



Independent Limited Assurance Report to the Directors of National Grid plc on National Grid's Responsible Business Report 2022/2023

The Board of Directors of National Grid plc ("National Grid") engaged us to obtain limited assurance on the selected ESG information described below (together the "Subject Matter Information") as defined below and marked with the symbol  and  on pages 55 to 58 in National Grid's Responsible Business Report 2022/23 for the year ended 31 March 2023 (the "Report").

Our assurance conclusion does not extend to information in respect of earlier periods (unless specifically included within the Subject Matter Information) or to any other information included in, or linked from, the Report including any images, audio files or videos.

Our limited assurance conclusion

Based on the procedures we have performed, as described under the 'Summary of work performed' and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information in National Grid's Report for the year ended 31 March 2023, has not been prepared, in all material respects, in accordance with the Reporting Criteria set out and referenced in the 'Subject Matter Information and Reporting Criteria' section below.

Subject Matter Information and Reporting Criteria

The Subject Matter Information needs to be read and understood together with the Reporting Criteria, which National Grid is solely responsible for selecting and applying. The Subject Matter Information and the Reporting Criteria are set out in Appendix A below.

Inherent limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, evaluation and measurement techniques that can affect comparability between entities and over time.

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the underlying subject matter and the methods used for determining such information. The precision of different measurement techniques may also vary.

Responsibilities of the directors

The Directors of National Grid are responsible for:

- determining appropriate reporting topics and selecting or establishing suitable criteria for measuring or evaluating the underlying subject matter;
- ensuring that those criteria are relevant and appropriate to National Grid and the intended users of the Report;
- the preparation of the Subject Matter Information in accordance with the Reporting Criteria including designing, implementing and maintaining systems, processes and internal controls over the evaluation or measurement of the underlying subject matter to result in Subject Matter Information that is free from material misstatement, whether due to fraud or error; and
- producing the Report, including underlying data and a statement of directors' responsibility, which provides a balanced reflection of National Grid's performance in this area and discloses, with supporting rationale, matters relevant to the intended users of the Report.

Our responsibilities

We are responsible for:

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

Professional standards applied

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' and, in respect of the greenhouse gas emissions in accordance with International Standard on Assurance Engagements 3410 'Assurance engagements on greenhouse gas statements', issued by the International Auditing and Assurance Standards Board.

Our independence and quality control

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

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

Materiality

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Subject Matter Information is likely to arise.

Based on our professional judgement, we determined materiality for the Subject Matter Information as indicated in the table in Appendix A by one of the following letters:

- A. This metric is a percentage. A benchmark materiality of 5% has been applied
- B. This metric is an absolute number. A benchmark materiality of 5% has been applied
- C. This metric is an intensity metric. A benchmark of 5% has been applied to both the nominator and denominator
- D. This metric is an absolute number and relates to fatalities. A benchmark materiality of one fatality has been applied

For each metric, the materiality threshold means that a misstatement of that amount or higher would lead us to conclude that the Subject Matter Information had not been prepared in all material respects in accordance with the Reporting Criteria.

Summary of work performed

We performed a limited assurance engagement. Limited assurance can cover a range of assurance from low (i.e. just above assurance that is likely to enhance the intended user's confidence about what has been assured to a degree that it is clearly more than inconsequential) to just below reasonable assurance. Because the level of assurance in a limited assurance engagement varies in this way, we give more detail about the procedures performed, so that the intended users can understand the nature, timing and extent of procedures we performed as context for our conclusion. These procedures performed vary in nature and timing from, and are less than in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

In performing our assurance procedures, which were based on our professional judgement, we performed the following:

- considered the suitability in the circumstances of National Grid's use of the Reporting Criteria, as the basis for preparing the Subject Matter Information;
- obtained an understanding of National Grid's control environment, processes and systems relevant to the preparation of the Subject Matter Information. Our procedures did not include evaluating the suitability of design or operating effectiveness of control activities;
- evaluated the appropriateness of measurement and evaluation methods, reporting policies used and estimates made by National Grid, noting that our procedures did not involve testing the data on which the estimates are based or separately developing our own estimates against which to evaluate National Grid's estimates;
- performed limited substantive testing on a selective basis of the Subject Matter Information, which is aggregated from information submitted by National Grid's operational sites. Testing involved: comparing year on year movements and obtaining explanations from management for significant differences we identified and agreeing arithmetical accuracy and agreeing data points to or from source information to check that the underlying subject matter had been appropriately evaluated or measured, recorded, collated and reported;
- along with a number of virtual site visit interviews, undertook physical site visits at two of National Grid's UK and US sites; we selected these sites based on their inherent risk and materiality to the group, unexpected fluctuations in the site Subject Matter Information since the prior period, and sites not visited in the prior period; and
- considered the disclosure and presentation of the Subject Matter Information.

Our assurance procedures specifically did not include evaluating the financial information extracted from the audited accounts of National Grid and used in the calculation of 'Total global scope 1 & 2 emissions in tCO₂e per million £ of revenue'.

Other information

The other information comprises all of the information in the Report other than the Subject Matter Information and our assurance report. The directors are responsible for the other information. As explained above, our assurance conclusion does not extend to the other information and, accordingly, we do not express any form of assurance thereon. In connection with our assurance of the Subject Matter Information, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Subject Matter Information or our knowledge obtained during the assurance engagement, or otherwise appears to contain a material misstatement of fact. If we identify an apparent material inconsistency or material misstatement of fact, we are required to perform procedures to conclude whether there is a material misstatement of the Subject Matter Information or a material misstatement of the other information, and to take appropriate actions in the circumstances.

Use of our report

Our report, including our conclusion, has been prepared solely for the Board of Directors of National Grid in accordance with the agreement between us dated 17 November 2022 (the “agreement”). To the fullest extent permitted by law, we do not accept or assume responsibility or liability to anyone other than the Board of Directors and National Grid for our work or this report except where terms are expressly agreed between us in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
London
17 May 2023

Appendix A – the Subject Matter Information and Reporting Criteria

Subject Matter Information as per RBR Disclosed tables				Reporting Criteria
KPI	2022/23	2021/22	Unit	
People metrics				National Grid Our Reporting Methodology - Responsible Business Report 2022/23 document available at: https://www.nationalgrid.com/responsibility ¹
^A Diversity % of the Board	50		%	
^A Diversity % of Senior Leadership Group	49.1		%	
^A Diversity % of hires in new talent programmes	49.4		%	
^A UK: Graduate Applicants % female	33.9		%	
^A UK: Graduate Applicants % ethnically and racially diverse	48.4		%	
^A UK: Apprenticeship Applicants % female	14.4		%	
^A UK: Apprenticeship Applicants % ethnically and racially diverse	10.1		%	
^A US: Graduate Applicants % female	40.0		%	
^A US: Graduate Applicants % ethnically and racially diverse	29.2		%	
^A US: Internship Applicants % female	44.4		%	
^A US: Internship Applicants % ethnically and racially diverse	30.8		%	
^A Diversity % of the workforce	36.1		%	
^A External hires % Female	30.2		%	
^A External hires % ethnic minority	29.0		%	
^A Promotions % female	25.6		%	
^A Promotions % ethnic minority	17.9		%	
^A Leavers % female	28.9		%	
^A Leavers % ethnic minority	25.0		%	
Recruitment rates by Region				
^A US	54.8		%	
^A UK	45.2		%	

The footnotes A-D refer to our assessment of materiality discussed in the Materiality section of this report.

 Indicates prior year metrics not included within the scope of assurance.

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

Subject Matter Information as per RBR Disclosed tables				Reporting Criteria	
KPI	2022/23	2021/22	Unit		
People metrics					
Total Employee Headcount Split					
^A UK: Full Time	12,071		Headcount	National Grid Our Reporting Methodology - Responsible Business Report 2022/23 document available at: https://www.nationalgrid.com/responsibility	
^A UK: Part Time	491		Headcount		
^A UK: Female	2,868		Headcount		
^A UK: Male	9,694		Headcount		
^A US: Full Time	16,811		Headcount		
^A US: Part Time	67		Headcount		
^A US: Female	4,065		Headcount		
^A US: Male	12,813		Headcount		
Regular Employees, Temporary Employees and Agency workers					
^A UK: Regular Employees	12,562		Headcount		
^A UK: Temporary Employees ⁵	122		Headcount		
^A UK: Agency Employees	693		Headcount		
^A US: Regular Employees	16,878		Headcount		
^A US: Temporary Employees ⁵	52		Headcount		
^A US: Agency Employees	661		Headcount		
Leaver rates by region					
^A US	8.60		%		
^A UK	7.80		%		
Annual Employee Turnover by type					
^A Voluntary	7.0		%		
^A Involuntary	1.2		%		
^A Age of workforce in bands for current workforce:					
<25	6.10		%		
26-40	43.30		%		
41-55	33.10		%		
>55+	17.50		%		
^A Age of workforce in bands for current starters:					
<25	22.4		%		
26-40	53.0		%		
41-55	20.5		%		
>55+	4.1		%		
^A Age of workforce in bands for current leavers:					
<25	7.4		%		
26-40	34.4		%		
41-55	20.8		%		
>55+	37.4		%		

The footnotes A-D refer to our assessment of materiality discussed in the Materiality section of this report.



Indicates prior year metrics not included within the scope of assurance.

Subject Matter Information as per RBR Disclosed tables				Reporting Criteria
KPI	2022/23	2021/22	Unit	
People metrics				National Grid Our Reporting Methodology - Responsible Business Report 2022/23 document available at: https://www.nationalgrid.com/responsibility
<i>Fairness in pay (%)</i>				
<i>UK ethnicity pay gap</i>				
^A UK ethnicity pay gap: mean 'base' ethnicity pay gap	-1.9		%	
^A UK ethnicity pay gap: mean 'incentive' ethnicity pay gap	59.7		%	
<i>^AUS gender pay gap</i>				
^A US gender pay gap: mean 'base' gender pay gap	5.1		%	
^A US gender pay gap: mean 'incentive' gender pay gap	-27.3		%	
<i>^AUS ethnicity pay gap</i>				
^A US ethnicity pay gap: mean 'base' ethnicity pay gap	2.1		%	
^A US ethnicity pay gap: mean 'incentive' ethnicity pay gap	-2.0		%	
Our Environment				
^B Scope 1 and 2 Greenhouse Gas (GHG) emissions (Scope 2 location based)	7,245	7,831	ktCO ₂ e	
^B Scope 1 GHG emissions	4,369	5,034	ktCO ₂ e	
^B Scope 2 GHG emissions - market based	2,901	2,816	ktCO ₂ e	
^B Scope 2 GHG emissions - location based	2,876	2,797	ktCO ₂ e	
^B Scope 3 emissions - total scope 3 emissions	27,879	27,492	ktCO ₂ e	
^B Scope 3 GHG emissions - US Cat 3 (Fuel & Energy Related Activities)	3,510	3,449	ktCO ₂ e	
^B Scope 3 GHG emissions - US Cat 11 (Use of Sold Products)	17,973	17,617	ktCO ₂ e	
^B Scope 3 GHG emissions - UK & US Cat 1 (Purchased Goods and Services)	6,291	6,404	ktCO ₂ e	
^B SF ₆ emissions	278	279	ktCO ₂ e	
^B GHG emissions from air travel (ktCO ₂ e)	7		ktCO ₂ e	
^B Total miles from air travel	22,348,935		miles	
^B Air quality - Emissions from stationary sources (NO _x)	2,346		tonnes	
^B Air quality - Emissions from stationary sources (SO _x)	1,175		tonnes	
^B Air quality - Emissions from stationary sources (PM)	342		tonnes	
^B Total energy consumption	2,835	2,422	GWh	
^B Total electricity consumption	891	893	GWh	
^B Total operational consumption	1,374	939	GWh	
^B Total heating consumption	169	188	GWh	
^B Total transport consumption	401	402	GWh	
^B Total fuel consumption from non-renewable resources	2,759	2,341	GWh	
^B Total fuel consumption from renewable sources	76	81	GWh	
^B Total energy consumed – US Generation data	15,892	19,610	GWh	

The footnotes A-D refer to our assessment of materiality discussed in the Materiality section of this report.



Indicates prior year metrics not included within the scope of assurance.

Subject Matter Information as per RBR Disclosed tables				Reporting Criteria
KPI	2022/23	2021/22	Unit	
Our Environment				National Grid Our Reporting Methodology - Responsible Business Report 2022/23 document available at: https://www.nationalgrid.com/responsibility
^B Renewable energy connected to US Distribution Grid	454		MW	
^B Renewable energy connected to US Transmission Grid	100		MW	
^B Renewable energy connected to UK Distribution Grid	132		MW	
^B Renewable energy connected to UK Transmission grid	0		MW	
^C Total global scope 1 & 2 emissions in tCO ₂ e per million £ of revenue	337	459	tCO ₂ e/£m	
Community				
^D Fatalities	2		Fatalities	
^C Lost time injury frequency rate (LTIFR)	0.11		Lost time incidents per 100,000 hours worked	
^B Contribution of NG UK's distribution costs to consumer bills - affordability	131.49		£	
^B Contribution of NG UK's transmission costs to consumer bills	22.22		£	
^B Electric: Average Customer Bill Jurisdictions Combined (Low Income Customers Excluded)	1,774.03		\$	
^B Gas: Average Customer Bill Jurisdictions Combined (Low Income Customers Excluded)	1,482.81		\$	
^B Electric: Average Low Income (only) Customer Bill	1,256.62		\$	
^B Gas: Average Low Income (only) Customer Bill	1,023.71		\$	
Economy				
^A Suppliers with carbon reduction targets	62.0		%	
Governance				
^A % employees that have undertaken relevant ethics training	97		%	
^A % employees that have undertaken relevant Anti Bribery and Corruption training	98		%	

The footnotes A-D refer to our assessment of materiality discussed in the Materiality section of this report.



Indicates prior year metrics not included within the scope of assurance.