

nationalgrid

EU Taxonomy, GRI and SASB:
Our Disclosure Document



PRINCIPAL PARTNER
**COP26
PRESIDENCY
UK 2022**
DELIVERING THE
GLASGOW CLIMATE PART





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At National Grid, we are committed to being world leaders in providing all of our stakeholders with a clean and credible view of our environmental, social and economic impacts.

This document provides the disclosure requirements and mapping across the various reporting frameworks we have voluntarily adopted in order to ensure we have adequately identified and addressed these impacts.

Click on the relevant link below for an overview of the relevant framework and where we have met the requirements:

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EU Taxonomy



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EU Taxonomy

Detailed Disclosure

Objectives

National Grid supports the steps taken by the EU to standardise how businesses report on their environmental, social and governance (ESG) activities to provide more clarity to their investors and lenders. As a result, the decision was made to voluntarily disclose our activities that are considered consistent with the eligibility and alignment requirements of the EU Taxonomy's climate objectives.

The goal of the project was to assess the eligibility and alignment of National Grid's economic activities with the EU Taxonomy for the financial year to 31 March 2022 and establish an evaluation methodology that could be replicated going forward. The analysis was based on the EU Taxonomy Regulation, which includes its associated legislative acts (the "Delegated Acts") described below and any additional guidance released, such as FAQs, up to the date of reporting:

- **The Climate Delegated Act** – Establishes the technical screening criteria (TSC) for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation (Annex 1) or climate change adaptation (Annex 2), and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.

- **The Disclosure Delegated Act** – Specifies the content and presentation of information to be disclosed, concerning environmentally sustainable economic activities, and specifying the methodology to perform that assessment.
- **The Complementary Climate Delegated Act¹** Establishes the TSC and associated DNSH for the climate change mitigation (Annex 1) or climate change adaptation (Annex 2) objectives in relation to natural gas and nuclear energy activities.

Ongoing review and governance

To date, the following steps have been taken:

- The decision to report EU Taxonomy aligned disclosures was taken by Executive and Board members, with appropriate delegated authority, based on internal and external consultation;
- The project team was led by the ESG specialists within our Group External Reporting team, with support and expertise from wider internal stakeholders. In addition, we engaged with industry peers and external advisers, and their respective working groups, to improve and challenge our understanding of the EU Taxonomy;
- In order to perform our detailed eligibility and alignment assessments, the project team engaged with over 15 different departments across the Group, obtaining senior management approvals

for all business level data submissions, where appropriate; and

- Relevant members of the Board, Executives and senior management were kept up-to-date on major outcomes and assumptions throughout the process. Including reporting of findings to the audit committee ahead of publication.

Eligibility assessment

An evaluation of the eligibility of National Grid plc's business activities was conducted on the basis of the EU Taxonomy Regulation and Delegated Acts. We do not analyse eligibility of holding companies because they do not provide goods and services and we do not consider joint ventures, associates or other investments because they are not consolidated into the financial results of National Grid plc. We have also excluded discontinued operations (as defined by IFRS) from our KPIs.

Initial eligibility assessment

We engaged with stakeholders across the business to understand all of our discrete external revenue generating activities, as well as any activities for which there was capital expenditure for future potential revenue, such as research and development (R&D). These business areas are broadly covered below:

- **Core activities:** electricity transmission (including interconnectors and smart meters); electricity distribution; gas distribution; and electricity system operation (ESO)
- **Other major activities:** gas powered electricity generation; gas storage; and solar PV and wind powered electricity generation
- **Non-core activities:** investment fund business for future energy solutions; captive insurance business; property investment business; and telecommunications business.



Applying a clearly trivial financial materiality threshold of £5 million as well and using the eligibility definitions designated within the respective EU Taxonomy Delegated Acts, all non-core activities were stripped out of the eligibility assessment for FY22. Each of these will continue to be assessed on an annual basis.

¹ Though adopted on 9 March 2022, the Complementary Delegated Act, which covers natural gas and nuclear energy activities, may be subject to further amendments. We will continue to follow future EU guidance on this matter.

The goal of the project was to assess the eligibility and alignment of National Grid's economic activities with the EU Taxonomy for the financial year to 31 March 2022 and establish an evaluation methodology that could be replicated going forward



EU Taxonomy continued

Detailed Disclosure continued

Economic activity definition

In accordance with the Disclosure Delegated Act, we consider eligible activities as those described in the delegated acts adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2) and Article 15(2), of Regulation (EU) 2020/852, but not considering the technical screening criteria or do no significant harm considerations of the Delegated Acts.

On this basis, we have developed our own definition of an activity that applied directly to our business, but also aligns with the EU Taxonomy guidelines:

An eligible economic activity is defined as a single system which is capable of operating, and delivering its objectives, independently from other activities, and meets the eligibility criteria defined by the EU Taxonomy Delegated Acts. All non-direct costs which are not directly essential to the running of these activities are excluded in accordance with the Disclosure Delegated Act.

Following this definition, we have identified the following 32 National Grid economic activities as eligible, in accordance with the relevant Delegated Acts:

Electricity distribution	Electricity transmission	Gas distribution ¹	Electricity system operation	Electricity generation	Electricity interconnectors
UK West Midlands Network – Electricity distribution (4.9)	UK National Grid Electricity Transmission (4.9)	US Massachusetts Gas (MA Gas) – Gas distribution (4.14) ¹	UK Electricity System Operation (ESO) (4.9)	US National Grid Generation LLC (GenCo) – Gas powered electricity generation (4.29)	Interconnexion France-Angleterre (IFA1) – Interconnector (4.9)
UK East Midlands Network – Electricity distribution (4.9)	US Niagara Mohawk Power Corporation (NIMO) – Electricity transmission (4.9)	US Niagara Mohawk Power Corporation (NIMO) – Gas distribution (4.14) ¹		NG Renewables Development LLC (DevCo) – Solar PV generation (4.1)	Interconnexion France-Angleterre II (IFA2) – Interconnector (4.9)
UK South Wales Network – Electricity distribution (4.9)	US New England Power Company (NEP) – Electricity transmission (4.9)	Brooklyn Union Gas Company (KEDNY) – Gas distribution (4.14) ¹		NG Renewables Development LLC (Devco) – Wind power generation (4.3)	North Sea Link (NSL) – Interconnector (4.9)
UK South West Network – Electricity distribution (4.9)	US Massachusetts Electric Company (MECO) – Electricity transmission (4.9)	KeySpan Gas East Corporation (KEDLI) – Gas distribution (4.14) ¹			Viking Link (Viking) – Interconnector (4.9)
US Massachusetts Electric Company (MECO) – Electricity distribution (4.9)	US Narragansett Electric Company (NECO) – Electricity transmission (4.9)	US Narragansett Electric Company (NECO) – Gas Distribution (4.14) ¹			Multi-Purpose Interconnectors (MPI) – Interconnector (4.9)
US Niagara Mohawk Power Corporation (NIMO) – Electricity distribution (4.9)					US New England Hydro-Transmission Electric Company Interconnector (4.9)
US Narragansett Electric Company (NECO) – Electricity distribution (4.9)					US New England Hydro-Transmission Corp Interconnector (4.9)
US Nantucket – Electricity distribution (4.9)					New England Electric Transmission Corp Interconnector (4.9)
UK Western Power Distribution Smart – Electric meters (4.9)					
National Grid Smart – Electric meters (4.9)					

¹ For our gas distribution business, extensive work has been ongoing to minimise methane leakages by replacing leak prone pipes with materials which prevent leakages and are also expected to be renewable natural gas (RNG) and hydrogen-ready, based on global research performed to date. On that basis, we have only included capital expenditure related to leak prone pipe replacement projects as eligible. All other gas distribution activities have been excluded from eligibility.



EU Taxonomy continued

Detailed Disclosure continued

Alignment assessment

Minimum Safeguards:

The EU Taxonomy sets out a set of minimum safeguards in accordance with Article 18 of the regulation. The minimum safeguards are a set of defined UN, EU and other international human rights and code of ethics guidelines which businesses must assess their procedures against, in order to confirm alignment of their economic activities.

In order to meet the requirements, we established a process for mapping our policies and procedures to the following guidelines and standards, as set out by the EU Taxonomy:

- The OECD Guidelines for Multinational Enterprises;
- The UN Guiding Principles on Business and Human Rights;
- The principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work; and
- The International Bill of Human Rights.

Having performed an internal analysis of our policies and procedures, against each of these, we believe National Grid complies with the principles of each of the EU Taxonomy's minimum safeguards.

We have developed frameworks, policies, processes and reporting under effective governance structures that set and monitor our approach to ensuring we behave ethically and in compliance with the laws and regulations of the jurisdictions within which we operate. This includes our approach to the prevention and detection of fraud, bribery and corruption, and other financial crimes, and how we address the human rights of our stakeholders in their interactions with our operations and activities.

We have embedded a comprehensive Code of Ethical Conduct and compliance management procedures are to ensure our people, as well as those we engage with, exemplify the first statement within our values: 'Do the right thing.' Our Global Supplier Code of Conduct (GSCoC) integrates human rights into the way we interact with our supply chain. Our Global Procurement team have developed a sustainability assessment tool, using risk assessment criteria, to embed human rights considerations around decent working practices into our strategic sourcing process alongside other sustainability criteria. Any non-compliance is reported immediately and escalated appropriately, with the supplier being put through a review process. In addition, we publish a Modern Slavery Statement.

We have procedures in place to perform due diligence across our supplier base to ensure they are practically engaging in line with the ethical codes and practices agreed. We also ensure that all of our people complete regular, periodic training, providing guidance on how to assess if an action is 'right' and how to raise concerns that arise properly and safely.

We undertake a fraud and bribery risk assessment across the Company on an annual basis to identify higher-risk areas (such as system access controls, supplier fraud and potential conflicts of interest) and make sure adequate policies and procedures are in place to address them.

We also confirmed following good governance practices, which are set out in pages 47-51 of our Responsible Business Report.

Technical Screening Criteria (TSC)

We have assessed each of our 32 eligible economic activities individually against the respective climate change mitigation TSC to ensure alignment. We have also separated out any individual capital expenditure which meets the substantial contribution criteria for climate change adaptation. In the case of National Grid, all aligned climate change adaptation

expenditure in the year related to building our resilience to storms and developing flood defences.

The following eligible activities and components of eligible activities have been excluded, in order to meet the climate change mitigation TSC:

- Gas generation assets, as they do not meet the thresholds set in the Complementary Delegated Act;
- Transmission networks which had no new connections in the past five years; and
- Activities related to direct, dedicated connections between electricity transmission & distribution networks and fossil fuel powered electricity generation facilities.

More detail on how we assessed each economic activity against the TSC is provided in Appendix 1.

Do No Significant Harm (DNSH)

We have applied the guidance established in Article 2 of the Regulation to assess our eligible economic activities against the DNSH principles.

At National Grid we take our responsibilities for environmental sustainability very seriously. We will, as a minimum, meet our legal and customer obligations and aspire to go over and above.

To demonstrate our commitment to this we maintain a group level internal business management standard (BMS) for environmental sustainability as well as a Responsible Business Charter which includes strategic targets and ambitions in this space. The BMS describes what our businesses and people must do to build the foundation to deliver those targets and ambitions.

Our Environmental Sustainability BMS applies to everyone employed by or carrying out work on behalf of any National Grid business. All our employees shall work in accordance with this BMS, and our leaders ensure this is embedded across all levels of the organisation.

The BMS commitments relevant to our DNSH assessment are (relevant strategic targets in *Italics*):

- Identifying our environmental risks, including climate change, and developing plans to mitigate them (*Net Zero by 2050*);
- Protecting the environment considering prevention of pollution in the design of all our assets;
- Using resources more efficiently by using sustainable materials and reducing waste (*Adopting the principles of the circular economy, we will design assets that can be recycled, refurbished and reused. We are committed to reducing the use of single use plastics and sending zero waste to landfill, where possible, in our main offices.*);
- Identifying opportunities to use alternatives to hazardous materials;
- Seeking ways to enhance the natural value of the areas we work for the benefit of local communities and the environment (*Increase the natural capital value of land we own by 10% by 2030*);
- Ensuring all our employees have the training, skills, knowledge and resources necessary to achieve the requirements of our internal standards; and
- Setting expectations of those who work on our behalf to demonstrate the same commitment to the environment as we do.



EU Taxonomy continued

Detailed Disclosure continued

The BMS is predominately actioned throughout the business through the implementation and management of ISO 14001 certified environmental management systems.

These management systems provide us with the framework we need to confidently manage the environmental impacts of our business operations and meet the requirements of applicable regulations.

Within the management systems we maintain a number of standards or procedures that we believe helps us meet the DNSH assessment criteria for EU Taxonomy requirements.

There is an overarching requirement within the management systems to identify the environmental risks of our activities, products and services that we can control and influence, and that have significant positive or negative impacts on the environment. These include:

- Planned or new developments; and
- New/modified activities products and services.

Once identified, appropriate management controls must be implemented and maintained, or improvements should be made through the setting of objectives and targets – ensuring that our operations do no significant harm.

Below, we present our assessment of the specific DNSH criteria against our eligible activities:

Climate change mitigation

All activities put forward which meet the TSC for Climate Change Mitigation also meet the criteria for the DNSH assessment.

Climate change adaptation

National Grid believe that all activities on storm and flood defence spend meet the TSC criteria for Climate Change Adaptation and therefore the DNSH criteria.

National Grid has recognised and continued to respond to climate change adaptation risks for some time, building our resilience to storms and assessing flood defence needs. As part of National Grid's ongoing assessment and management of climate change adaptation risk we have commissioned the development of a Climate Change Risk Tool (CCRT).

This tool helps our business and the wider communities in which we operate understand and adapt to the impacts of climate change. Teams across the business will use an interactive dashboard to geographically plot the future impact of climate change, based on different scenarios of global warming. The CCRT will be used to accurately map how key energy infrastructure may be impacted by climate hazards – such as floods or heat waves – and to take early preventative and adaptive measures to significantly lower the risk of disruption to power networks, equipment, and communities.

The tool will effectively support our decision-making process on adapting to climate change; ensuring that teams across our UK and US businesses can make decisions based on easily accessible hyper-local data, rather than waiting for bespoke projections on an asset by asset or project by project basis. The tool covers all National Grid's operations, other than WPD and NG Renewables, in both the UK and US from 2030 to 2070. Nine climate hazards have been evaluated over 2 degrees and 4 degrees Celsius climate scenario rises:

- Coastal flooding;
- River flooding;
- High and low temperatures;
- Heatwaves;
- Freeze/thaw events;
- High winds;
- Compound events (storms); and
- Lightning.

Further to this our UK Electricity Transmission and WPD businesses were both subject to Defra's Climate Change Adaptation Reporting requirements (ARP3) in 2021.





EU Taxonomy continued

Detailed Disclosure continued

We have assessed the submitted eligible economic activities against the DNSH criteria for this environmental objective as follows:

4.1 Electricity generation using solar photovoltaic technology

This activity complies with Appendix A of the criteria to the extent that it is relevant, considering the small relative size of our renewables development business.

4.14 Transmission and distribution networks for renewable and low-carbon gases (methane leak prone pipe improvement capex only)

This activity complies with Appendix A of the criteria as described above.

4.29 Electricity generation from fossil gaseous fuels

As this activity does not meet the DNSH criteria for Climate Change Mitigation, it has not been considered here.

4.3 Electricity generation from wind power

This activity complies with Appendix A of the criteria to the extent that it is relevant, considering the small relative size of our renewables development business.

4.9 Transmission and distribution of electricity

This activity complies with Appendix A of the criteria as described above.

Circular economy

National Grid has a commitment to use resources more efficiently by using sustainable materials and reducing waste. National Grid's businesses each have operational control procedures and guidelines to ensure regulatory compliance and help deliver this commitment, as well as working with our contractors and suppliers to embed these principles and share best practice. Major projects develop site waste management plans to identify the major waste streams and potential circular routes for them before commencement.

We have assessed the submitted eligible economic activities against the DNSH criteria for this environmental objective as follows:

4.1 Electricity generation using solar photovoltaic technology

Our National Grid Renewables business develops solar PV and wind projects, in line with US and state regulatory and legal requirements in relation to waste management. In addition, major projects associated with this activity include the site waste management plans described above.

4.14 Transmission and distribution networks for renewable and low-carbon gases (leak prone pipe improvement only, rest of gas transmission does not meet criteria)

Most of our gas transmission and distribution business does not meet the EU Taxonomy Technical Screening Criteria (TSC). We have therefore only considered it for the eligible activity associated with leak prone pipe repair work in the US to minimise methane leakage in our gas distribution infrastructure. These projects are undertaken closely in conjunction with the regulators and we abide by US regulatory and legal frameworks with respect to waste management. In addition, major projects associated with this activity include the site waste management plans described above.

4.29 Electricity generation from fossil gaseous fuels

As this activity does not meet the TSC for Climate Change Mitigation, it has not been considered here.

4.3 Electricity generation from wind power

Our National Grid Renewables business develops solar PV and wind projects, in line with US and state regulatory and legal requirements in relation to waste management. In addition, major projects associated with this activity include the site waste management plans described above.

4.9 Transmission and distribution of electricity

Circular economy has been considered for this activity on the basis that we have applied waste hierarchy reduction principles to properties involved in the operation of these activities. We adhere to regulatory and legal frameworks in the respective US and UK jurisdictions associated with our electricity transmission and distribution activities. In addition, major projects associated with this activity include the site waste management plans described above.



EU Taxonomy continued

Detailed Disclosure continued

Pollution prevention and control

We are confident that National Grid's certifications to ISO 14001 across all businesses demonstrates compliance to this objective. The annual process assesses our compliance to the standard and ensures sufficient operational control procedures are in place. Where there is risk that assets contain PCBs (polychlorinated biphenyls), they have been excluded as they do not meet Taxonomy criteria.

We have assessed the submitted eligible economic activities against the DNSH criteria for this environmental objective as follows:

4.9 Transmission and distribution of electricity

Pollution prevention and control principles are applied across all National Grid activities. In relation to the EU Taxonomy, the specific principles are adhered to in relation to overground high voltage lines. Though a small portion of our assets contain PCBs, we are able to apportion and exclude these from our alignment assessment to ensure that we follow the DNSH criteria.

4.14 Transmission and distribution networks for renewable and low-carbon gases (methane leak prone pipe improvement capex only)

Most of our gas transmission and distribution business does not meet the EU Taxonomy Technical Screening Criteria (TSC). We have therefore only considered it for the eligible activity associated with leak prone pipe repair work in the US to minimise methane leakage in our gas distribution infrastructure. These projects are undertaken closely in conjunction with the regulators, and we abide by US regulatory and legal frameworks with respect to pollution prevention and control.

4.1 Electricity generation using solar photovoltaic technology

N/A

4.3 Electricity generation from wind power

N/A

4.29 Electricity generation from fossil gaseous fuels

As this activity does not meet the TSC for Climate Change Mitigation, it has not been considered here.

Sustainable use and protection of water and marine resources

As an identified risk within the National Grid Environmental Management Systems there are operational procedures in place to ensure sustainable use and protection of water and marine resources. These standards define the requirements and expectations for water management which includes water use, protection from and to water courses and contamination prevention and therefore meet the requirement of this objective.

We have assessed the submitted eligible economic activities against the DNSH criteria for this environmental objective as follows:

4.9 Transmission and distribution of electricity

N/A

4.14 Transmission and distribution networks for renewable and low-carbon gases (methane leak prone pipe improvement capex only)

Most of our gas transmission and distribution business does not meet the EU Taxonomy Technical Screening Criteria (TSC). We have therefore only considered it for the eligible activity associated with leak prone pipe repair work in the US to minimise methane leakage in our gas distribution infrastructure. These projects are undertaken closely in conjunction with the regulators, and we abide by US regulatory and legal frameworks.

All projects are undertaken in accordance with National Grid Environmental Management System standards which align to the requirements to preserve water quality and avoid water stress, maintaining good water status and good ecological potential in equivalent accordance with Directive 2000/60/EC.

4.1 Electricity generation using solar photovoltaic technology

N/A

4.3 Electricity generation from wind power

N/A – all projects are onshore developments.

4.29 Electricity generation from fossil gaseous fuels

As this activity does not meet the TSC for Climate Change Mitigation, it has not been considered here.



EU Taxonomy continued

Detailed Disclosure continued

Protection and restoration of biodiversity and ecosystems

National Grid always adheres to regulation on the protection and restoration of biodiversity and ecosystems, including conducting Environmental Impact Assessments (EIA) where large infrastructure projects require it and implementing standards on land management and biodiversity across the business.

Beyond these requirements, within the UK electricity transmission business, there is a commitment to increase the natural capital value on eligible projects by 10%. This is achieved through partnership working and wide-ranging engagement with stakeholders on how best to achieve this. As a result of these efforts, we are confident that National Grid meets the DNSH criteria for this objective.

We have assessed the submitted eligible economic activities against the DNSH criteria for this environmental objective as follows:

4.1 Electricity generation using solar photovoltaic technology

Our National Grid Renewables business develops solar PV and wind projects, in line with US and state regulatory and legal requirements in relation to protection and restoration of biodiversity and ecosystems.

If required a screening will be completed equivalent to requirements Directive 2011/92/EU. Where an EIA (or equivalent) has been carried out, the required mitigation and compensation measures for protecting the environment are implemented. For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment, where applicable, has been conducted and based on its conclusions the necessary mitigation measures are implemented.

4.14 Transmission and distribution networks for renewable and low-carbon gases (methane leak prone pipe improvement capex only)

Most of our gas transmission and distribution business does not meet the EU Taxonomy Technical Screening Criteria (TSC). We have therefore only considered it for the eligible activity associated with leak prone pipe repair work in the US to minimise methane leakage in our gas distribution infrastructure. These projects are undertaken closely in conjunction with the regulators, and we abide by US regulatory and legal frameworks.

If required, an Environmental Impact Assessment (EIA) or screening has been completed in accordance with Directive 2011/92/EU or equivalent in the US. Where an EIA (or equivalent) has been carried out, the required mitigation and compensation measures for protecting the environment are implemented. For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment, where applicable, has been conducted and based on its conclusions the necessary mitigation measures are implemented.

As a result, methane leakage detection and replacement expenditure does no significant harm per our assessment.

4.29 Electricity generation from fossil gaseous fuels

As this activity does not meet the TSC for Climate Change Mitigation, it has not been considered here.

4.3 Electricity generation from wind power

Our National Grid Renewables business develops solar PV and wind projects, in line with US and state regulatory and legal requirements in relation to protection and restoration of biodiversity and ecosystems.

If required a screening will be completed equivalent to requirements Directive 2011/92/EU. Where an EIA (or equivalent) has been carried out, the required mitigation and compensation measures for protecting the environment are implemented. For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment, where applicable, has been conducted and based on its conclusions the necessary mitigation measures are implemented.

In the case of offshore wind, the activity does not hamper the achievement of good environmental status as set out in Directive 2008/56/EC, requiring that the appropriate measures are taken to prevent or mitigate impacts in relation to that Directive's Descriptors 1 (biodiversity) and 6 (seabed integrity), laid down in Annex I to that Directive, and as set out in Decision (EU) 2017/848 in relation to the relevant criteria and methodological standards for those descriptors.

4.9 Transmission and distribution of electricity

Where appropriate an EIA or screening has been completed in accordance with Directive 2011/92/EU or equivalent in the US.

Where an EIA has been carried out, the required mitigation and compensation measures for protecting the environment are implemented. For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment, where applicable, has been conducted and based on its conclusions the necessary mitigation measures are implemented.

Note: The DNSH assessment in the Delegated Acts describes compliance with specified EU Directives across each of the environmental objectives. As a non-EU based company, we have elected not to extend our assessment beyond the UK and US standards against which we are mandated to comply for this year, as we believe UK and US laws in relation to the environmental objectives are broadly in line with those in the EU. We intend to perform a detailed exercise to map our activities and the UK and US standards we comply with to the relevant EU directives for next year's disclosure, to confirm this assessment.



EU Taxonomy continued

Detailed Disclosure continued

Summary of alignment adjustments

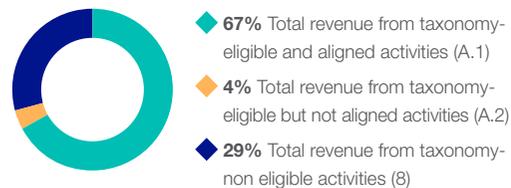
As a result of the above alignment assessment, we have made the following exclusions to the Group's eligible activities to arrive at our final alignment KPIs for FY2021/22:

1. Activities related to direct, dedicated connections between electricity transmission & distribution networks and fossil fuel powered electricity generation facilities, within the technical screening requirements.
2. All gas generation activities were excluded, as they do not meet the do no significant (DNSH) requirements.
3. Activities related to polychlorinated biphenyl (PCB) contaminated assets, as they do not meet the do no significant harm criteria.
4. As there had been no 'direct connections' in the past five years at our New England electricity transmission networks, we excluded all New England electricity transmission costs in accordance with the technical screening criteria.
5. For US electricity transmission specifically, interconnectors have been excluded, as they are not a part of the interconnected European system and are not technically 'direct connections,' per the requirements of the technical screening criteria.

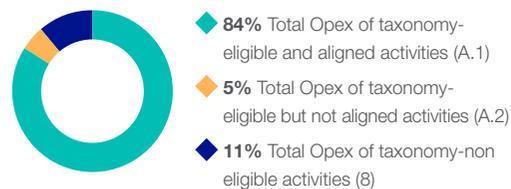
Results

Our total aligned KPIs are as follows:

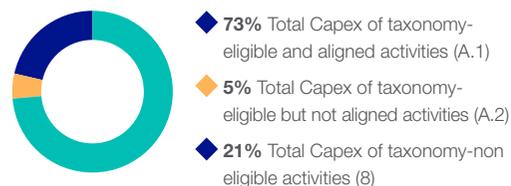
Turnover



Opex

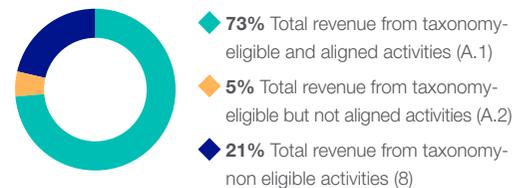


Capex

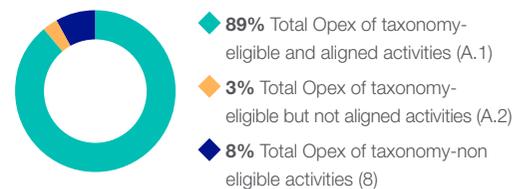


In the financial year to 31 March 2022, we acquired Western Power Distribution (WPD). The impact of this business combination on our capex alignment is illustrated below:

Capex excluding business combinations



Capex including business combinations



The capex including business combinations reflects our acquisition of Western Power Distribution (WPD), the UK's largest electricity distribution operator, covering 4 major networks, and demonstrates our ambition to invest in green businesses.

See Appendix 1 for our detailed methodology for achieving our EU Taxonomy results, and Appendix 2 for a detailed breakdown of the KPI calculations in accordance with the EU Taxonomy Disclosure Delegated Act.



EU Taxonomy continued

Appendix 1 – Detailed EU Taxonomy reporting methodology

UK Transmission and Distribution of Electricity (including ESO, interconnectors and smart meters)

Eligibility

Activity 4.9 of Annex 1 of the Climate Delegated Act describes an eligible activity as “Construction and operation of distribution systems that transport electricity on high-voltage, medium-voltage and low-voltage distribution systems.” The four regulated networks within our UK Distribution business (WPD) fall within the eligibility criteria, as they are responsible for the construction and operation of electricity distribution systems in the East Midlands, West Midlands, South West and Wales. Though operational procedures are aligned across the four eligible networks, each one has been assigned as a separate activity as they are distinguishable by region and on a network level, such is the nature of distribution networks.

Activity 4.9 of Annex 1 describes an electricity transmission activity as “Construction and operation of transmission systems that transport the electricity on the extra high-voltage and high-voltage interconnected system.” The UK National Grid Electricity Transmission (NGET) system covers the entire electricity transmission network in England and Wales. This system falls within the eligibility criteria because we construct and operate the England and Wales transmission system. The entire NGET system has been designated as an economic activity as it is a single interconnected transmission network.

National Grid owns and operates a number of interconnectors which run between the UK and European nations, to provide system flexibility for a future predominantly variable renewable energy generated power mix. As prescribed by the Disclosure Delegated Act, we have excluded all interconnectors in JV arrangements, and included joint controlled operations (JCO) interconnectors as eligible. As each major traditional interconnector can

be designated as its own network, we have split these out as economic activities and assigned directly attributable revenues and costs accordingly. As for next generation multi-purpose interconnectors that are being developed, these have been combined into one economic activity, in line with their nature as described in the table below. Our JCA and fully owned interconnector activities and their descriptions are listed below:

- Interconnexion France-Angleterre (IFA) operates the subsea electricity link between Great Britain and France, commissioned in 1986.
- Interconnexion France-Angleterre 2 (IFA2) is the second link between Great Britain and France, commissioned in 2020.
- North Sea Link (NSL) is a subsea interconnector linking the electricity systems of the UK and Norway.
- Viking Link is a high voltage direct current (DC) electricity link between the British and Danish transmission systems.
- Multi-purpose interconnectors could enable offshore wind and interconnection to work together as a combined asset, allow clusters of offshore wind farms to connect all in one go, plugging into the energy systems of neighbouring countries. Note: It should be noted that this technology is still being developed. Build is expected to commence in FY25 and we expect MPLs to be operational from FY29. We have included this activity on the basis that it is expected to be operational within 10 years.

Electricity System Operator activities are considered essential to the operation of the UK’s electricity transmission and distribution network and are therefore considered to be within the activities defined under activity 4.9 of the climate change mitigation delegated act.

We have also included our two electricity smart meter upgrade projects, as they meet the functionality requirements of Article 20 of Directive (EU) 2019/944.

All turnover, opex and capex directly essential to these activities have been included subject to specific exclusions as per the DNSH assessment above.

See table below for details on our eligible UK electricity transmission and distribution activities:

Activity description	EU NACE code	Eligible? Y/N	Relevant Taxonomy objective	Activity reference
UK National Grid Electricity Transmission	D35.1.3	Y	Climate change mitigation (Enabling) Climate change adaptation*	4.9 Transmission and Distribution of Electricity
UK West Midlands Network – Electricity distribution	D35.1.3	Y	Climate change mitigation (Enabling)	4.9 Transmission and Distribution of Electricity
UK East Midlands Network – Electricity distribution	D35.1.3	Y	Climate change mitigation (Enabling)	4.9 Transmission and Distribution of Electricity
UK South Wales Network – Electricity distribution	D35.1.3	Y	Climate change mitigation (Enabling)	4.9 Transmission and Distribution of Electricity
UK South West Network – Electricity distribution	D35.1.3	Y	Climate change mitigation (Enabling)	4.9 Transmission and Distribution of Electricity
Interconnexion France-Angleterre (IFA1) – Interconnector	D35.1.2	Y	Climate change mitigation (Enabling)	4.9 Transmission and Distribution of Electricity
Interconnexion France-Angleterre II (IFA2) – Interconnector	D35.1.2	Y	Climate change mitigation (Enabling)	4.9 Transmission and Distribution of Electricity
North Sea Link (NSL) – Interconnector	D35.1.2	Y	Climate change mitigation (Enabling)	4.9 Transmission and Distribution of Electricity
Viking Link (Viking) – Interconnector	D35.1.2	Y	Climate change mitigation (Enabling)	4.9 Transmission and Distribution of Electricity
Multi-Purpose Interconnectors (MPI) – Interconnector	D35.1.2	Y	Climate change mitigation (Enabling)	4.9 Transmission and Distribution of Electricity
UK Electricity System Operator	D35.1.3	Y	Climate change mitigation (Enabling)	4.9 Transmission and Distribution of Electricity
National Grid Smart (Electricity Meters)	D35.1.2	Y	Climate change mitigation (Enabling)	4.9 Transmission and Distribution of Electricity
WPD Smart (Electricity Meters)	D35.1.2	Y	Climate change mitigation (Enabling)	4.9 Transmission and Distribution of Electricity



EU Taxonomy continued

Appendix 1 — Detailed EU Taxonomy reporting methodology continued

Alignment

Technical screening criteria (TSC)

All of the eligible activities within this category meet the Technical Screening Criterion 4.9 (1a): “the system is the interconnected European system, i.e. the interconnected control areas of Member States, Norway, Switzerland and the United Kingdom, and its subordinated systems.”

However, “infrastructure dedicated to creating a direct connection or expanding an existing direct connection between a substation or network and a power production plant that is more greenhouse gas intensive than 100 gCO₂e/kWh measured on a life cycle basis is not compliant.” As a result, the portion of revenue, capex and opex related to direct, dedicated connections between electricity transmission & distribution networks and fossil fuel powered electricity generation facilities, have been excluded.

**Climate change adaptation:* In line with Annex 2 of the Climate Delegated Act, a portion of UK National Grid Electricity Transmission capex is related to flood and storm defence solutions to protect the assets from important physical climate risks that would materially affect the functioning of the output of the activity. A robust climate risk and vulnerability assessment has been performed across our asset base to identify the regions and materials most susceptible to physical climate risks, and these areas will continue to be addressed to ensure asset base resilience. As this activity meets the substantial contribution criteria for climate change adaptation, we have included it as an additional line item in the capex assessment.

Do no significant harm (DNSH)

Per the DNSH assessment, activities related to polychlorinated biphenyl (PCB) contaminated assets have been excluded from the alignment numerator, as they do not meet the DNSH criteria.

US Transmission and Distribution of Electricity

Eligibility

Activity 4.9 of Annex 1 of the Climate Delegated Act describes an eligible activity as “Construction and operation of distribution systems that transport electricity on high-voltage, medium-voltage and low-voltage distribution systems.” Our four distribution networks in the US fall within the eligibility criteria, as they are responsible for the construction and operation of electricity distribution systems. Below, we provide the scope of each network’s activities:

- Massachusetts Electric Company (MECO) is an electric retail distribution company providing electric service to approximately 1.4 million customers in 171 cities and towns in Massachusetts;
- Niagara Mohawk Power Corporation (NIMO), a New York Corporation, is engaged principally in the regulated energy delivery business in New York State (“NYS”). The electricity distribution arm of the business provides electric service to approximately 1.7 million customers in the areas of eastern, central, northern, and western New York;
- Narragansett Electric Company (NECO) is a retail distribution company providing electric service to approximately 509,000 customers and gas service to approximately 274,000 customers in 38 cities and towns in Rhode Island. The Company’s service area covers substantially all of Rhode Island; and
- Nantucket Electric Company (Nantucket) is an electric retail distribution company providing electric service to approximately 14,000 customers on the Island of Nantucket.

These are four distinguishable distribution networks by region, entity and ring-fenced operational procedures. As such, each one has been assigned as a separate economic activity.

Activity 4.9 of Annex 1 describes an electricity transmission activity as “Construction and operation of transmission systems that transport the electricity on the extra high-voltage and high-voltage interconnected system.” our four transmission networks in the US fall within the eligibility criteria, as they are responsible for the construction and operation of electricity transmission systems for each of the four regions. Below, we provide the scope of each transmission system’s and interconnector’s activities:

- Massachusetts Electric Company (MECO) owns an electric transmission system in Massachusetts. Transmission systems generally include overhead lines, underground cables, and substations connecting generation and interconnectors to the distribution system;
- Niagara Mohawk Power Corporation (NIMO), a New York Corporation, owns and operates transmission facilities, which is used to transmit electricity on behalf of other parties;
- New England Power Company (NEP) operates electric transmission facilities in Massachusetts, New Hampshire, Vermont, and Rhode Island, which includes facilities operated on behalf of affiliate companies Massachusetts Electric Company (MECO) and the Narragansett Electric Company (NECO) in accordance with the integrated facilities agreement;
- Narragansett Electric Company (NECO) owns an electric transmission system in Rhode Island. Transmission systems generally include overhead lines, underground cables, and substations;

connecting generation and interconnectors to the distribution system;

- US New England Hydro-Transmission Electric Company Interconnector is a New England interconnector connecting New England transmission into other networks;
- US New England Hydro-Transmission Corp Interconnector is a New England interconnector connecting New England transmission into other networks; and
- US New England Electric Transmission Corp Interconnector is a New England interconnector connecting New England transmission into other networks.

These are four distinguishable transmission networks and three independent interconnectors by region, entity and ring-fenced operational procedures. As such, each one has been assigned as a separate economic activity.

All turnover, opex and capex directly essential to these activities have been included. Any non-direct costs which are not directly essential to the running of the activities are excluded, as part of the eligibility assessment.

See table below for details on our eligible US electricity transmission and distribution activities:



EU Taxonomy continued

Appendix 1 – Detailed EU Taxonomy reporting methodology continued

Alignment

Technical screening criteria

Most of the eligible activities within this category meet the Technical Screening Criterion 4.9 (1b): “more than 67 % of newly enabled generation capacity in the system is below the generation threshold value of 100 g CO₂e/kWh measured on

Activity description	EU NACE code	Eligible? Y/N	Relevant Taxonomy objective	Activity reference
Massachusetts Electric Company (MECO) – Electricity Distribution	D35.1.3	Y	Climate change mitigation (Enabling) Climate change adaptation*	4.9 Transmission and Distribution of Electricity
Niagara Mohawk Power Corporation (NIMO) – Electricity Distribution	D35.1.3	Y	Climate change mitigation (Enabling) Climate change adaptation*	4.9 Transmission and Distribution of Electricity
Narragansett Electric Company (NECO) – Electricity Distribution	D35.1.3	Y	Climate change mitigation (Enabling)	4.9 Transmission and Distribution of Electricity
Nantucket Electric Company (Nantucket) – Electricity Distribution	D35.1.3	Y	Climate change mitigation (Enabling)	4.9 Transmission and Distribution of Electricity
Massachusetts Electric Company (MECO) – Electricity Transmission	D35.1.3	Y	Climate change mitigation (Enabling)	4.9 Transmission and Distribution of Electricity
Niagara Mohawk Power Corporation (NIMO) – Electricity Transmission	D35.1.3	Y	Climate change mitigation (Enabling) Climate change adaptation*	4.9 Transmission and Distribution of Electricity
Narragansett Electric Company (NECO) – Electricity Transmission	D35.1.3	Y	Climate change mitigation (Enabling)	4.9 Transmission and Distribution of Electricity
New England Power Company (NEP) – Electricity Transmission	D35.1.3	Y	Climate change mitigation (Enabling)	4.9 Transmission and Distribution of Electricity
US New England Hydro-Transmission Electric Company Interconnector (4.9)	D35.1.3	Y	Climate change mitigation (Enabling)	4.9 Transmission and Distribution of Electricity
US New England Hydro-Transmission Corp Interconnector (4.9)	D35.1.3	Y	Climate change mitigation (Enabling)	4.9 Transmission and Distribution of Electricity
US New England Electric Transmission Corp Interconnector (4.9)	D35.1.3	Y	Climate change mitigation (Enabling)	4.9 Transmission and Distribution of Electricity

a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period,” and are therefore, aligned to the climate change mitigation objective. However, as there has not been any newly enabled generation in the past five years at our New England electricity transmission networks (NEP, MECO and Nantucket), we excluded NEP, MECO and Nantucket transmission from our aligned turnover, capex and opex. In addition, US interconnectors have been excluded as these connections have no direct connections into generation sources and therefore also cannot evidence meeting the requirements of 1(b).

In addition, the TSC specifies Infrastructure dedicated to creating a direct connection or expanding an existing direct connection between a substation or network and a power production plant that is more greenhouse gas intensive than 100 g CO₂e/kWh measured on a life cycle basis is not compliant.” As a result, the portion of revenue, capex and opex related to direct, dedicated connections between electricity transmission & distribution networks and fossil fuel powered electricity generation facilities, have been excluded.

**Climate change adaptation:* In line with Annex 2 of the Climate Delegated Act, a portion of US distribution and transmission capex is related to flood and storm defence solutions to protect the assets from important physical climate risks that would materially affect the functioning of the output of the activity. A robust climate risk and vulnerability assessment has been performed across our asset base to identify the regions and materials most susceptible to physical climate risks, and these areas will continue to be addressed to ensure asset base resilience. As this activity meets the substantial contribution criteria for climate change adaptation, we have included it as an additional line item in the capex assessment.

Do no significant harm (DNSH)

Per the DNSH assessment, activities related to polychlorinated biphenyl (PCB) contaminated assets have been excluded from the alignment numerator, as they do not meet the the DNSH criteria.



EU Taxonomy continued

Appendix 1 – Detailed EU Taxonomy reporting methodology continued

US Gas Distribution

Eligibility

Activities dedicated to the “conversion, repurposing or retrofit of gas networks for the transmission and distribution of renewable and low-carbon gases” are considered eligible. Due to ongoing research to understand the compatibility of our existing gas infrastructure with hydrogen or other low-carbon gases, we have not currently identified large components of our existing gas networks as enabling the infrastructure required for enabling the decarbonisation of energy systems (article 10.1(g),(i) of the regulation). This conclusion will be reassessed as research into the compatibility of existing assets with low-carbon gases advance to an extent we are virtually certain they can enable decarbonised energy systems in the future.

Activities involving “leak detection and repair of existing gas pipelines and other network elements to reduce methane leakage” are also considered eligible. As a result, are eligible because this activity improves energy efficiency (in accordance with article 10.1(b) of the regulation). Note, in line with our definition of IFRS revenue (‘provision of gas distribution services to customers’ over time), leak prevention activities are not directly considered revenue activities. We therefore only consider in year capital expenditure relating to leak prevention as eligible and do not identify any components of revenue or operating expenditure relating to the activity once the assets are operational.

We own five gas distribution networks within our National Grid USA business. As described above, extensive work has been ongoing for some of our gas networks to minimise methane leakages by replacing pipes and other activities to directly mitigate, reduce and prevent methane leaks in our networks.

On that basis, we have included capital expenditure related to leak prone pipe replacement projects.

Below, we provide details of each eligible network’s activities:

- Niagara Mohawk Power Corporation (NIMO), a New York Corporation, sells, distributes, and transports natural gas to customers in the areas of central, northern, and eastern New York;
- Brooklyn Union Gas Company (KEDNY) is a gas distribution company engaged in the transportation and sale of natural gas to customers in the boroughs of Brooklyn and Staten Island and two-thirds of the borough of Queens, all in New York City;
- KeySpan Gas East Corporation (KEDLI) is a gas distribution company engaged principally in the transportation and sale of natural gas to approximately 0.6 million customers in Nassau and Suffolk Counties in Long Island, New York and the Rockaway Peninsula in Queens, New York;
- Massachusetts Gas (MA Gas) is engaged in the transportation and sale of natural gas to residential, commercial, and industrial customers across Massachusetts; and
- Narragansett Electric Company (NECO) owns and maintains a natural gas distribution network covering substantially all of Rhode Island.

These are five distinguishable gas distribution networks by region, entity and ring-fenced operational procedures. As such, each one has been assigned as a separate economic activity. All non-direct costs which are not directly essential to the running of the activities are excluded.

See table below for details on our eligible US electricity transmission and distribution activities:

Activity description	EU NACE code	Eligible? Y/N	Relevant Taxonomy objective	Activity reference
Niagara Mohawk Power Corporation (NIMO) – Gas Distribution	D35.2.2	Partial	Climate change mitigation (Transitional)	4.14 Transmission and distribution networks for renewable and low-carbon gases
Brooklyn Union Gas Company (KEDNY) – Gas Distribution	D35.2.2	Partial	Climate change mitigation (Transitional)	4.14 Transmission and distribution networks for renewable and low-carbon gases
KeySpan Gas East Corporation (KEDLI) – Gas Distribution	D35.2.2	Partial	Climate change mitigation (Transitional)	4.14 Transmission and distribution networks for renewable and low-carbon gases
Massachusetts Gas (MA Gas) – Gas Distribution	D35.2.2	Partial	Climate change mitigation (Transitional)	4.14 Transmission and distribution networks for renewable and low-carbon gases
Narragansett Electric Company (NECO) – Gas Distribution	D35.2.2	Partial	Climate change mitigation (Transitional)	4.14 Transmission and distribution networks for renewable and low-carbon gases

Alignment

Technical screening criteria (TSC)

Per the technical screening criteria, “leak detection and repair of existing gas pipelines and other network elements to reduce methane leakage” is considered aligned.

Do no significant harm (DNSH)

No aspect of the Leak Prone Pipe Replacement project is considered to inflict significant harm on other environmental objectives.

Therefore, all eligible capex is also considered aligned.



EU Taxonomy continued

Appendix 1 – Detailed EU Taxonomy reporting methodology continued

US Solar PV Electricity Generation

Eligibility

Activity 4.9 of Annex 1 of the Climate Delegated Act describes an activity as “Construction or operation of electricity generation facilities that produce electricity using solar photovoltaic (PV) technology.” National Grid Renewables (100% owned) develops solar, wind, and energy storage projects throughout the United States in various stages of development,

construction, and operation. Once the projects are viable, they are generally purchased and built by Emerald Energy, a National Grid Joint Venture (JV). Therefore, under the Disclosure Delegated Act, we will only include the costs directly attributable to our development company, NG Renewables, in relation to solar PV generation. All non-direct costs which are not directly essential to the running of the activities are excluded.

Refer to the table below for more details:

Activity description	EU NACE code	Eligible? Y/N	Relevant Taxonomy objective	Activity reference
National Grid Renewables – Solar PV	D35.1.1	Y	Climate change mitigation (Enabling)	4.1 Electricity generation using solar photovoltaic technology

Alignment

Technical screening criteria (TSC)

The eligible activity is aligned to the TSC as it generates electricity using solar PV technology.

Do no significant harm (DNSH)

The DNSH criteria are met by this activity.

US Wind-Powered Electricity Generation

Eligibility

Activity 4.9 of Annex 1 of the Climate Delegated Act describes an eligible activity as “Construction or operation of electricity generation facilities that produce electricity from wind power.” National Grid Renewables (100% owned) develops solar, wind, and energy storage projects throughout the United States in various stages of development, construction, and operation.

Once the projects are viable, they are generally purchased and built by Emerald Energy, a National Grid Joint Venture (JV). Therefore, under the Disclosure Delegated Act, we will only include the costs directly attributable to our development company, NG Renewables, in relation to wind power generation. All non-direct costs which are not directly essential to the running of the activities are excluded.

Refer to the table below for more details:

Activity description	EU NACE code	Eligible? Y/N	Relevant Taxonomy objective	Activity reference
National Grid Renewables – Wind Power	D35.1.1	Y	Climate change mitigation (Enabling)	4.3 Electricity generation from wind power

Alignment

Technical screening criteria (TSC)

The eligible activity is aligned to the TSC as it generates electricity using wind technology.

Do no significant harm (DNSH)

The DNSH criteria are met by this activity.



EU Taxonomy continued

Appendix 1 – Detailed EU Taxonomy reporting methodology continued

US Gas Powered Electricity Generation

Eligibility

Activity 4.29 of Annex 1 of the Climate Delegated Act describes an eligible activity as “Construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.”

National Grid Generation LLC (GenCo) is a New York limited liability company that owns and operates 50 electric generation units with approximately 3,800 megawatts of electric generation capacity located in Long Island. The Company, together with

its wholly-owned subsidiaries, National Grid Glenwood Energy Center, LLC (Glenwood) and National Grid Port Jefferson Energy Center LLC (Port Jefferson), sell capacity, energy conversion, and ancillary services to the Long Island Power Authority (LIPA). This is therefore considered an eligible activity. All non-direct costs which are not directly essential to the running of the activities are excluded.

Refer to the table below for more details:

Activity description	EU NACE code	Eligible? Y/N	Relevant Taxonomy objective	Activity reference
National Grid Generation LLC (GenCo)	D35.1.1	Y	Climate change mitigation (Transitional)	4.29 Electricity generation from fossil gaseous fuels

Alignment

Technical screening criteria (TSC)

Per the TSC criteria of the complementary delegated act, ‘direct GHG emissions of the activity are lower than 270g CO₂e/kWh of the output energy, or annual direct GHG emissions of the activity do not exceed an average of 550kgCO₂e/kW of the facility’s capacity over 20 years.’

Our gas generation activities average 572.3gCO₂e/kWhgCO₂e/kW, therefore not meeting the criteria.

Therefore, none of our gas generating activities therefore meet the TSC.

Do no significant harm (DNSH)

N/A – Does not meet the TSC, so DNSH as not been considered.



EU Taxonomy continued

Appendix 2 – KPI calculation overview

Turnover

We have allocated the turnover of our eligible activities based on the assessment described in Appendix 1, across A.1 Taxonomy-eligible and aligned activities and A.2 Taxonomy-eligible but not aligned activities.

All non-eligible activities have been disclosed by major business unit in B. Taxonomy-Non-Eligible Activities.

The sum of A.1, A.2 and B, the denominator, equals the total revenue disclosed in our consolidated income statement within our audited Annual Reports and Accounts (ARA).

Operating expenditure (Opex)

We have allocated the opex for our eligible activities based on the assessment described in Appendix 1, across A.1 Taxonomy-eligible and aligned activities and A.2 Taxonomy-eligible but not aligned activities.

All non-eligible activities have been disclosed by major business unit in B. Taxonomy-Non-Eligible Activities.

The denominator, being the sum of A.1, A.2 and B, has been treated in line with Annex 1 of the Disclosure Delegated Act, as follows:

‘The denominator shall cover direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.’

Capital expenditure (Capex)

We have allocated the capex of our eligible activities based on the assessment described in Appendix 1, across A.1 Taxonomy-eligible and aligned activities and A.2 Taxonomy-eligible but not aligned activities.

All non-eligible activities have been disclosed by major business unit in B. Taxonomy-Non-Eligible Activities.

The sum of A.1, A.2 and B, the denominator, equals the total property, plant and equipment and intangible assets additions disclosed in Notes 2, 12 and 13 of our audited Annual Reports and Accounts (ARA).

Please note that we have included the acquisition of WPD within the total capex number, but have separately disclosed the impact of this business combination in order to present a more reflective and comparable view of our total ongoing eligible and aligned capex.

No financial year 2021/22 expenditure has been funded by the issuance of green bonds at the reporting date. Please refer to the Green Financing Report on page 55 of the RBR for information on our allocation of green financing to our economic activities.

Note

The detailed tables can be found in the Excel Data Book [here](#).



Global Reporting Initiative (GRI)

Content Index

An organisation preparing a report in accordance with the GRI Standards is required to include a GRI content index, which lists all GRI Standards used and disclosures reported. National Grid's GRI content index provides a 'map' by which the reader can trace which standards have been used, and the location of the relevant disclosures, either in the Responsible Business Report 2021/22 (the RBR), the Annual Report and Accounts 2021/22 (the ARA) or any other relevant publicly available documentation. It also provides information on the boundaries established for each standard and / or metric, and provides additional information where relevant.

As not all of National Grid's material issues correspond directly to a GRI standard, the Company has developed its own KPIs for reporting, as appropriate. National Grid's RBR has been shaped by the GRI standards, as well as the Company's Responsible Business Charter, and the requirements of stakeholders, manifested through other reporting standards such as those prepared by the Sustainability Accounting Standards Board (SASB).

National Grid believes its RBR has been prepared in accordance with the GRI Standards: Core option.

GRI 102: General Disclosures

GRI Ref / NG KPI ¹	Disclosure Title	M/V ²	Cross reference or answer ³	Boundary ⁴	Additional Information
Organisational profile					
102-1	Name of the organisation	M	National Grid plc (National Grid)	Not applicable	
102-2	Activities, brands, products, and services	M	ARA • Business Model, (p.4-7)	Relevant to Group as a whole, customers and others.	
102-3	Location of headquarters	M	ARA • Rear cover, (p.290) and Additional Information column (right).	Not applicable	National Grid plc, 1-3 Strand, London. WC2N 5EH. UK.
102-4	Location of operations	M	ARA • Business Model, (p.4-7), and (p.244)	Relevant to Group as a whole, governments of relevant countries, customers and local communities.	
102-5	Ownership and legal form	M	ARA • Shareholder information, (p.257) and Additional Information column (right).	Relevant to Group as a whole and investors.	National Grid ordinary shares are listed on the London Stock Exchange under the symbol NG. American Depositary Shares are listed on the New York Stock Exchange under the symbol NNG.
102-6	Markets served	M	ARA • Business Model, (p.4-7)	Relevant to Group as a whole, governments of relevant countries, customers and local communities.	
102-7	Scale of the organisation	M	ARA • Business Model, (p.4-7) • Summary consolidated financial information (p.282) RBR • Our business (p.3-4)	Not applicable	
102-8	Information on employees and other workers	M	RBR • People section (p.25-34)	Relevant to employees of the Group, and workers at contractors and suppliers.	
102-9	Supply chain	M	RBR • Economy section (p.41-46)	Relevant to employees of the Group, and workers at contractors and suppliers.	

1. Reference to the GRI Standards metrics or those developed by National Grid for its material issues not directly covered by GRI.

2. M = mandatory GRI metric (for Core option), V = voluntary for GRI Core option.

3. Indicates the location of the disclosure in the Responsible Business Report, the Annual Report and Accounts, other documents or websites of National Grid, or that the information is provided under "Additional Information".

4. "Boundary" is a description of where the impacts occur for a material topic, and the organisation's involvement with those impacts. Topic boundaries vary based on the topics reported.



Global Reporting Initiative (GRI) continued

GRI 102: General Disclosures continued

GRI Ref / NG KPI ¹	Disclosure Title	M/V ²	Cross reference or answer ³	Boundary ⁴	Additional Information
102-10	Significant changes to the organisation and its supply chain	M	ARA <ul style="list-style-type: none"> • Our unique investment proposition (p.8-9), • Chair's statement (p.10), • Our business units (p.50-55). 	Relevant to Group as a whole and stakeholders impacted by those changes – largely employees.	ARA 2021/22 – (p.8) explains our reshaped asset portfolio and our increased exposure to electricity, (p.11) also explains our strategic pivot in the prior fiscal year to focus on electricity, with the acquisition of WPD and the announced sale of a majority stake in the UK Gas Transmission business. It also mentions the impact of the UK government's recently announced Future System Operator which will potentially see us divest our ESO business.
102-11	Precautionary Principle or approach	M	RBR <ul style="list-style-type: none"> • People section (p.25-30) describes employee health, safety and well-being policies, standards, procedures and training. • Economy section (p.41-46) describes supplier engagement and risk assessment approach. 	Relevant to services, research and development and supply chain assessment.	
102-12	External initiatives	M	Initiatives are referenced throughout the RBR and summarised in the Additional Information column (right).	Relevant to the Group and to stakeholders involved in the specific initiatives	We are signatory to the Principles of the UN Global Compact, and are supportive of the UN Sustainable Development Goals. We have committed to Paris-aligned emissions targets to achieve Net Zero by 2050, as well as to setting Scope 1, 2 and 3 targets that have been verified by the Science Based Targets Initiative (SBTi). We are committed to respecting and protecting human rights which includes aligning to: the International Labour Organization (ILO) minimum standards, the Ethical Trading Initiative (ETI) Base Code, the UK Modern Slavery Act 2015, the US Trafficking and Violence Protection Act 2000 and the UK Bribery Act 2010. For our UK operations, contractors and suppliers, we are committed to the requirements of the Living Wage Foundation. Multiple other initiatives are referenced throughout the RBR.
102-13	Membership of associations	M	See Additional Information (right).	Relevant to the Group and to other members of the relevant associations, and other stakeholders.	We are members of multiple trade associations and other bodies. Some examples from the UK and US include: UK – EnergyUK, ENA, CBI and RenewableUK, US – American Gas Association, Business Council for Sustainable Energy, CEO Climate Dialogue, Edison Electric Institute, CERES, and National Minority Supplier Development Group.
Strategy					
102-14	Statement from senior decision-maker	M	ARA <ul style="list-style-type: none"> • Chair's statement (p.10-11), • Chief Executive's review (p.12-14) RBR <ul style="list-style-type: none"> • Chair's statement (p.5), • Chief Executive's review (p.6) Responsible Business Charter 2020 <ul style="list-style-type: none"> • Responsibility at National Grid (p.2) 	Not applicable	



Global Reporting Initiative (GRI) continued

GRI 102: General Disclosures continued

GRI Ref / NG KPI ¹	Disclosure Title	M/V ²	Cross reference or answer ³	Boundary ⁴	Additional Information
102-15	Key impacts, risks, and opportunities	V	ARA <ul style="list-style-type: none"> Our Business Environment (p.15-19), Internal control and risk management (p.30-32) Task Force on Climate-related Financial Disclosures (p.70-83)	Relevant to the Group and all relevant stakeholders.	
Ethics & integrity					
102-16	Values, principles, standards, and norms of behaviour	M	ARA <ul style="list-style-type: none"> Chair's Statement (p.10-11), Chief Executive's review (p.12-14), Business Environment (p.15-19) (fairness and affordability), Succeeding with our Strategy (p.20-21), Stakeholder Engagement (p.56-59) How the board monitors culture (p.95) RBR <ul style="list-style-type: none"> Governance section, describes approach to ethical conduct and values (p.47-51) 	Relevant to the Group and all relevant stakeholders, particularly employees.	
102-17	Mechanisms for advice and concerns about ethics	V	ARA <ul style="list-style-type: none"> Our commitment to being a responsible business (p.64) RBR <ul style="list-style-type: none"> Governance section (p.47-51) referencing the 'Speak-up' helpline and the Code of Ethics (and training). 	Relevant to the Group and all relevant stakeholders, particularly employees.	
Governance					
102-18	Governance structure	M	ARA <ul style="list-style-type: none"> Corporate Governance overview (p.90-91) (detailed description of approach to corporate governance from (p.85-107) 	Relevant to the Group, and particularly to investors, and specialist investment analysts.	
102-19	Delegating authority	V	ARA <ul style="list-style-type: none"> Corporate Governance overview (p.90-91) describes committee structure covering safety, health and sustainability issues (e.g Safety & Sustainability Committee). RBR <ul style="list-style-type: none"> Governance section (p.47-51). 	Relevant to the Group, and particularly to investors, and specialist investment analysts.	



Global Reporting Initiative (GRI) continued

GRI 102: General Disclosures continued

GRI Ref / NG KPI ¹	Disclosure Title	M/V ²	Cross reference or answer ³	Boundary ⁴	Additional Information
102-20	Executive-level responsibility for economic, environmental, and social topics	V	ARA <ul style="list-style-type: none"> Corporate Governance overview (p.90-91) describes committee structure covering safety, health and sustainability issues (e.g Safety, Health & Sustainability Executive Sub-Committee). RBR <ul style="list-style-type: none"> Governance section (p.47-51). 	Relevant to the Group, and particularly to investors, and specialist investment analysts.	
102-21	Consulting stakeholders on economic, environmental, and social topics	V	ARA <ul style="list-style-type: none"> How we operate (p.6) Our Stakeholders section (p.56-59), Corporate Governance overview (p.90-91), Board engagement with stakeholders (p.96-97). 	Relevant to the Group, and particularly to investors, and specialist investment analysts.	
102-22	Composition of the highest governance body and its committees	V	ARA <ul style="list-style-type: none"> Our Board (p.88-89) 	Relevant to the Group, and particularly to investors, and specialist investment analysts.	
102-23	Chair of the highest governance body	V	ARA <ul style="list-style-type: none"> Our Board (p.88-89) 	Relevant to the Group, and particularly to investors, and specialist investment analysts.	The Chair is not an executive officer in the organization.
102-24	Nominating and selecting the highest governance body	V	ARA <ul style="list-style-type: none"> Chair's statement (p.87) and People & Governance Committee (p.99-100). 	Relevant to the Group, and particularly to investors, and specialist investment analysts.	
102-25	Conflicts of interest	V	ARA <ul style="list-style-type: none"> Other disclosures (p.262) / Statement of application of and compliance with the UK Corporate Governance Code 2018 (p.86) 	Relevant to the Group, and particularly to investors, and specialist investment analysts.	
102-26	Role of highest governance body in setting purpose, values, and strategy	V	ARA <ul style="list-style-type: none"> Corporate governance overview (p.90-94) 	Relevant to the Group, and particularly to investors, and specialist investment analysts.	
102-27	Collective knowledge of highest governance body	V	ARA <ul style="list-style-type: none"> Corporate governance overview (p.90-94) 	Relevant to the Group, and particularly to investors, and specialist investment analysts.	
102-28	Evaluating the highest governance body's performance	V	ARA <ul style="list-style-type: none"> Corporate governance overview (p.97) 	Relevant to the Group, and particularly to investors, and specialist investment analysts.	
102-29	Identifying and managing economic, environmental, and social impacts	V	ARA <ul style="list-style-type: none"> Board focus during the year and outcome (p.92-94), Our Stakeholders (p.56-59) 	Relevant to the Group, and particularly to investors, and specialist investment analysts.	
102-30	Effectiveness of risk management processes	V	ARA <ul style="list-style-type: none"> activities of the Audit & Risk Committee (p.101-105) 	Relevant to the Group, and particularly to investors, and specialist investment analysts.	



Global Reporting Initiative (GRI) continued

GRI 102: General Disclosures continued

GRI Ref / NG KPI ¹	Disclosure Title	M/V ²	Cross reference or answer ³	Boundary ⁴	Additional Information
102-31	Review of economic, environmental, and social topics	V	ARA <ul style="list-style-type: none"> Viability statement (p.32-35), Safety & Sustainability Committee (p.106) and Task Force on Climate-related Financial Disclosures (TCFD) (p.70-83). 	Relevant to the Group, and particularly to investors, and specialist investment analysts.	Our Board formally meets six times per year, but this year it met 10 times. Our Safety & Sustainability Committee meets six times per year and important issues are referred up to the Board where necessary.
102-32	Highest governance body's role in sustainability reporting	V	ARA <ul style="list-style-type: none"> Board focus during the year (p.92), as well as the Safety & Sustainability Committee (p.106). 	Relevant to the Group, and particularly to investors, and specialist investment analysts.	
102-33	Communicating critical concerns	V	ARA <ul style="list-style-type: none"> Role of the Audit & Risk Committee (p.101), and Grid: Voice (p.95). RBR <ul style="list-style-type: none"> Governance section, "speak-up" helpline (p.27 and p.50) 	Relevant to the Group, and particularly to investors, and specialist investment analysts.	Our Audit & Risk Committee handles our whistle blowing policy and procedure and is responsible for communicating issues of high importance to the Board where necessary. Our Board also attends regular meetings to hear from and communicate with colleagues directly regarding concerns, feedback and actions taken.
102-34	Nature and total number of critical concerns	V	RBR <ul style="list-style-type: none"> Governance section, issues reported through the "speak-up" helpline (p.50) 	Relevant to the Group, and particularly to investors, and specialist investment analysts.	This disclosure does not necessarily cover ALL critical concerns reported to the Board – just those relating to breaches of the Code of Ethics.
102-35	Remuneration policies	V	ARA <ul style="list-style-type: none"> Directors' Remuneration Report (p.108) onwards 	Relevant to the Group, and particularly to investors, and specialist investment analysts.	
102-36	Process for determining remuneration	V	ARA <ul style="list-style-type: none"> Statement of application of and compliance with the UK Corporate Governance Code 2018 (p.108 onwards), and Remuneration report 	Relevant to the Group, and particularly to investors, and specialist investment analysts.	
102-37	Stakeholders' involvement in remuneration	V	ARA <ul style="list-style-type: none"> Directors' Remuneration Report p.108 onwards 	Relevant to the Group, and particularly to investors, and specialist investment analysts.	
102-38	Annual total compensation ratio	V	RBR <ul style="list-style-type: none"> People section (p.25) 	All employees of the company.	
Stakeholder engagement					
102-40	List of stakeholder groups	M	ARA <ul style="list-style-type: none"> Our Stakeholders section (p.56-59), Corporate Governance overview (p.90), and Board engagement with stakeholders (p.96-98) 	Relevant to the Group as a whole, and all affected stakeholders	
102-41	Collective bargaining agreements	M	RBR <ul style="list-style-type: none"> People Pillar (p.25-34) 	Relevant to the Group, its employees and unions.	
102-42	Identifying and selecting stakeholders	M	ARA <ul style="list-style-type: none"> Corporate Governance overview (p.86) Section 172 disclosure on (p.56-59) 	Relevant to the Group as a whole, and all affected stakeholders	
102-43	Approach to stakeholder engagement	M	ARA <ul style="list-style-type: none"> Corporate Governance overview (p.86) Section 172 disclosure on pages (p.56-59) 	Relevant to the Group as a whole, and all affected stakeholders	



Global Reporting Initiative (GRI) continued

GRI 102: General Disclosures continued

GRI Ref / NG KPI ¹	Disclosure Title	M/V ²	Cross reference or answer ³	Boundary ⁴	Additional Information
102-44	Key topics and concerns raised	M	ARA <ul style="list-style-type: none"> Corporate Governance overview (p.86) Section 172 disclosure on pages (p.56-59) 	Relevant to the Group as a whole, and all affected stakeholders	
Reporting Practice					
102-45	Entities included in the consolidated financial statements	M	ARA <ul style="list-style-type: none"> Note 34 to the consolidated financial statements, (Subsidiary undertakings, joint ventures and associates) (p.225-229) 	Relevant to the Group and parties interested in our responsible business performance.	
102-46	Defining report content and topic Boundaries	M	RBR <ul style="list-style-type: none"> Materiality section (p.12), and this GRI Index 	Relevant to the Group and parties interested in our responsible business performance.	
102-47	List of material topics	M	RBR <ul style="list-style-type: none"> Materiality section (p.12), and this GRI Index 	Relevant to the Group and parties interested in our responsible business performance.	
102-48	Restatements of information	M	n/a	Relevant to the Group and parties interested in our responsible business performance.	Our responsible business accounting policy dictates that new acquisitions are not included in our RBR for two years post acquisition. This means that Western Power Distribution is excluded from the 2021/22 RBR and will be included for the first time in the 2022/23 document. Please refer to (p.54-57) where footnotes have been included for where data has been restated.
102-49	Changes in reporting	M	n/a	Relevant to the Group and parties interested in our responsible business performance.	Please refer to (p.10-11) where the Materiality Assessment is presented. There have been no changes in the year, but a full refresh is planned for the 2022/23 year.
102-50	Reporting period	M	RBR <ul style="list-style-type: none"> Reporting principles section (p.7-8) 	Relevant to the Group and parties interested in our responsible business performance.	Data is reported for the year to 31 March 2022, unless otherwise stated. Please see accompanying document "Our Reporting Methodology" for more information.
102-51	Date of most recent report	M	See 'Additional Information'	Relevant to the Group and parties interested in our responsible business performance.	2021/22 RBR published on 7th June 2022
102-52	Reporting cycle	M	See 'Additional Information'	Relevant to the Group and parties interested in our responsible business performance.	2021/22 RBR published on 7th June 2022
102-53	Contact point for questions regarding the report	M	RBR Rear Cover	Relevant to the Group and parties interested in our responsible business performance.	
102-54	Claims of reporting in accordance with the GRI Standards	M	RBR <ul style="list-style-type: none"> Reporting principles section (p.7-8) 	Relevant to the Group and parties interested in our responsible business performance.	This report has been prepared in accordance with the GRI Standards: Core option.
102-55	GRI content index	M	See 'Additional Information'	Relevant to the Group and parties interested in our responsible business performance.	This is the GRI content index
102-56	External assurance	M	An external assurance statement relating to the RBR 2021/22 can be found at the following link:	Relevant to the Group and parties interested in our responsible business performance.	



Global Reporting Initiative (GRI) continued

GRI 200: Economic standards

Material issue	GRI Ref /NG Ref ¹	KPI	Location reference ²	Boundary ³	Measured(M)/ Estimated (E)	Additional Information	Relevant to the following SDGs
Economic performance							
Economic contribution	201-1	Direct economic value generated and distributed	RBR • Economy Pillar (p.43)	All operations and activities of the business	M		
	201-2	Financial implications and other risks and opportunities due to climate change	ARA • TCFD disclosure (p.70-83)	All operations and activities of the business	NA		
Indirect economic impacts							
Infrastructure Investment	203-1	Infrastructure investments and services supported	RBR • Economy Pillar (p.41) ARA • Multiple references: Business model (p.4-7)	All operations and activities of the business – relevant to customers and communities served, governments and regulators	M		
	NG 2.1	Annual investment into energy infrastructure (£).	RBR Economy pillar (p.41) ARA : Multiple references: Business model (p.4-7) , Chief Executives review (p.12)	See 'Our Reporting Methodology'	M		
Network Reliability	NG 1.4	Network Reliability	RBR • Communities Pillar (p.35), data tables (p.62) ARA • (p.26), and various references through the document.	All relevant operations	M		
Energy Affordability	NG1.1	Average cost per household (US)	RBR • Communities Pillar, data tables (p.64) ARA • (p.83)	US distribution business	M		
	NG1.2	Cost of Transmission contribution to UK household bills (UK)	RBR • Communities Pillar (p.35), data tables (p.64) ARA • (p.83)	UK transmission business	M		
Customer satisfaction	NG1.5	Consumer Trust Survey (US only)	RBR • Communities section (p.35 and 38) ARA • (p.83)	US distribution business only – but see "Additional Information"	M	We also report satisfaction scores for UK (non-residential) customers on (page 27) of the ARA.	

1. Reference to the GRI Standards metrics or those developed by National Grid for its material issues not directly covered by GRI.

2. Indicates the location of the disclosure in the Responsible Business Report, the Annual Report and Accounts, other documents or websites of National Grid, or that the information is provided under "Additional Information".

3. "Boundary" is a description of where the impacts occur for a material topic, and the organisation's involvement with those impacts. Topic boundaries vary based on the topics reported.



Global Reporting Initiative (GRI) continued

GRI 200: Economic standards continued

Material issue	GRI Ref /NG Ref ¹	KPI	Location reference ²	Boundary ³	Measured(M)/ Estimated (E)	Additional Information	Relevant to the following SDGs
Supply chain							
	204-1	Proportion of spending on local suppliers	RBR: <ul style="list-style-type: none"> Economy pillar (p.46) 	Suppliers in the country of operation i.e. not global supplier base.	M	We also report on supplier diversity on (p.45)	
	NG 2.4	% of supplier payments paid to contractual term	RBR: <ul style="list-style-type: none"> Economy Pillar (p.44), data tables (p.64) 	All suppliers to National Grid	M		
Ethical behaviour							
Anti-bribery & corruption	205-1	Operations assessed for risks related to corruption	RBR <ul style="list-style-type: none"> Governance Pillar (p.50) 	All operations and activities of the business	NA	All business units and operations consider risks of breaches to the Code of Ethics and provide certification over the adequacy of controls. The range of policies described on (p.50) and (p.51) indicate the areas of heightened risk.	
Anti-bribery & corruption	205-2	Communication and training about anti-corruption policies and procedures	RBR <ul style="list-style-type: none"> Governance Pillar (p.50) 	All employees with access to online training.	M	We report the overall percentage of colleagues receiving training on the Code of Ethics but do not break this down by employee category. The Code applies equally to Board members.	
Anti-bribery & corruption	205-3	Confirmed incidents of corruption and actions taken	RBR <ul style="list-style-type: none"> Governance Pillar (p.50) 	All operations and activities of the business	M	We report on all confirmed breaches of the Code of Ethics, including bribery & corruption.	
Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	RBR <ul style="list-style-type: none"> Governance Pillar (p.51) 	All operations and activities of the business	M	Privacy is not a specific material issue but is a component of our more general human rights category	
207 – Tax							
	207-1	Approach to tax	ARA <ul style="list-style-type: none"> Financial Review (p.36-49) and published tax strategy on National Grid website 	All non-dormant businesses	NA		
	207-2	Tax governance, control, and risk management	ARA <ul style="list-style-type: none"> Financial Review (p.36-49), Finance Committee (p.73) and published tax strategy on National Grid website 	All non-dormant businesses	NA		
	207-3	Stakeholder engagement and management of concerns related to tax	ARA <ul style="list-style-type: none"> Financial Review (p.36-49) (approach to working with tax authorities), see also Additional Information 	All non-dormant businesses	NA	We have described above our processes for engaging with multiple stakeholders at the Board level, and across the business. All of these channels are open to consideration of concerns relating to taxation strategy.	
	207-4	Country-by-country reporting	ARA <ul style="list-style-type: none"> Financial Review (p.48). 	All non-dormant businesses	M	Whilst we do not meet every aspect of the GRI reporting requirements for this indicator we believe the disclosure on (p.48 in the ARA) is substantially compliant.	



Global Reporting Initiative (GRI) continued

GRI 300: Environmental standards

Material issue	GRI Ref /NG Ref ¹	KPI	Location reference ²	Boundary ³	Measured(M)/ Estimated (E)	Additional Information	Relevant to the following SDGs
Clean energy system (non-GRI Material Issue)							
	NG 3.1	Renewable energy connections – MW connected to US Distribution grid	RBR <ul style="list-style-type: none"> Environment Pillar (p.15) and Data Tables (p.62) 	US Distribution business	M		 
	NG 3.2	Renewable energy connections – MW connected to US Transmission grid	RBR <ul style="list-style-type: none"> Environment Pillar (p.15) and Data Tables (p.62) 	US Transmission business	M		
	NG 3.3	Renewable energy connections – MW connected to UK Transmission grid	RBR <ul style="list-style-type: none"> Environment Pillar (p.15) and Data Tables (p.62) 	UK Transmission business	M		
	NG 3.4	Interconnector capacity (GW)	RBR <ul style="list-style-type: none"> Environment Pillar (p.15) and Data Tables (p.62) 	National Grid Ventures – operational interconnectors	E		
		Renewables enabled by direct investment – via National Grid Renewables, MW total renewables	RBR <ul style="list-style-type: none"> Environment Pillar (p.15) and Data Tables (p.62) 	National Grid Ventures – National Grid Renewables operations	E		
302 – Energy							
	302-1	Energy consumption within the organisation	RBR <ul style="list-style-type: none"> Environment Pillar (p.20) and Data Tables (p.62) 	All operations and activities of the business	M		  
	302-3	Energy intensity	RBR <ul style="list-style-type: none"> Environment Pillar (p.20) and Data Tables (p.62) 	All operations and activities of the business	M		
303 – Water							
	303-1	Water withdrawal by source	RBR <ul style="list-style-type: none"> Environment Pillar (p.24) Our Reporting Methodology: Section 1.24 Total water abstracted (p.17) 	All operations and activities of the business	E	99% of all water abstracted by the company is seawater for use in cooling generation assets on Long Island, US. The seawater is slightly warmed but not contaminated or altered in any way before return to the sea.	
	303-3	Water withdrawal	RBR <ul style="list-style-type: none"> Environment Pillar (p.24) Our Reporting Methodology: Section 1.24 Total water abstracted (p.17) 	All operations and activities of the business	E	See above	
	303-4	Water discharge	RBR <ul style="list-style-type: none"> Environment Pillar (p.24) Our Reporting Methodology: Section 1.25 Total water discharged (p.17) 	All operations and activities of the business	E	See above	



Global Reporting Initiative (GRI) continued

GRI 300: Environmental standards continued

Material issue	GRI Ref /NG Ref ¹	KPI	Location reference ²	Boundary ³	Measured(M)/ Estimated (E)	Additional Information	Relevant to the following SDGs
	303-5	Water consumption	RBR <ul style="list-style-type: none"> Environment Pillar (p.24) Our Reporting Methodology (p.17) 	All operations and activities of the business	E	See above	
304 – Biodiversity / habitat protection and use							
Land Use – protected or restored	304-3 / NG3.6	Habitats protected or restored – Proportion of National Grid owned land that has been improved through National Grid activities and initiatives (% of total acres).	RBR <ul style="list-style-type: none"> Environment Pillar (p.15,20,23-24), and Data Tables, (p.62) Our Reporting Methodology: Section 1.26 Number of Hectares of land we have remediated (p.17) 	In 2020/21 this metric relates solely to US land held. UK land will be included from 2021/22 onwards.	E		
	NG 3.7	Previously contaminated land – provision for remediation (£)	RBR <ul style="list-style-type: none"> Environment Pillar (p.24) 	All owned or relevant historically owned land	M		
305 – Emissions							
Our Own Emissions	305-1	Direct (Scope 1) GHG emissions	RBR <ul style="list-style-type: none"> Environment Pillar (p.15-19) and Data Tables (p.62) Our Reporting Methodology: Scope 1 &2 and Scope 3 Greenhouse gas emissions (p.7-10) 	All operations and activities of the business	M		
	305-2	Energy indirect (Scope 2) GHG emissions	RBR <ul style="list-style-type: none"> Environment Pillar (p.15-19) and Data Tables (p.62) Our Reporting Methodology: Scope 1 &2 and Scope 3 Greenhouse gas emissions (p.7-10) 	All operations and activities of the business	M		
	305-3	Other indirect (Scope 3) GHG emissions	RBR <ul style="list-style-type: none"> Environment Pillar (p.15-20) and Data Tables (p.62) Our Reporting Methodology: Scope 1 &2 and Scope 3 Greenhouse gas emissions (p.7-10) 	Boundary indicated in RBR i.e. inclusion of six Scope 3 elements	E		
	305-4	GHG emissions intensity	RBR <ul style="list-style-type: none"> Environment Pillar (p.19) Our Reporting Methodology: 1.23 Carbon intensity of our generation (p.6-9) 	Scope 1 and 2 emissions only	M		
Air Quality	305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	RBR <ul style="list-style-type: none"> Environment Pillar (p.23) and Data Tables (p.62) Our Reporting Methodology: 1.12 Air Quality (p.12-13) 	Limited to NOx, SOx and PM	M		



Global Reporting Initiative (GRI) continued

GRI 300: Environmental standards continued

Material issue	GRI Ref /NG Ref ¹	KPI	Location reference ²	Boundary ³	Measured(M)/ Estimated (E)	Additional Information	Relevant to the following SDGs
306 – Waste							
	306-1	Waste generation and significant waste-related impacts	RBR <ul style="list-style-type: none"> Environment Pillar (p.24) and Data Tables (p.62) 	Some construction / contractor-generated wastes excluded. Disclosure relates to waste generated by company's own activities only.	M/E	We aim to improve reporting of our waste management and disposal in the coming periods.	
	306-3	Waste generated	RBR <ul style="list-style-type: none"> Environment Pillar (p.24) and Data Tables (p.62) 	Some construction / contractor-generated wastes excluded. Disclosure relates to waste generated by company's own activities only.	M/E	See above	
	306-4	Waste diverted from disposal	RBR <ul style="list-style-type: none"> Environment Pillar (p.24) and Data Tables (p.62) 	Some construction / contractor-generated wastes excluded. Disclosure relates to waste generated by company's own activities only.	M/E	See above	
	306-5	Waste directed to disposal	RBR <ul style="list-style-type: none"> Environment Pillar (p.13-18) and Data Tables (p.62) 	Some construction / contractor-generated wastes excluded. Disclosure relates to waste generated by company's own activities only.	M/E	See above	
307 – Environmental Compliance							
	307-1	Non-compliance with environmental laws and regulations	RBR <ul style="list-style-type: none"> Governance Pillar (p.51) 	All operations and activities of the business	M		
308 – Supplier environmental assessment							
	308-1	New suppliers that were screened using environmental criteria	RBR <ul style="list-style-type: none"> Economy Pillar (p.44-46) 	All suppliers	M		
	NG3.7	% of top 250 suppliers with active carbon reduction targets	RBR <ul style="list-style-type: none"> Economy Pillar (p.41) and Data Tables (p.64) 	Top 250 suppliers by spend	M		



Global Reporting Initiative (GRI) continued

GRI 400: Social standards

Material issue	GRI Ref /NG Ref ¹	KPI	Location reference ²	Boundary ³	Measured(M)/ Estimated (E)	Additional Information	Relevant to the following SDGs
401 – Employment							
	401-1	New employee hires and employee turnover	RBR <ul style="list-style-type: none"> People Pillar (p.34) 	Does not include age or regional category breakdown in 2021/22.	M	Further breakdown should be reported in future years	  
403 – Occupational health and safety (and wellness)							
	403-1	Occupational health and safety management system	RBR <ul style="list-style-type: none"> People Pillar (p.27-28) 	Includes all employees and contractors, but not the staff of contracted businesses.	NA	We operate a range of management system standards	
	403-2	Hazard identification, risk assessment, and incident investigation	RBR <ul style="list-style-type: none"> People Pillar (p.27-28) 	Includes all employees and contractors, but not the staff of contracted businesses.	NA		
	403-4	Worker participation, consultation, and communication on occupational health and safety	RBR <ul style="list-style-type: none"> People Pillar (p.27-28) 	Includes all employees and contractors, but not the staff of contracted businesses.	NA		
	403-5	Worker training on occupational health and safety	RBR <ul style="list-style-type: none"> People Pillar (p.27-28) 	Includes all employees and contractors, but not the staff of contracted businesses.	NA		
	403-6	Promotion of worker health	RBR <ul style="list-style-type: none"> People Pillar (p.27-28) 	Includes all employees and contractors, but not the staff of contracted businesses.	NA		
	403-8	Workers covered by an occupational health and safety management system	RBR <ul style="list-style-type: none"> People Pillar (p.27-28) 	Includes all employees and contractors, but not the staff of contracted businesses.	NA	All employees and contractors are covered by the system and no workers are excluded (other than the staff of contracted organisations).	
	403-9	Work-related injuries – LTIFR and fatalities only	RBR <ul style="list-style-type: none"> People Pillar (p.26) Our Reporting Methodology: Section 3.1 fatalities and 3.2 LTIFR (p.25) 	Includes all employees and contractors, but not the staff of contracted businesses.	M		
404 – Training and education / Skills development							
	404-1	Average hours of training per year per employee	RBR <ul style="list-style-type: none"> People Pillar (p.30) 	Includes all employees	M	We report average training days per employee split by region	 
	404-3	Percentage of employees receiving regular performance and career development reviews	RBR <ul style="list-style-type: none"> People Pillar (p.30) 	Includes all employees	E	We have a segmented performance management approach to meet the needs of our different employee groups, Management, US Unionised, and UK Staff. Throughout the performance year, our employees receive ongoing actionable, continuous performance feedback. At a minimum they receive an annual review of performance and this is linked to pay for certain groups.	



Global Reporting Initiative (GRI) continued

GRI 400: Social standards continued

Material issue	GRI Ref /NG Ref ¹	KPI	Location reference ²	Boundary ³	Measured(M)/ Estimated (E)	Additional Information	Relevant to the following SDGs
405 – Diversity and equal opportunity / Inclusion and diversity / Fair pay							
	405-1	Diversity of governance bodies and employees	RBR <ul style="list-style-type: none"> People Pillar (p.25), Governance Pillar (p.47) and data tables (p.63-64) ARA <ul style="list-style-type: none"> (P.5-66), and (86) 	Includes the Board and Senior Management as defined in the RBR	M	We report multiple diversity KPIs relating to the Board, senior leadership, and our employees, including gender and ethnic diversity in hires, promotions and leavers.	 
	405-2	Ratio of basic salary and remuneration of women to men	RBR <ul style="list-style-type: none"> People Pillar data tables (p.63), and our statutory UK disclosure at: https://www.nationalgrid.com/careers/understanding-our-uk-gender-pay-gap-2021 	All employees – reported as gender pay gap separately for UK and US employees. Ethnicity pay gap also reported.	M		
407 – Freedom of association and collective bargaining (employee rights)							
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	RBR <ul style="list-style-type: none"> People Pillar (p.26-30) and Economy Pillar (re suppliers) (p.44-46) 	Includes all operations and first tier suppliers	NA	We operate in the UK and US and our approach to collective bargaining is reported on (p.26-30). There are no areas where we believe these rights are at risk. Equally, at least 98% of our spend with first tier suppliers is within the US and Western Europe where we see these risks as low. We recognise risks may exist beyond the first tier.	
408 – Child labour (employee rights)							
	408-1	Operations and suppliers at significant risk for incidents of child labour	RBR <ul style="list-style-type: none"> People Pillar (p.26-30), Governance Pillar (p.50) and Economy Pillar (re suppliers) (p.44) EU Taxonomy minimum safeguards (p.53-54) 	Includes all operations and first tier suppliers	NA	We operate in the UK and US and there are no areas where we believe these rights are at risk. Equally, at least 98% of our spend with first tier suppliers is within the US and Western Europe where we see these risks as low. We recognise risks may exist beyond the first tier.	 
409 – Forced or compulsory labour (employee rights)							
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	RBR <ul style="list-style-type: none"> People Pillar (p.26-34), Governance Pillar (p.50) and Economy Pillar (re suppliers) (p.45) 	Includes all operations and first tier suppliers	NA	We operate in the UK and US and there are no areas where we believe these rights are at risk. Equally, at least 98% of our spend with first tier suppliers is within the US and Western Europe where we see these risks as low. We recognise risks may exist beyond the first tier.	 



Global Reporting Initiative (GRI) continued

GRI 400: Social standards continued

Material issue	GRI Ref /NG Ref ¹	KPI	Location reference ²	Boundary ³	Measured(M)/ Estimated (E)	Additional Information	Relevant to the following SDGs
413 – Local communities (STEM skills and social mobility / employee volunteering)							
	NG4.1	Young people provided access to skills development	RBR • Communities pillar (p.35, 39)	Includes all operations	NA		
	NG4.2	Number of volunteering hours on skills development programs	RBR • Communities pillar (p.35, 40)	Includes all operations	ME		
414 – Supplier social assessment							
	414-1	New suppliers that were screened using social criteria	RBR • Economy Pillar (p.41-42, 44-46)	All suppliers	NA		 
	414-2	Negative social impacts in the supply chain and actions taken	RBR • Economy Pillar (p.41-42, 44-46)	All suppliers	M		
415 – Public policy							
	415-1	Political contributions	RBR • Governance Pillar (p.51) and ARA (p.264)	Relates to the Group as a whole	M		
416 – Customer health and safety							
	416-1	Assessment of the health and safety impacts of product and service categories	RBR • Community Pillar (p.35, 37) and data tables (p.64)	Relates to all operations and activities	NA		
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	RBR • Community Pillar (p.35, 37) and Governance Pillar (p.48, 51)	Relates to all operations and activities	M		
419 – Socio-economic compliance							
	419-1	Non-compliance with laws and regulations in the social and economic area	RBR • Governance Pillar (p.47-51)	Relates to all operations and activities	M	See 416-2 above.	



Sustainability Accounting and Standards Board (SASB)

The Sustainability Accounting and Standards Board (“SASB”) voluntary reporting standards are designed to enable the disclosure of company sustainability information in a clear and consistent manner so that it can be used by investors and other stakeholders. 2021/22 is the second year National Grid have published a SASB map to demonstrate alignment to the SASB Standards.

There are currently 77 SASB industry standards, of which 2 are considered relevant for National Grid. This SASB Index sets out our alignment with both:

- Electric Utilities & Power Generators Standard
- Gas Utilities and Distributors Standard

SASB Standards can be downloaded from the SASB website¹.

This year we have achieved alignment to SASB, providing disclosures for all SASB metrics that are relevant to our business. Please view the ‘National Grid Disclosure’ column in the tables below which sets out where the relevant disclosures have been made. The majority of these disclosures are referenced to our Responsible Business Report 2021/22 (“RBR”) and Annual Report and Accounts 2021/22 (“ARA”). In line with our RBR foundations of reporting, we will not be including WPD in our SASB metrics this year. We intend for WPD to be integrated in the financial year 2022/23.

We have used some acronyms in our SASB disclosures which have been defined in a glossary on (page 37) of this document. Many of the customer and billing focused SASB metrics are not applicable to our UK business as we do not sell gas or electricity direct to consumers. These metrics are only relevant to our US business for which the necessary information and data has been provided.



¹ <https://www.sasb.org/standards/download/#:-:text=SASB%20Standards%20identify%20the%20subset,material%20sustainability%20information%20to%20investors.>



SASB continued

Electric Utilities & Power Generators Standard

Code	SASB Accounting Metric	National Grid Disclosure
Greenhouse Gas Emissions & Energy Resource Planning		
IF-EU-110a.1	(1) Gross global Scope 1 emissions, and percentage covered under: (2) Emissions-limiting regulations (3) Emissions-reporting regulations	(1) RBR (p.62) (2) 78% (3) 100%
IF-EU-110a.2	Greenhouse gas (GHG) emissions associated with power deliveries	RBR (p.19-20)
IF-EU-110a.3	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	RBR (p.19-22)
IF-EU-110a.4²	(1) Number of customers served in markets subject to renewable portfolio standards (RPS) (2) Percentage fulfilment of RPS target by market	(1) All our US customers are served in markets subject to RPS (2) 100% (met through the purchase of RECs)
Air Quality		
IF-EU-120a.1	Air emissions of the following pollutants: (1) NOx (2) SOx (3) Particulate matter (PM10) (4) Lead (Pb) (5) Mercury (Hg) and percentage of each in or near areas of dense population (%)	(1) RBR (p.62) (2) RBR (p.62) (3) RBR (p.62) (4) & (5) Not applicable. National Grid are not required by our UK or US regulators to monitor and report lead or mercury as they are not considered material to our operations. 0% and 100% ³ of our UK and US emissions respectively are within or near to areas of dense population.
Water Management		
IF-EU-140a.1	(1) Total water withdrawn (2) Total water consumed percentage of each in regions with High or Extremely High baseline water stress	(1) RBR (p.24) (2) RBR (p.24) 0% water withdrawn or consumed in the UK and US is within regions of high or extremely high water stress.
IF-EU-140a.2	Number of incidents of non-compliance associated with water quantity, quality permits, standards, and regulations	RBR (p.24) To our knowledge, we have not received any fines or non-monetary sanctions in this year* in relation to any breaches of environmental regulations. *A monetary penalty of \$1,160 from an incident in 2020 was received in in 2021/22.
IF-EU-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	RBR (p.24) and CDP Water ⁴
Coal Ash Management		
IF-EU-150a.1	Amount of coal combustion residuals (CCR) generated, percentage recycled	Not applicable – no coal combustion in National Grid's portfolio.
IF-EU-150a.2	Total number of coal combustion residual (CCR) impoundments, broken down by hazard potential classification and structural integrity assessment	

² Disclosure is representative of our US business only where we sell energy direct to consumers. Disclosure is not applicable to our UK business as transmission only (not customer facing).

³ US air emissions are associated with our energy generation plants, all of which are located on Long Island and would be considered 'near to areas of dense population' according to the SASB definition set out on (page 18) of the standard (https://www.sasb.org/wp-content/uploads/2018/11/Electric_Utilities_Power_Generators_Standard_2018.pdf).

⁴ We submit CDP Climate Change and CDP Water questionnaires annually to CDP in August. Our submissions can be viewed on the CDP website: <https://www.cdp.net/en/responses?utf8=%E2%9C%93&queries%5Bname%5D=national+grid>.



SASB continued

Electric Utilities & Power Generators Standard continued

Code	SASB Accounting Metric	National Grid Disclosure
Energy Affordability		
IF-EU-240a.1⁵	Average retail electric rate for: (1) Residential (USD/kWh) (2) Commercial (USD/kWh) (3) Industrial customers (USD/kWh)	(1) \$0.22 (2) \$0.14 (3) \$0.17
IF-EU-240a.2⁵	Typical monthly electric bill for residential customers for: (1) 500 kWh (\$) (2) 1,000 kWh (\$), of electricity delivered per month	(1) MECO: \$136.43; NANT: \$138.67; NECO: \$117.17, NIMO: \$81.86 (2) MECO: \$265.72; NANT: \$270.20; NECO: \$224.84, NIMO: \$146.13
IF-EU-240a.3⁵	(1) Number of residential customer electric disconnections for non-payment (2) Percentage reconnected within 30 days	(1) 19,700 (2) 70.8%
IF-EU-240a.4⁵	Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory	RBR (p.37-38)
Workforce Health & Safety		
IF-EU-320a.1⁶	1) Total recordable incident rate (TRIR) (2) Fatality rate (3) Near miss frequency rate (NMFR)	National Grid publish Group figures for Lost Time Injury Frequency Rate (LTIFR) and the number of fatalities within our RBR (p.28) and ARA (p.27)
End-Use Efficiency & Demand		
IF-EU-420a.1⁵	Percentage of electric utility revenues from rate structures that: (1) Are decoupled (2) Contain a lost revenue adjustment mechanism (LRAM)	(1) 100% (2) Not applicable ⁷
IF-EU-420a.2⁸	Percentage of electric load served by smart grid technology	ANU Electric Meters: MA: 13,991 meters (0.98%); NY: 12,961 meters (0.75%)
IF-EU-420a.3⁵	Customer electricity savings from efficiency measures, by market (annual MWh)	MA: 421,482; RI: 127,617; NY: 500,432
Nuclear Safety & Emergency Management		
IF-EU-540a.1	Total number of nuclear power units, broken down by U.S. Nuclear Regulatory Commission (NRC) Action Matrix Column	Not applicable – no nuclear power in National Grid's portfolio.
IF-EU-540a.2	Description of efforts to manage nuclear safety and emergency preparedness	

⁵ Disclosure not applicable to our UK business (transmission only and not customer facing). National Grid publish their own UK energy affordability metrics in the RBR to disclose our contribution to consumer bills – see (pages 37 to 38 and page 64). Data stated for this disclosure in this SASB Index is representative of our US business only.

⁶ National Grid have reported lost time injury frequency rate and number of fatalities as key safety metrics for many years. For 2021/22 we will report consistently with our historic reporting. We recognise that these metrics are not the precise SASB required disclosures, but are very similar.

⁷ The Revenue Decoupling Mechanism (RDM) considers changes in revenue for factors including energy efficiency (EE), the economy, weather, etc. With the introduction of RDMs, which predominantly were intended to remove the roadblock for utilities to fully promote EE but encompass all influences on sales, LRAMs no longer became necessary. All lost revenue from programs that serve to reduce customer load (EE, Distributed Generation (DG)) is recovered through RDM unless they are specifically excluded. In NE, there are no exclusions in our RDMs for EE or DG.



SASB continued

Electric Utilities & Power Generators Standard continued

Code	SASB Accounting Metric	National Grid Disclosure
Grid Resiliency		
IF-EU-550a.1	Number of incidents of non-compliance with physical and/or cybersecurity standards or regulations	0
IF-EU-550a.2⁹	(1) System Average Interruption Duration Index (SAIDI) (2) System Average Interruption Frequency Index (SAIFI) (3) Customer Average Interruption Duration Index (CAIDI), inclusive of major event days	(1) NIMO: 119.40; RI: 68.80; MECO: 114.14; NANT: 66.33 minutes (2) NIMO: 1.06; RI: 0.948; MECO: 0.899; NANT: 0.46 interruptions (3) NIMO: 113.40; RI: 72.53; MECO: 126.92; NANT: 144.3 minutes
Activity Metrics		
IF-EU-000.A¹⁶	(1) Residential (2) Commercial (3) Industrial	(1) 2,341, 347 (2) 226,729 (3) 2,837
IF-EU-000.B⁵	Total electricity delivered to: (1) Residential (MWh) (2) Commercial (MWh) (3) Industrial (MWh) (4) All other retail customers (MWh) (5) Wholesale customers (MWh)	(1) 17,334,077,675 (2) 6,072,968,591 (3) 1,196,126,610 (4) 35,872,411,763 (5) 3,004,379,000
IF-EU-000.C	Length of transmission and distribution lines	ARA (p.4 and 5)
IF-EU-000.D⁵	Total electricity generated (MWh), percentage by major energy source, percentage in regulated markets	Total electricity generated: 7,803,649 MWh Natural gas generation: 6,014,988 (77%) Fuel oil generation: 564,563 (7%) Wind: 992,243 (13%) Solar: 231,855 (3%) 100% National Grid's generation is within the US (a regulated market).
IF-EU-000.E	Total wholesale electricity purchased ¹⁰	RBR (p.20)

⁸ In defining smart grid technology we have only considered advanced meter infrastructure (AMI).

⁹ There is not comparable data available for the UK business. Number of MWh lost, and length of interruptions is measured by the Distribution Network Operators (DNOs) to monitor performance, not by National Grid (UK business is transmission only).

¹⁰ We also publish our Group figures for electricity consumption to meet the requirements of the Streamlined Energy and Carbon Reporting (SECR) legislation and Energy Savings Opportunity Scheme (ESOS).



SASB continued

Gas Utilities & Distributors Standard

Code	SASB Accounting Metric	National Grid Disclosure
Energy Affordability		
IF-GU-240a.1⁵	Average retail gas rate for: (1) Residential (USD/MMBtu) (2) Commercial (USD/MMBtu) (3) Industrial customers (USD/MMBtu) (4) Transportation services only (USD/MMBtu)	(1) \$14.03 (2) \$10.97 (3) \$9.39 (4) \$3.73
IF-GU-240a.2⁵	Typical monthly gas bill for residential customers for: (1) 50 MMBtu (2) 100 MMBtu of gas delivered per year	(1) Boston: \$73.81; Colonial: \$65.94; NECO: \$73.39; NIMO: \$56.80; KEDNY: \$86.71; KEDLI: \$86.65 (2) Boston: \$135.63; Colonial: \$121.55; NECO: \$131.53; NIMO: \$82.34; KEDNY: \$133.86; KEDLI: \$128.68
IF-GU-240a.3⁵	(1) Number of residential customer gas disconnections for non-payment (2) Percentage reconnected within 30 days	(1) 7,920 (2) 54.3%
IF-GU-240a.4⁵	Discussion of impact of external factors on customer affordability of gas, including the economic conditions of the service territory	RBR (p.37)
End-Use Efficiency		
IF-GU-420a.1	Percentage of gas utility revenues from rate structures that: (1) Are decoupled (%) (2) Contain a lost revenue adjustment mechanism (LRAM) (%) ¹¹	(1) Boston: 96%; Colonial: 97%; NECO: 94%; NIMO: 89%; KEDNY: 95%; KEDLI: 93% (2) NIMO: 5%; KEDNY: 4%; KEDLI: 5%; Boston 0%; Colonial 0%; NECO: 0%
IF-GU-420a.2	Customer gas savings from efficiency measures by market (Dth/MMBtu)	RI: 319,384; MA: 1,431,740 (net annual MMBTU); NY: 1,780,322 (Gross annual MMBTU)
Integrity of Gas Delivery Infrastructure		
IF-GU-540a.1	Number of: (1) Reportable pipeline incidents ¹² (2) Corrective Action Orders (CAO) (3) Notices of Probable Violation (NOPV)	(1) 3 (2) 0 (3) 26
IF-GU-540a.2¹³	Percentage of distribution pipeline that is: (1) Cast and/or wrought iron (2) Unprotected steel	(1) 10.7% (2) 12.3%
IF-GU-540a.3	Percentage of gas: (1) Transmission (2) Distribution ¹² , pipelines inspected	(1) UK: 13.5% US: 100% annually (2) US: 65% annually

¹¹ Our NE operations (Boston, Colonial and RI) have a full Revenue Decoupling Mechanism (RDM), which considers changes in revenue from all factors (energy efficiency, the economy, weather, etc.), so therefore we do not have a separate LRAM. Our NE operations are not 100% decoupled because we do not include new, large or extra large commercial and industrial (C&I) customers. We retain revenue billed to such customers, whether higher or lower than the RDM fixed revenue per customer (RPC) as determined in a rate case.

¹² All three incidents reported were associated with the US business.

¹³ National Grid's UK gas business is transmission only (no distribution pipeline). This disclosure is representative of our US business only.



SASB continued

Gas Utilities & Distributors Standard continued

Code	SASB Accounting Metric	National Grid Disclosure
IF-GU-540a.4	Description of efforts to manage the integrity of gas delivery infrastructure, including risks related to safety and emissions	For the UK business, plans to ensure we maintain and deliver a safe, resilient and environmentally sustainable network in our described in our RIIO-2 business plan (p.56–62 and 113 – 137), available on our website ¹⁴ . Also see our published document on Common Maintenance Types on the Gas National Transmission System ¹⁵ . For our US business, we have developed and operate a Distribution Integrity Management Program (DIMP) to continuously identify integrity threats to safety and the environment, remediate, report and evaluate CT progress.
Other		
IF-GU-000.A¹⁶	Number of: (1) Residential (2) Commercial (3) Industrial, customers served	(1) 3,256,354 (2) 201,050 (3) 9,138
IF-GU-000.B¹⁶	Amount of natural gas delivered to: (1) Residential customers (DTH) (2) Commercial customers (DTH) (3) Industrial customers (DTH) (4) Transferred to a third party (DTH)	(1) 276,032,294 (2) 73,766,799 (3) 9,152,181 (4) 378,585,608
IF-GU-000.C	Length of gas: (1) Transmission (2) Distribution, pipelines	ARA (p.4 and 5)

¹⁴ <https://www.nationalgrid.com/uk/gas-transmission/document/129016/download>

¹⁵ <https://www.nationalgrid.com/sites/gas/files/documents/20050-CommonMaintenanceTypes2013.pdf>

¹⁶ Per the SASB definition, a customer is defined “as a meter billed for residential, commercial, and industrial customers.” We have excluded all customers not billed by us.



SASB continued

Glossary

Term	Definition
UK	National Grid Electricity Transmission (NGET) and National Grid Gas (NGG), where relevant
NE	New England; includes RI and MA operating companies
RI	Rhode Island
MA	Massachusetts; includes Boston and Colonial operating companies
NY	New York; includes NIMO, KEDNY, KEDLI operating companies
MECO	Massachusetts Electric Company
NANT	Nantucket Electric Company
Boston	Boston Gas Company
Colonial	Colonial Gas Company
NECO	The Narragansett Electric Company
NIMO	Niagara Mohawk Power Corporation
KEDNY	The Brooklyn Union Gas Company
KEDLI	KeySpan Gas East Company
MMBTU	One Million British Thermal Units
SDGs	Sustainable Development Goals
DTH	Dekatherm