 3: Scope of National Grid's Scope 3 emission sources by category and business included

Scope 3 emission category	Scope – emissions sources	Scope – Business included
Cat. 1 (Purchased Goods and Services)	Includes all products and services purchased by National Grid Procurement, from stationary to construction products.	UK, US
Cat. 3 (Fuel & Energy Related Activities)	Includes any emissions associated with the generation of electricity purchased and sold by National Grid to customers. This is calculated from metered supply and regional carbon factors.	US
Cat. 5 (Waste Generated in Operations)	Includes all waste generated from our operations including office waste, operational waste and construction waste.	UK, US
Cat. 6 (Business Travel)	Includes employee business travel, not in National Grid owned vehicles (air travel, hire cars, personal cars, taxis and rail travel). Business travel not recorded in our systems (e.g. not expensed) is not included, however, policies are in place to minimise this.	UK, US
Cat. 7 (Employee Commuting)	Includes emissions based on commuting distances of our employees to their offices and includes travel types such as bus, car and train.	UK, US
Cat. 11 (Use of Sold Products)	This includes any emissions associated with the use of gas and electricity sold by National Grid to its customers.	US

19. https://ghgprotocol.org/sites/default/files/standards/Corporate-Value-Chain-Accounting-Reporing-Standard_041613_2.pdf
20. https://ghgprotocol.org/sites/default/files/standards/Scope3_Calculation_Guidance_0.pdf

Scope 3 emissions from Cat. 1, 3 and 11 made up >99% of our total scope 3 emissions in 2019/20 and are therefore included within scope for external assurance. Cat. 5, 6 and 7 are currently excluded from external assurance as these do not contribute materially to our total Scope 3 emissions.

UK and NGV emissions are reported in line with the financial year (1 April to 31 March) and US emissions are reported in line with the calendar year (1 January to 31 December), in line with the regulatory reporting requirements. The only exceptions, relevant to Scope 3 emissions reporting, are with Cat.1 (Purchased goods and services) and the air travel element of Cat.6 (Business travel) which are reporting on a financial year basis for the US.

3.2.4 – Calculation methodology

Annual Scope 3 emissions data across all categories reported, is summed to get the Group level total (in tonnes of CO_2e). See Table 4 below for detail on how emissions in each category are calculated.

Total Scope 3 emissions are a sum of Cat. 1, 3, 5, 6, 7 and 11 totals.

Table 4: Calculation methodology for National Grid's Scope 3 emissions by category

Scope 3 emission category	Calculation methodology
Cat. 1 (Purchased goods and services)	We apply the spend-based method for estimating CO_2e for all products and services purchased by National Grid, based on UK government emission factors provided in the UK Government Environmental Reporting Guidelines – Annex E. The formula applied is: Spend (£) X Supply chain emission factor for product category. Our Group spend figures are sourced from the UK and US procurement teams and numbers are exclusive of sales tax. As specified by the Guidelines (Annex E), sales taxes must be included in the cost of purchased goods before the emission factor is applied. As sales tax is 20% (VAT) in the UK for the majority of our purchased goods and services, to ensure we account for this and take a conservative approach, we have applied a 20% uplift to our net purchased costs across our UK data. For US data, we have assumed net $ spend is equivalent to net £ spend and therefore applied a consistant 20% uplift to determine an appropriate base for align the conversion factors as per the Guidance above. Our baseline and reported comparative Scope 3 Cat.1 emissions have also been adjusted to include 20% sales tax.
Cat. 3 (Fuel & energy related activities)	Calculated from the metered supply (actual data) and the regional carbon grid factors (from EPA). Emissions from electricity generation are calculated using the formula: Electricity generated (KWh) X eGRID/2204.62 (conversion from lbs to grams) X Global Warming Potential (GWP); equation from EPA eGRID.
Cat. 5 (Waste generated in operations)	Estimated from tonnes of waste types generated, data from our waste providers on the disposal method and DEFRA/BIES conversion factors. The formula applied is: Waste disposed of (tonnes) X Emission factor.
Cat. 6 (Business travel)	Calculated by: Distance travelled on business (miles) X Emission factor. Carbon emissions factors used are UK industry standard factors from DEFRA/BEIS or EPA industry standard factors for US air travel and are specific for each type of transport.
Cat. 7 (Employee commuting)	Estimated from UK employee commuting survey data which is extrapolated to represent the entire National Grid business using the FTE employee count at financial year end (31 March). Emissions are calculated by: Distance travelled to work (miles) X Emission factor. Emission factors are from EFRA/BIES, specific for each type of transport.
Cat. 11 (Use of sold products)	Calculated based on sold gas (actual data). Emissions from gas sold are calculated using the following formula: Methane Correction Factor (MCF) X Higher Heating Value (HHV) x Emission Factor (EF); equation from EPA 40 CFR Part 98 Subpart NN-1.

3.3 – SF6 emissions

Sulphur hexafluoride ("SF6") is a highly-regulated gas in both the UK and US. In the UK, we are required to monitor and report our SF6 emissions to our regulator OFGEM on an annual basis. In the US, we are required to monitor SF6 for the Environmental Protection Agency ("EPA") and report should they exceed a defined threshold. In selected states, we are also required to report SF6 emissions to the state authority. Our SF6 reporting is carried out in line with the monitoring approaches and methodologies approved by our regulators.

3.3.1 – Metric

Total SF6 emissions (in CO_2e) from our operations.

3.3.2 – Definitions

SF6 is a powerful greenhouse gas with a global warming potential of 22,800 times that of CO_2. The biggest use of SF6 in our operations is as an insulating gas in our high-voltage switch gear and as a current breaking medium. During operation, very small volumes of SF6 can leak from equipment.

3.3.3 – Scope

All National Grid's businesses are included in the reporting of this metric (UK, US and NGV operations), see section 3.1.3 for exceptions to this. The UK Gas Transmission business has no SF6 emissions as SF6 is only kept in hermetically sealed units.

UK and NGV emissions are reported in line with the financial year (1 April to 31 March) and US emissions are reported in line with the calendar year (1 January to 31 December). This reflects the regulatory reporting requirements and processes for the US.

3.3.4 – Calculation methodology

Annual SF6 emissions data is added together from the UK, US and NGV businesses to get the Group level total (in tonnes of SF6). This is converted to tCO_2e using the IPCC GWP factor: 1kg SF6 = 22,800kg CO_2e.

For NGET and the NGV IFA 1 site, SF6 readings are taken from the gas flow meters and the top-up masses recorded on to our systems. Top-ups over the 12-month reporting period are summed to get the annual SF6 emissions for the UK and NGV IFA 1 site.

For the US, SF6 emissions are calculated using a mass balance approach. The following formula is applied: SF6 emissions = (Change in SF6 inventory[1]) + (Purchases/acquisitions of SF6[2]) – (Sales/disbursements of SF6[3]) – (Change in Nameplate capacity[4]).

1. Cylinder inventories are carried out on sites (each is weighed to calculate the mass of SF6 in storage).

2&3. Our SF6 supplier provides an annual report on the mass of SF6 delivered to and retuned from our sites.

4. Our inventory of all sub-station equipment exists on our CASCADE system. Equipment that has been newly installed/retired can be found here and the related SF6 data handled appropriately. Note: an industry standard value of 5 psi is assumed as the pre-charge amount of SF6 for new equipment supplied pre-charge.

In both the UK, NGV and US calculations, appropriate action is taken to ensure the calculated figures represent SF6 leakage only. For example, if SF6 is added to fill a new piece of equipment, this will appear in our SF6 inventories but will not be included within calculations for SF6 lost.

3.4 – Air quality – Emissions from stationary sources (NOx, SOx and PM) emissions

National Grid are required to monitor and report air emissions to regulatory bodies in both the UK (OFGEM) and US (EPA) on an annual basis. As such, our air emissions reporting is carried out in line with the monitoring approaches and methodologies specified and approved by our regulators.

3.4.1 – Metric

Air emissions from stationary sources (NOx, SOx and PM). The data we report is:

- NOx emissions (metric tonnes)
- SOx emissions (metric tonnes)
- PM emissions (metric tonnes)

3.4.2 – Definitions

NOx SOx and **PM** (are air polluting gases released from combustion processes.

Stationary sources of NOx, SOx and PM include gas compressors in the UK, the burning of natural gas and fuel oil in the US (to generate electricity) and submerged combustion vaporizers (SCV) for NGV.

3.4.3 – Scope

NOx, SOx and PM emissions from all UK sites are included. For the US, only sites required to report NOx and SOx emissions to the EPA are included within these figures, representing 59 out of National Grid's total 64 US emissions units. The 5 units that are excluded comprise >3% of total US NOx and SOx emissions. All 64 emissions units are included in US PM reporting.

Only one NGV site (LNG, Isle of Grain) is included and only NOx emissions from this site are reported. NOx emissions from LNG, Isle of Grain are included for Phase 1 (emissions from four submerged combustion vaporisers (SCVs)) and Phase 2 and 3 (emissions from another six and four SCVs respectively). SOx and PM emissions are not monitored at our LNG Grain site as are under the threshold required for regulatory reporting.

Our air emissions reporting covers stationary sources (as defined above). Other sources may include air emissions from back-up generators, small domestic boilers and process gas boilers on sites and from mobile sources (e.g. from our fleet). Air emissions from these potential sources are thought to be immaterial and are currently not monitored or included in our reporting.

The following gases are included within our NOx, SOx and PM reporting:

- NOx – NO_2, NO
- SOx – SO_2
- PM – PM10, PM2.5. Only PM10 is measured and reported in the UK (reported as PM). In the US, PM10, PM2.5 and other particle sizes are measured, but reported as a consolidated PM amount.

Air emissions for the UK, US and NGV businesses are reported on a financial year basis, 1 April – 31 March.

3.4.4 – Calculation methodology

Annual NOx, SOx and PM emissions are added together from the UK, US and NGV (LNG Grain site) to get the Group level total (in metric tonnes of each gas). See the Table 5 below for further information on how air emissions are calculated in each of our businesses:

Table 5: Calculation methodology for NOx, Sox and PM reporting across our UK, US and NGV businesses

	UK	US	NGV
NOx	Calculated via a Predictive Emissions Monitoring System (PEMS). Combustion is monitored via automated systems on all gas turbines 24/7. Data (including exhaust temperature, fuel flow, turbine compressor delivery temperature and calculated flame temperature) is fed into our Alert/CHC system every 10s which applies an Environment Agency approved algorithm to the combustion data to calculate the NOx emissions for each unit. The system is calibrated via an extractive exhaust gas emission test every 2-6 years as required by our Environment Permits.	Some units have Continuous Emissions Monitoring ("CEMS") which automatically log actual NOx emissions on an hourly basis. On units that do not have CEMS, NOx emissions are calculated by: NOx = fuel consumption x NOx emission factor Fuel consumption is measured automatically by fuel meters, or via fuel storage tank readings. The NOx emission factor is calculated from third-party stack testing.	For LNG Grain Phase 1, an average NOx emission rate is calculated via a timed spot sample to measure the kg NOx per tonnes of LNG throughput (measured quarterly). Data is extrapolated over the quarter to represent the LNG throughput of the SCV. Quarterly data is summed to calculate the annual NOx figure. For Phases 2 and 3, a CEMS is used. NOx is monitored via a probe and data recorded in our Process History Database (PHD). NOx is calculated by: CEMS hourly mean for each vaporizer (kg/hr of NOx) X number of operational hours.
SOx	Calculated by: Amount of gas burnt (m^3) X SOx emission factor Amount of gas burnt (m^3) is calculated by the continuous monitoring of gas flow for combustion from fuel gas metering units. Data is logged automatically on our Alert/CHC. Emissions factor is 0.0000078kg of SO_2 per kg of fuel burnt. This is calculated using the sulphur content of natural gas as specified by the UK Gas Safety Management Regulations (GSMR) and is representative of a 'worst case' scenario.	Calculated by: SOx = oil consumption X emission factor for SOx emissions from oil or SOx = gas consumption X emission factor for SOx emissions from gas, depending on fuel. Oil/gas consumption is measured by fuel meters. Data is fed into our Data Acquisition and Handling System (DAHS), or, manually via fuel storage tank readings. The emission factor for natural gas is specified by the EPA. The emission factor for oil is calculated from the sulphur content (analysed prior to delivery) and an EPA equation.	n/a

Table 5: Calculation methodology for NOx, Sox and PM reporting across our UK, US and NGV businesses continued

	UK	US	NGV
PM	Calculated by: Exhaust gas volume (m^3) X PM10 emission factor. Exhaust gas volume is calculated by: Amount of gas burnt (m^3) + Air required for combustion (m^3). The amount of gas burnt is calculated in the same way as for SOx (see above). The air required is calculated using a 30:1 ratio, amount of gas burnt to air required for combustion; which is industry best practice. The emission factor for PM10 is provided by our equipment manufacturer and is calculated as 1 ug/m^3 stack gas. This was the limit of detection and therefore is a conservative approach.	Particulate emissions from each stack are measured on each site periodically in accordance with our permit requirements. Measurements are taken by an independent third party and Test Reports provided to National Grid US for our reporting.	n/a

3.5 – GHG emissions and total air miles from air travel

3.5.1 – Metric

Total air miles travelled on an annual basis by National Grid employees and the associated CO_2e emissions.

3.5.2 – Definitions

Airmiles refer to the distance travelled via aeroplane by National Grid employees for business activities only.

Emissions as outlined in section 3.3.

3.5.3 – Scope

Includes airmiles travelled by the National Grid workforce across all parts of the business (see section 3.1.3). In scope, are airmiles from our company owned plane, as well as from third party airlines.

The airmiles travelled on third party planes are captured through our UK and US third party travel providers (Capita and TLC respectively[21]). It is National Grid policy that all employees must book business trips (long haul and short haul) through our travel providers.

Airmiles associated with trips booked through our travel providers are counted in this metric, as of the start date of the trip. This is regardless of invoice date and whether a later return flight has been booked. For example, if the return flight was outside of the current financial year, it would still be included as part of the whole trip provide the trip start date was inside of the current financial year.

All emissions and miles travelled on third party planes are reported in line with the financial year (1 April to 31 March). Emissions and miles from National Grid's own plane are reported in line with the calendar year (1 January to 31 December).

Airmiles travelled by contractors are not included.

3.5.4 – Calculation methodology

Airmiles recorded by both our UK and US travel providers are combined (along with the miles from our company owned plane) to represent National Grid's Group total annual airmiles.

For our company owned plane, the airmiles are obtained internally from the aircraft pilot. Flight logs show flight time and average air speed from which mileage is calculated.

Although our target is measured in airmiles, not the associated carbon emissions, we also convert and report our airmiles data in TCO_2e. To complete the calculation CO_2e, the BIES/DEFRA (UK industry standard factors[22]) and EPA (US industry standard factors[23]) carbon conversion factors are applied as per Table 4. The factors change depending on the length of the flights taken (domestic, short, medium and long haul), as well as the type of seat booked (economy, business and 1st class).

3.6 – % Renewable energy purchased

3.6.1 – Metric

% of electricity supplied from renewable tariffs.

3.6.2 – Definitions

Renewable tariffs are electricity contracts that will supply 100% electricity to National Grid from non-fossil fuels.

Electricity supplied is the total in scope electricity supply contracts, measured in kWh.

21. The US travel provider for 2019/20 was TLC. For 2020/21 onwards, it will be Omega.
22. BEIS: https://naei.beis.gov.uk/data/emission-factors, DEFRA: https://www.gov.uk/guidance/measuring-and-reporting-environmental-impacts-guidance-for-businesses
23. 19 EPA: GHG Emission Factors Hub (April 2021) (epa.gov).

3.6.3 – Scope
Electricity generated from biomass is considered renewable, but not electricity produced using Carbon Capture and Storage (CCS).

The metric includes electricity contracts that National Grid procure directly and where competitive supply markets exist. Electricity contracts supplied by National Grid's landlords are excluded.

% of electricity supplied from renewable tariffs is reported as at the financial year end date, 31 March, for UK operations and as at the calendar year end date, 31 December, for US operations.

3.6.4 – Calculation methodology
The total in scope electricity supply contracts and the total in scope renewable supply contracts are aggregated by the UK and US according to their respective year end dates. The US and UK totals are then combined for Group totals.

The % of electricity supplied from renewable tariffs is then calculates as: (Total electricity supplied from renewable tariffs / Total electricity supplied) *100.

3.7 – Number of hectares of land we have remediated

3.7.1 – Metric
Hectares of land we have remediated to an acceptable risk level or to the satisfaction of a regulatory agency over the course of the year.

3.7.2 – Definitions
Land remediated is the area which has been remediated to a level acceptable to the governing regulatory agency for site closure. This remediation focuses on the reduction of risk associated with contaminants in the environment to acceptable level.

Legacy land impacts are a result of past contaminative uses of land owned by National Grid.

3.7.3 – Scope
The total land area of any site affected subject to remediation activities will be reported as the remediated area.

Land remediation required for small spills during our ongoing activities is excluded from our reporting. Remediation of legacy land impacts only are included in our reporting.

Only the UK and US principal businesses contribute towards this metric. NGV do not undertake land remediation.

UK data is reported in line with the financial year, 1 April to 31 March. US data is reported in line with the calendar year, 1 January to 31 December.

3.7.4 – Calculation methodology
The total areas of land for the year for the UK and US are aggregated int hectares. The UK and US totals for the financial and calendar years respectively are then aggregated to calculate the total areas of land remediated across the Group.

3.8 – Total office waste

3.8.1 – Metric
Office waste generated and disposed of from core US and UK offices.

3.8.2 – Definitions
Core offices are the primary locations where our office-based employees are based. This does not include site offices or locations where National Grid do not directly manage waste disposal.

Waste is any substance or object which the holder discards or intends or is required to discard.

3.8.3 – Scope
Only waste generate and disposed of from core offices are included in this metric.

Core offices occupied by our UK, US and NGV personnel are all included.

Data is continuously monitored via internal waste reporting systems or through regular reporting by service providers where National Grid employ the services of third parties to manage office waste disposal.

Data from UK based offices are reported in line with the financial year, 1 April to 31 March. US office data is reported in line with the calendar year, 1 January to 31 December.

3.8.4 – Calculation methodology
Total waste for the respective US and UK reporting periods are combined to calculate the total office waste for the Group.

3.9 – % office waste diverted from landfill

3.9.1 – Metric
% of office waste that not sent to landfill.

3.9.2 – Definitions
Office waste is as defined and reported separately. See metric 3.8.

3.9.3 – Scope
Only waste generate and disposed of from core offices are included in this metric.

Core offices occupied by our UK, US and NGV personnel are all included.

Data is continuously monitored via internal waste reporting systems or through regular reporting by service providers where National Grid employ the services of third parties to manage office waste disposal.

Data from UK based offices are reported in line with the financial year, 1 April to 31 March. US office data is reported in line with the calendar year, 1 January to 31 December.

3.9.4 – Calculation methodology
Total Group data is aggregated by disposal process to identify the total volume of waste that is not sent to landfill upon disposal.

The % of office waste not sent to landfill is calculated as: (Total Group office waste not sent to landfill / Total office waste) *100.

3.10 – Renewables enabled by direct investment via National Grid Renewables

3.10.1 – Metric
MW new renewables in commercial operation and under construction within the onshore renewables portfolio.

3.10.2 – Definitions
Onshore renewables refers to the Geronimo business acquired by National Grid in June 2019.

The onshore renewables portfolio is the projects included within the Emerald joint venture that National Grid has 51% ownership of.

3.10.3 – Scope
Data represents total MW of renewable energy within the onshore renewables portfolio – either in commercial operation or currently under construction.

The reported metric includes all projects and their associated MW which have obtained Notice To Proceed (NTP) and are retained within the onshore renewables JV portfolio.

The metric excludes any MW developed and sold to third parties.

Renewables enabled by direct investment is reported as at the financial year end date, 31 March.

3.10.4 – Calculation methodology
The data is continually measured and tracked by the onshore renewables team who formally report the data to National Grid on a quarterly basis. However, performance is monitored more frequently in the course of day to day operations.

3.11 – Renewable energy connected to US and UK transmission and distribution grids

3.11.1 – Metric
MW of renewables connected to the US and UK transmission and distribution grids over the course of the year.

3.11.2 – Definitions
US and UK transmission and distribution grids refer to the electricity transmission (ET) networks located in the UK and US plus the electricity distribution (ED) networks in the US.

Renewable energy is energy from sources that are zero carbon and naturally replenishing, including solar, wind, hydropower, and geothermal generation.

3.11.3 – Scope
Renewables connected are measured by the capacity of the facilities connected to the grids.

Connections are counted from the 'in-service' date; when National Grid physically provides back-feed service to the facility. The first point with the project is interconnected.

UK data is reported in line with the financial year, 1 April to 31 March. US data is reported in line with the calendar year, 1 January to 31 December.

3.11.4 – Calculation methodology
The data is collected and monitored continuously in the course of operations. The total annual connections for each network are aggregated at the year-end for the purpose of reporting.

3.12 – Total energy consumption

3.12.1 – Metric
Total energy consumption, including a breakdown by renewable and non-renewable energy consumed as well as by electricity, heating, operational and transportation energy.

3.12.2 – Definitions
Energy consumed is the amount of electricity, natural gas and other fuels used by National Grid. It is reported in gigawatt hours (GWh).

3.12.3 – Scope
A well as reporting total energy consumption as a consolidated figure, the following breakdown is also reported:

- Renewable fuel consumed
- Non-renewable fuel consumed
- Electricity consumed
- Heating consumed
- Operational energy and fuel consumed (associated with generation)
- Transportation energy and fuel consumed

System energy losses (line losses) are not included within our total energy consumption figure as they are not considered 'energy used' by National Grid. However, these will be disclosed separately for transparency. Total fuel consumption in Power Generation is also reported as a separate line item for transparency.

Table 6 (right) presents the scope of each energy consumption category.

UK and NGV emissions are reported in line with the financial year (1 April to 31 March) and US emissions in line with the calendar year (1 January to 31 December). This reflects the regulatory reporting requirements and processes for the US.

3.12.4 – Calculation methodology
Total energy consumption = renewable energy + non-renewable energy, or total energy consumption = electricity + heating + operational energy + transportation energy. Each of the energy consumption categories are calculating via a sum of all data sources described in table 6 (right). Some unit conversions are required (for example, litres of diesel to GWh) and these are carried out using industry standard conversion factors.

3.13 – Office energy consumption

3.13.1 – Metric
Total energy consumed at our UK and US core offices.

3.13.2 – Definitions
Core Offices those being managed by National Grid's Workplace Experience and Property Services teams in the UK and US respectively. These are offices where National Grid are directly liable for energy costs.

Table 6: scope of each energy consumption category

Energy consumption	Scope
Renewable energy	Includes renewable electricity purchased at some of our US sites and a small amount of self-generated solar electricity on UK sites.
Non-renewable energy	Includes all of the items mentioned below (in electricity, heating, operational and transport sections), minus the electricity from renewable sources mentioned above.
Electricity	Includes purchased electricity used on our sites.
Heating	Includes purchased heat (natural gas) used on our sites.
Operational energy	Includes electricity and fuel used at our operational sites (for example, for line heaters, stand-by generators, compressor units) For our power generation sites in the US, fuel burnt to generate electricity is not included, unless the energy is used by National Grid.
Transportation energy	Includes fuel and electricity used within our vehicle fleet and company owned plane.
Total energy consumed	Includes all of the above elements. Excludes system losses (below) and total fuel consumption at Power Generation facilities.
System energy loses (line losses)	Energy lost in electricity and gas transmission.
Power Generation	Total fuel consumption at LIPA Power Generation plant.

Energy refers to all imported electricity or heat and all solid, liquid and gaseous fuels consumed across the core offices.

3.13.3 – Scope
Properties which are primarily operational in function are excluded from this metric, as well as any non-core offices.

UK data is reported in line with the financial year, 1 April to 31 March. US data is reported in line with the calendar year, 1 January to 31 December.

3.13.4 – Calculation methodology
The data for the UK and US is consolidated from meter readings and invoices where ever possible. In limited cases data is estimated based on the square footage of National Grid office space and surveys data to inform average energy use per square foot of commercial offices. The total energy consumption for the entire Group's core offices is aggregated at the year-end for the purpose of reporting.

3.14 – Interconnector capacity

3.14.1 – Metric
The capacity of NGV's interconnectors to Europe

3.14.2 – Definitions
Capacity is the intended maximum, full-load sustained output of National Grid's interconnectors, measured in GW.

Interconnectors are high voltage cables that are used to connect the electricity systems of neighbouring countries.

3.14.3 – Scope
All of NGV's interconnectors in operation and those under construction are included in the metric.

Interconnector capacity is reported as at the financial year end date, 31 March.

3.14.4 – Calculation methodology
The data is collected and monitored in the course of normal operations. The capacity of each interconnector is aggregated at the year-end for the purpose of reporting.

3.15 – Electric vehicle fleet (light-duty)

3.15.1 – Metric
% of National Grid's light-duty vehicle fleet that are electric vehicles ("EVs").

3.15.2 – Definitions
Light-duty vehicles are those with a gross weight of less than 3.85 metric tons (8,500lbs) if located in the US, or less than 3.5 metric tons (7,716lbs) if located in the UK.

Electric Vehicles are powered 100% by electricity and produce zero-carbon emissions.

3.15.3 – Scope
All vehicles owned by National Grid are included in this metric, although it is noted that the NGV business does not own any vehicles.

Employees' company cars and vehicles heavier than the defined light-duty vehicles are excluded.

The electric vehicle % of our light-duty vehicle fleet is reported as at the financial year end date, 31 March.

3.15.4 – Calculation methodology
The total light-duty fleet ("LDF") size and the number that are EVs is continuously tracked in our fleet management systems.

To calculate the % of the LDF that are EVs, the total fleet size and the total number of EVs in the UK and US are separately aggregated. The % that are EVs is then calculated as: (total number of EV LDVs / Total number of LDVs) *100.

4 – Governance

4.1 – Diversity of the Board

4.1.1 – Metric

Percentage of diverse representation on our Board.

4.1.2 – Definitions

Diverse Board members are defined as females or those that identify themselves as being part of an ethnic minority group. All our gender data relies on our Board member's classification of their own gender as male or female. Data on both Executive Directors and Non-Executive Directors is held in "MyHub" (National Grid's Human Resources ("HR") record management system), however we may, or may not hold complete diversity information on these individuals in our HR systems as we would with normal employees on our payroll. In the instance that any diversity information is missing for these individuals, our Corporate Affairs team would write to these individuals to invite them to declare their diversity status for use in our external diversity statistics. Employees and Board members are not obliged to provide diversity information.

The following groups in Table 7 (right) are defined as 'diverse' and 'non-diverse' in our UK and US businesses.

Board refers to members as defined on the National Grid website[24] who are active in post at the financial year end (31 March).

4.1.3 – Scope

Board members can self-declare their diversity status (optional) in accordance with Table 7, within our Group HR system. In the instance that any diversity information is missing for individual Board members, our Corporate Affairs team write to these individuals to invite them to declare their diversity status for use in our external diversity statistics. We calculate the number of Board members who are female or of ethnic

Table 7: National Grid diverse and non-diverse employees on the Board

Gender (UK and US)			
Male		non-diverse	
Female		diverse	
Ethnicity (UK)		**Ethnicity / Race (US)**	
Any other	diverse	Not Hispanic/Latino	non-diverse
Asian – Bangladeshi	diverse	<null>	n/a
Asian – Indian	diverse	American Indian or Alaskan Native	diverse
Asian – Pakistani	diverse	Asian	diverse
Asian – any other background	diverse	Black	diverse
Black – African	diverse	Hispanic or Latino	diverse
Black – Caribbean	diverse	Native Hawaiian or Pacific Islander	diverse
Black – any other background	diverse	Prefer not to say	n/a
Chinese	diverse	Two or more Races	diverse
Gypsy or Irish Traveller	diverse	White	non-diverse
Mixed – White and Black African	diverse		
Mixed – White and Black Caribbean	diverse		
Mixed – White and Asian	diverse		
Mixed – any other mixed background	diverse		
White – any other White	non-diverse		
White British/English/Scottish/ Welsh/Northern Irish	non-diverse		
White Irish	non-diverse		
Prefer not to say	n/a		
<null>	n/a		

24. https://www.nationalgrid.com/about-us/our-leadership-team/the-board

minority. If a Board member was both female and of ethnic minority, we would only count this individual once.

Diversity of the Board is reported in the Responsible Business Report as at year end (31 March).

4.1.4 – Calculation methodology

The following calculation is performed on the dataset to calculate this metric:

- % diverse representation on the Board = (# females and ethnic minorities on the Board) / (# Board members)

4.2 – % of employees to have undertaken ethics and fraud and bribery training

4.2.1 – Metric

% of total workforce population who have completed our ethics training.

% of total workforce population who have completed our fraud and bribery training.

4.2.2 – Definitions

Ethics training is an online training course intended to inform and educate attendees around National Grid's code of ethics.

Employees are all staff who are permanently employed by National Grid, excluding US based union employees, and National Grid's contractors with a National Grid email for the purpose of this metric.

4.2.3 – Scope

All employees as at the reporting date are included in the metric.

The status of employees who have completed the training is continuously monitored through our HR management system.

The training course is refreshed every three years in accordance with when the code of ethics is refreshed. The metric is calculated based on completion of the most recent and current training course available. Completion of previous training courses is not included in the measurement of this metric.

The % of employees who have completed unconscious bias training is reported as at the relevant financial year end date, 31 March.

4.2.4 – Calculation methodology

As at the year end, a report is run from our HR management system that shows our total number of employees and the total number of employees to have completed the ethics training course.

The % of colleagues to have completed the ethics training is calculated as: (total number of employees to have complete the training / total number of employees) * 100.

5 – People

5.1 – UK gender pay gap

We prepare and report our UK gender pay gap disclosures in line with the approach defined by the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 and The Advisory, Conciliation and Arbitration Service (ACAS) Managing Gender Pay Reporting Guide 2017 ('Acas guidance').

We publish our UK gender pay gap as part of our Annual Report, Responsible Business Report and as a standalone Report on our website[25]. Our Gender Pay Gap Reporting Methodology document can also be accessed on our website[25].

5.2 – US gender pay gap

In this section, we provide further details on our approach to reporting National Grid's US gender pay gap data. It provides an overview of the metrics, definitions, scope and methodology we have applied, and the National Grid US legal entities covered within it.

Where relevant, we prepare and report our ethnicity pay gap disclosures in line with the principles defined by the UK's Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 ('the legislation') and Acas guidance.

National Grid is not legally required to report our US gender pay gap but choose to on a voluntary basis. Although the UK statutory gender pay gap methodology has been used as a basis for US gender pay gap reporting, some adaptations have been made been to ensure its suitability for US gender pay gap reporting. Any variations from the UK gender pay gap methodology are explained below.

5.2.1 – Metric

Our US gender pay gap reporting covers our total US businesses only, representing our entire US workforce (i.e. inclusive of all US legal entities, regardless of headcount).

The metrics disclosed are listed below, each metric is reported once to represent the total US workforce.

- Mean gender pay gap (%)
- Median gender pay gap (%)
- Mean gender bonus gap (%)
- Median gender bonus pay gap (%)

For the US gender pay gap, we do not report publicly on the percentage of female employees receiving a bonus payment, or the proportion of female employees in each pay quartile of the organisation.

5.2.2 – Definitions

The gender pay gap is an equality measure that shows the difference in average earnings between female employees and those that are male. It is different from equal pay.

The definitions for the key terms included as part of our gender pay gap calculations are:

- **Gender:** All our gender pay gap data relies on our employees' classification of their own gender as male or female. This is a mandatory, binary field in our HR system and therefore National Grid has a gender disclosure rate of 100%.
- **Relevant employee:** Those that have a contract of employment with National Grid, employed on the snapshot date 5 April. All bonus payments in the year from March to April will be included in the 'Bonus' Pay Gap calculation.
- **Full pay relevant employee:** Relevant employees excluding those paid less than their usual pay during the payroll period in which the 5 April 2020 falls as a result of being on leave. We consider an individual's usual pay to be 1/12th of their annual salary as at 5 April. These employees will be included in the calculation of the 'Base' pay gap.
- **Relevant pay period / bonus pay period:** The month of April is used to calculate hourly pay, which is then used to calculate the pay gap in accordance with the legislation. The relevant pay period for the purpose of calculating bonus pay is the 12-month period ending 5 April.
- **Relevant pay / bonus pay:** An employee's 'normal' monthly salary, including any regular allowances and supplements, paid out in pay period that includes April 5 is considered as relevant or 'normal' pay. Bonus payments made to employees in the form of cash, vouchers or securities in addition to normal pay, for reasons including performance and incentives, in the twelve months prior to and including April 5 of each year.

For more granular definitions of the above terms used in gender pay gap calculations, please refer to the legislation and Acas guidance.

25. https://www.nationalgrid.com/careers/understanding-our-uk-gender-pay-gap-2020

5.2.3 – Scope

In terms of the time period in scope, our gender pay gap disclosures are prepared on an annual basis using the snapshot date 5 April each year for base / ordinary pay, and for the twelve months period including that pay period and the eleven pay periods prior to that date for bonus pay.

The scope of National Grid US legal entities is disclosed in National Grid's 2020/21 Annual Report and Accounts. All US incorporated subsidiaries are included in the relevant statutory and total ethnicity pay gap calculations for all metrics as stated in section '5.2.1 – Metric'.

5.2.4 – Calculation methodology

US gender pay gap metrics are calculated in accordance with the methodology set out in the legislation and Acas guidance. Our data is extracted from our source systems (Payroll and HR management system), before being reconciled and prepared for calculations to ensure that only the relevant employees, wage types and bonus types are included.

5.3 – UK Ethnicity pay gap

In this section, we provide further details on our approach to reporting National Grid's UK ethnicity pay gap data. It provides an overview of the metrics, definitions, scope and methodology we have applied, and the National Grid UK legal entities covered within it.

Where relevant, we prepare and report our ethnicity pay gap disclosures in line with the principles defined by the UK's Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 ('the legislation') and Acas guidance.

National Grid is not legally required to report our ethnicity pay gap but choose to on a voluntary basis. Although the UK statutory gender pay gap methodology has been used as a basis for ethnicity pay gap reporting, some adaptations have been made been to ensure its suitability for ethnicity pay gap reporting. Any variations from the UK gender pay gap methodology are explained below.

5.3.1 – Metric

Our UK ethnicity pay gap reporting covers our total UK businesses only, representing our entire UK workforce (i.e. inclusive of all UK legal entities, regardless of headcount).

The metrics disclosed are listed below, each metric is reported once to represent the total UK workforce.

- Mean ethnicity pay gap (%)
- Median ethnicity pay gap (%)
- Mean ethnicity bonus gap (%)
- Median ethnicity bonus pay gap (%)

For the ethnicity pay gap, we do not report publicly on the percentage of ethnic minority employees receiving a bonus payment, or the proportion of ethnic minority employees in each pay quartile of the organisation.

5.3.2 – Definitions

The ethnicity pay gap is an equality measure that shows the difference in average earnings between ethnic minority (or diverse) employees and those that are now. It is different from equal pay.

The definitions for the key terms included as part of our gender pay gap calculations are:

- **Ethnic minority** (or diverse) employees are those that identify themselves as being part of an ethnic minority group, which is self-declared by employees within our HR system. As at the time of preparing this document, approximately 94% of National Grid employees have declared their ethnicity. Employees that have not declared their ethnicity are excluded from the calculation.

  The following groups presented in Table 8 below are defined as 'diverse' and 'non-diverse' in terms of ethnicity, within our UK and US businesses.

Table 8: National Grid diverse and non-diverse employees in the UK workforce

Ethnicity (UK)	
Any other	diverse
Asian – Bangladeshi	diverse
Asian – Indian	diverse
Asian – Pakistani	diverse
Asian – any other background	diverse
Black – African	diverse
Black – Caribbean	diverse
Black – any other background	diverse
Chinese	diverse
Gypsy or Irish Traveller	diverse
Mixed – White and Black African	diverse
Mixed – White and Black Caribbean	diverse
Mixed – White and Asian	diverse
Mixed – any other mixed background	diverse
White – any other White	non-diverse
White British/English/Scottish/Welsh/N. Irish	non-diverse
White Irish	non-diverse
Prefer not to say	n/a
<null>	n/a

Refer to section 5.2.2 for definitions of common terms.

For more granular definitions of the above terms used in gender pay gap calculations, please refer to the legislation and Acas guidance.

5.3.3 – Scope

In terms of the time period in scope, our ethnicity pay gap disclosures are prepared on an annual basis using the snapshot date 5 April each year for base / ordinary pay, and for the twelve months period including that pay period and the eleven pay periods prior to that date for bonus pay.

The scope of National Grid UK legal entities is disclosed in National Grid's 2020/21 Annual Report and Accounts. All UK incorporated subsidiaries are included in the relevant statutory and total ethnicity pay gap calculations for all metrics as stated in section '5.3.1 – Metric'. There is only one exclusion to note, bonuses paid from the National Grid Metering entity are not included. National Grid Metering operates independently (they are not governed by Group) and as such National Grid have limited access and oversight of the bonus payments data at Group level. This exclusion will only affect the total UK mean and median ethnicity bonus pay gap calculations.

5.3.4 – Calculation methodology

UK ethnicity pay gap metrics are calculated in accordance with the methodology set out in the legislation and Acas guidance, only ethnic minority employees replace female employees and non-ethnic minority employees replace male employees where considered in the guidance. Our data is extracted from our source systems (Payroll and HR management system), before being reconciled and prepared for calculations to ensure that only the relevant employees, wage types and bonus types are included.

5.4 – US Ethnicity pay gap

In this section, we provide further details on our approach to reporting National Grid's US ethnicity pay gap data. It provides an overview of the metrics, definitions, scope and methodology we have applied, and the National Grid US legal entities covered within it.

Where relevant, we prepare and report our ethnicity pay gap disclosures in line with the principles defined by the UK's Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 ('the legislation') and Acas guidance.

National Grid is not legally required to report our ethnicity gender pay gap but choose to on a voluntary basis. Although the UK statutory gender pay gap methodology has been used as a basis for ethnicity pay gap reporting, some adaptations have been made been to ensure its suitability for ethnicity pay gap reporting. Any variations from the UK gender pay gap methodology are explained below.

5.4.1 – Metric

Our US ethnicity pay gap reporting covers our total US businesses only, representing our entire US workforce (i.e. inclusive of all US legal entities, regardless of headcount).

The metrics disclosed are listed below, each metric is reported once to represent the total US workforce.

- Mean ethnicity pay gap (%)
- Median ethnicity pay gap (%)
- Mean ethnicity bonus gap (%)
- Median ethnicity bonus pay gap (%)

For the ethnicity pay gap, we do not report publicly on the percentage of ethnic minority employees receiving a bonus payment, or the proportion of ethnic minority employees in each pay quartile of the organisation.

5.4.2 – Definitions

The ethnicity pay gap is an equality measure that shows the difference in average earnings between ethnic minority (or diverse) employees and those that are now. It is different from equal pay.

The definitions for the key terms included as part of our gender pay gap calculations are:

- **Ethnic minority** (or diverse) employees are those that identify themselves as being part of an ethnic minority group, which is self-declared by employees within our HR system. As at the time of preparing this document, approximately 94% of National Grid employees have declared their ethnicity. Employees that have not declared their ethnicity are excluded from the calculation.

  The following groups presented in Table 9 below are defined as 'diverse' and 'non-diverse' in terms of ethnicity, within our UK and US businesses.

Refer to section 5.2.2 for definitions of common terms.

For more granular definitions of the above terms used in gender pay gap calculations, please refer to the legislation and Acas guidance.

Table 9: National Grid diverse and non-diverse employees in the UK workforce

Ethnicity / Race (US)	
Not Hispanic/Latino	non-diverse
<null>	n/a
American Indian or Alaskan Native	diverse
Asian	diverse
Black	diverse
Hispanic or Latino	diverse
Native Hawaiian or Pacific Islander	diverse
Prefer not to say	n/a
Two or more Races	diverse
White	non-diverse

5.4.3 – Scope

Our ethnicity pay gap disclosures are prepared on an annual basis using the snapshot date 5 April each year for base / ordinary pay, and for the twelve months period including that pay period and the eleven pay periods prior to that date for bonus pay.

The scope of National Grid US legal entities is disclosed in National Grid's 2020/21 Annual Report and Accounts. All US incorporated subsidiaries are included in the relevant statutory and total ethnicity pay gap calculations for all metrics as stated in section '1 – Metric'.

5.4.4 – Calculation methodology

US ethnicity pay gap metrics are calculated in accordance with the methodology set out in the legislation and Acas guidance, only ethnic minority employees replace female employees and non-ethnic minority employees replace male employees where considered in the guidance. Our data is extracted from our source systems (Payroll and HR management system), before being reconciled and prepared for calculations to ensure that only the relevant employees, wage types and bonus types are included.

5.5 – Gender and ethnicity % of joiners, promotions and leavers

5.5.1 – Metric

Percentage of female and ethnic minority employees within external hires, promotions and leavers. The data we report is:

- % female external hires
- % ethnic minority external hires
- % female promotions
- % ethnic minority promotions
- % female leavers
- % ethnic minority leavers

5.5.2 – Definitions

Female employees are those that have self-disclosed themselves as being so upon joining the company. All our gender data relies on our employees' classification of their own gender as male or female. This is a mandatory, binary field in our HR system and therefore National Grid has a gender disclosure rate of 100%.

Ethnic minority employees are those that have identified themselves as being part of an ethnic minority group via voluntary self-disclosure within our HR system. As at the time of preparing this document, around 93-94% of employees have declared ethnicity so we would posit that this poses a very good representation of the company.

The following groups presented in Table 10 (below) are defined as 'diverse' and 'non-diverse' in our UK and US businesses:

Table 10: National Grid diverse and non-diverse employees in the UK and US for our diversity of recruitment, promotion and leavers reporting

Gender (UK and US)			
Male		non-diverse	
Female		diverse	
Ethnicity (UK)		**Ethnicity / Race (US)**	
Any other	diverse	Not Hispanic/Latino	non-diverse
Asian – Bangladeshi	diverse	<null>	n/a
Asian – Indian	diverse	American Indian or Alaskan Native	Diverse
Asian – Pakistani	diverse	Asian	Diverse
Asian – any other background	diverse	Black	Diverse
Black – African	diverse	Hispanic or Latino	Diverse
Black – Caribbean	diverse	Native Hawaiian or Pacific Islander	Diverse
Black – any other background	diverse	Prefer not to say	n/a
Chinese	diverse	Two or more Races	Diverse
Gypsy or Irish Traveller	diverse	White	non-diverse
Mixed – White and Black African	diverse		
Mixed – White and Black Caribbean	diverse		
Mixed – White and Asian	diverse		
Mixed – any other mixed background	diverse		
White – any other White	non-diverse		
White British/English/Scottish/ Welsh/Northern Irish	non-diverse		
White Irish	non-diverse		
Prefer not to say	n/a		
<null>	n/a		

External hires are employees that have been recruited to National Grid from outside of the organisation. Those included have completed National Grid's on-boarding process and have been issued with a National Grid employee ID card. Not included are those who have been recruited to a role from inside the company (e.g. internal transfers), or new hires that have not completed the on-boarding process.

Promotions represent all internal employees who have been awarded a promotion (with or without pay change). Not included are movements not related to promotion including lateral moves, re-organisations and secondments.

Leavers refer to employees whose contract of employment at National Grid has been terminated for any reason (including resignation, retirement and non-voluntary reasons).

5.5.3 – Scope

Includes the total National Grid workforce across all parts of the business. In scope, are active permanent employees, including those on short/ long term leave of absence, full-time and all union, schemes, graduates and interns. Out of scope are temporary employees, contingent workers, manage service providers and non-executive Board members.

Note: some employees may be counted under two or more parts of this metric (e.g. external hires and promotions if the employee joined National Grid and was awarded a promotion in the same year).

Diverse employees are all those that have self-declared their diversity status. Individuals who have chosen not to declare their diversity status have been excluded from the calculations.

Diversity metrics are measured on a rolling 12-month period and will be reported in the Responsible Business Report to represent the previous financial year (1 April – 31 March).

5.5.4 – Calculation methodology
Data is extracted from the HR management system and the following calculations are performed on the dataset to calculate this metric:

- % female external hires = (# female hires in time period) / (# total hires in time period)
- % ethnic minority external hires = (# minority hires in time period) / (# total hires in time period who have declared minority status)
- % female promotions = (# female promotions in time period) / (# total promotions in time period)
- % ethnic minority promotions = (# minority promotions in time period) / (# total promotions in time period who have declared minority status)
- % female leavers = (# female leavers in time period) / (# total leavers in time period)
- % ethnic minority leavers = (# minority leavers in time period) / (# total leavers in time period who have declared minority status)

5.6 – Diversity of the workforce, senior leadership group and hires in new talent programmes

5.6.1 – Metric
Percentage of diverse employees within our total workforce, senior leadership group and 'new talent hires'. The data we report is:

- % diverse employees in our total workforce
- % diverse employees in our senior leadership group
- % diverse employees in our new talent hires

5.6.2 – Definitions
Diverse employees are defined as females or those that identify themselves as being of a certain sexual orientation, having a disability or being part of an ethnic minority group. If an employee has identified themselves as female and as part of another diverse group, they will only be counted once in the calculation.

All our gender data relies on our employees' classification of their own gender as male or female. This is a mandatory, binary field in our HR system and therefore National Grid has a gender disclosure rate of 100%. All other diversity data relies on employee self-disclosure within our HR system. As at the time of preparing this document, around 93-94% of employees have declared ethnicity which poses a very good representation of the company.

Table 11 (below) shows the groups that are defined as 'diverse' and 'non-diverse' in our UK and US businesses.

Table 11: National Grid diverse and non-diverse employees in the UK and US for our diversity of the workforce, senior leadership and new talent reporting

Gender (UK and US)			
Male		non-diverse	
Female		Diverse	
Sexual Orientation (UK and US)			
Heterosexual		non-diverse	
Gay		Diverse	
Bisexual		Diverse	
Lesbian		Diverse	
I prefer to use my own term		n/a	
Prefer not to say		n/a	
Disability (UK)		**Disability (US)**	
Dyslexia	diverse	Yes	Diverse
Hearing	diverse	No	non-diverse
Long-term health condition	diverse	Prefer not to say	n/a
Mental health	diverse		
Mobility	diverse		
Visual	diverse		
Musculoskeletal	diverse		
Other 'neurodiverse'	diverse		
Speech	diverse		

Total workforce refers to all permanent National Grid employees, regardless of paygrade and how long they have worked at National Grid. Included are those on parental leave or on short/long term leave of absence, part time workers, graduates and interns. Excluded are temporary employees, contingent workers, manage service providers and non-executive Board members.

Senior leadership group refers to employees included in our total workforce (defined above) who are in the following paygrades: EXEC, A+, A, B and B+. These paygrades represent the senior and top levels of management including Directors and Executives.

New talent hires refers to employees included in our total workforce (defined above) that have been onboarded to National Grid as part of a graduate schemes or training program. These are distinguished by the 'Grad' and 'Trainee' paygrades in the UK and 'Graduate Development Employees' in the US.

5.6.3 – Scope

Includes the total National Grid workforce across all parts of the business.

Diverse employees are all those that have self-declared their diversity status. Individuals who have chosen not to declare their diversity status have been treated as non-diverse in for the calculations.

Diversity metrics are measured on a rolling 12-month period. To report on our total workforce and senior leadership group metrics in the Responsible Business Report, the number of employees at year end will be used (31 March). To report new talent hires,

Table 11: National Grid diverse and non-diverse employees in the UK and US for our diversity of the workforce, senior leadership and new talent reporting continued

Other	diverse		
More than one	diverse		
No disability	non-diverse		
Prefer not to say	n/a		
Ethnicity (UK)		**Ethnicity / Race (US)**	
Any other	diverse	Not Hispanic/Latino	non-diverse
Asian – Bangladeshi	diverse	<null>	n/a
Asian – Indian	diverse	American Indian or Alaskan Native	diverse
Asian – Pakistani	diverse	Asian	diverse
Asian – any other background	diverse	Black	diverse
Black – African	diverse	Hispanic or Latino	diverse
Black – Caribbean	diverse	Native Hawaiian or Pacific Islander	diverse
Black – any other background	diverse	Prefer not to say	n/a
Chinese	diverse	Two or more Races	diverse
Gypsy or Irish Traveller	diverse	White	non-diverse
Mixed – White and Black African	diverse		
Mixed – White and Black Caribbean	diverse		
Mixed – White and Asian	diverse		
Mixed – any other mixed background	diverse		
White – any other White	non-diverse		
White British/English/Scottish/Welsh/Northern Irish	non-diverse		
White Irish	non-diverse		
Prefer not to say	n/a		
<null>	n/a		

the number will be representative of the previous financial year (1 April – 31 March).

5.6.4 – Calculation methodology
Data is extracted from the HR management system and the following calculations are performed on the dataset to calculate this metric:

- % diversity in workforce = (# diverse individuals in workforce) / (# employees in workforce)
- % diversity in senior leadership = (# diverse individuals in senior leadership) / (# employees in senior leadership)
- % diversity in new talent hires = (# diverse individuals in new talent hires in rolling 12 month period) / (# new talent hires in rolling 12 month period)

5.7 – % of colleagues completed unconscious bias training

5.7.1 – Metric
% of total workforce population who have taken part in our unconscious bias training.

5.7.2 – Definitions
Unconscious bias training is an online training course intended to build awareness of differences and understanding of the importance of diversity and necessity of achieving equity and inclusion

5.7.3 – Scope
All employees who are permanently employed as at the reporting date are included in the metric.

The status of employees who have completed the training is continuously monitored through our HR management system.

The % of employees who have completed unconscious bias training is reported as at the relevant financial year end date, 31 March.

5.7.4 – Calculation methodology
As at the year end, a report is run from our HR management system that shows our total number of employees and the total number of employees to have completed the unconscious bias training course.

The % of colleagues to have completed the unconscious bias training is calculated as: (total number of employees to have complete the training / total number of employees) * 100.

5.8 – Living wage paid (UK only)

5.8.1 – Metric
Compliance with the real Living wage.

5.8.2 – Definitions
The real Living Wage is a wage rate that is voluntarily paid. The wage rate is set by the Living Wage Foundation ("the Foundation") and is designed to be at a level required for employees and their families need to meet their everyday needs. The real Living Wage is independently calculated and is greater than the National Living Wage that is required to be paid by UK legislation.

5.8.3 – Scope
All UK based employees are included in the metric. Including graduates, trainees and apprentices.

US based employees are not included in the metric.

The real Living Wage communicated by the Foundation around October or November of the relevant financial year is used for the metric reported at the end of the respective financial year.

UK real Living Wage is reported as at the year end date, 31 March.

5.8.4 – Calculation methodology
On receiving the new rate, the hourly pay on employees is reviewed to determine if any current hourly rates fall below the new rate as set by the Foundation and any uplifts are applied before the year end.

As at 31 March, we review our payroll records to identify any employees receiving a wage lower that the rate set by the Foundation and report any exceptions.

5.9 – Employee engagement score (from Grid:Voice)

5.9.1 – Metric
Engagement index score, as measured by National Grid's annual Employee Engagement Survey, "Grid:voice".

5.9.2 – Definitions
Engagement index is a measure of how engaged our employees feel, based on the percentage of favourable responses to five questions repeated annually in our Employee Engagement Survey.

Likert scale is a psychometric scale commonly involved in research that employs questionnaires. The Likert scale is a five (or seven) point scale which is used to allow the individual to express how much they agree or disagree with a particular statement.

5.9.3 – Scope
All employees who are permanently employed as at 1 December of the relevant financial year are provided the survey.

Employee engagement score is reported as the outcome of the survey completed in the relevant financial year, 1 April to 31 March.

5.9.4 – Calculation methodology
Respondents answer the questions on the Likert scale of Strongly agree to Strongly disagree. Favourable responses are Agree and Strongly Agree except one question, 'intent to stay at National Grid', where the favourable response is 5 years + or until retirement.

The engagement score is calculated as the % of favourable responses the questions identified. The score is calculated as: (total favourable responses / total responses) * 100.

5.10 – 'Safe to say yes' index in Grid:Voice

5.10.1 – Metric
'Safe to say yes' index score, as measured by National Grid's annual Employee Engagement Survey, "Grid:voice".

5.10.2 – Definitions
'Safe to say yes' index is a measure of how safe employees feel to say what they think, based on the average responses to the statement 'Where I work, it is safe to say what I think' in our Employee Engagement Survey.

Likert scale is a psychometric scale commonly involved in research that employs questionnaires. The Likert scale is a five (or seven) point scale which is used to allow the individual to express how much they agree or disagree with a particular statement.

5.10.3 – Scope
All employees who are permanently employed as at 1 December of the relevant financial year are provided the survey.

Employees' 'safe to say yes' score is reported as the outcome of the survey completed in the relevant financial year, 1 April to 31 March.

5.10.4 – Calculation methodology
Respondents answer the question on the Likert scale of Strongly agree to Strongly disagree. Favourable responses are Agree and Strongly Agree.

The 'safe to say yes' index is calculated as the % of favourable responses to the survey statement. The score is calculated as: (total favourable responses / total responses) * 100.