



Independent Limited Assurance Report to the Directors of National Grid plc

The Board of Directors of National Grid plc (“National Grid”) engaged us to obtain limited assurance on the selected information described below and set out in National Grid’s Responsible Business Report 2021/22 for the year ended 31 March 2022 (“the Report”).

Our assurance conclusion does not extend to information in respect of earlier periods 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 as the basis for our assurance conclusion’ and the evidence we have obtained nothing has come to our attention that causes us to believe that the Subject Matter Information marked with the symbol  in National Grid’s Responsible Business Report 2021/2022 for the year ended 31 March 2022, 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 as set out in Appendix 1 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 National Grid plc’s directors

As explained in the Directors’ Statement on page 7 of the Report, the Directors of National Grid Plc 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 plc 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 information relevant to the evaluation or measurement of the Subject Matter Information, which is free from material misstatement, whether due to fraud or error, against the Reporting Criteria; and
- producing the Report, including underlying information and a statement of Directors’ responsibility, which provides accurate, balanced reflection of National Grid plc 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 plc.

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 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.

Summary of work performed as the basis for our assurance conclusion

In carrying out our limited assurance engagement we:

- considered the suitability in the circumstances of National Grid's use of the Reporting Criteria, as the basis for preparing the Subject Matter Information;
- through inquiries with National Grid's management, obtained an understanding of National Grid's control environment, processes and systems relevant to the preparation of the Subject Matter Information;
- evaluated whether National Grid methods for developing estimates are appropriate and had been consistently applied;
- undertook site visits, including one physically and the rest remotely, at National Grid 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;
- performed limited substantive testing on a selective basis of the Subject Matter Information at site level and corporate head office to check that underlying information had been appropriately evaluated or measured, recorded, collated and reported;
- performed analytical procedures by comparing the reported performance and made inquiries of management to obtain explanations for significant differences we identified;
- obtained an internal listing of Eligible Green Projects, Eligible Maintenance Capex, Eligible Capex and Removal costs allocated to be refinanced by the Green Bonds and confirmed that this was consistent with the proposed disclosure of the Reporting Criteria;
- performed limited substantive testing remotely on a selective basis of the Selected Information related to the Green Bond to check that data had been appropriately measured, recorded, collated and reported including:
 - Inspecting records maintained in National Grid's project accounting systems to confirm the existence of the Eligible Green Projects and Eligible Capex, and that the amount spent for the period between 1 April 2018 and 31 March 2021 is equal or more than the value of the Green Bond respectively to qualify for its refinancing;
 - Inspecting a sample of operational records and/or publicly available information, where possible, to confirm the accuracy of the amount spent and the impact of the Eligible Green Projects, Eligible Maintenance Capex, Eligible Capex and Removal costs refinanced;
 - Review the basis of the Eligible Maintenance Capex calculation and the Renewable Energy Capacity Ratio calculation; and
 - Ensure that Eligible Green Projects, Eligible Maintenance Capex and Eligible Capex each fall into one of the eligible categories per the National Grid Green Financing Framework.
- considered the disclosure and presentation of the Subject Matter Information.

Our procedures did not include evaluating the suitability of design or operating effectiveness of control activities, testing the data on which the estimates are based or separately developing our own estimates against which to evaluate National Grid plc's estimates. Nor did we perform procedures on 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.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

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 and distribution of our report

This report, including our conclusion, has been prepared solely for the Board of Directors of National Grid plc in accordance with the agreement between us dated 10 September 2022, as amended (the “agreement”). Our report must not be made available to any other party save as set out in 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 plc for our work or this report except where terms are expressly agreed between us in writing.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, slightly slanted style.

PricewaterhouseCoopers LLP

London
18 May 2022

Appendix 1:

Subject Matter Information				Reporting criteria
Entity	KPI	Value	Unit	
National Grid	People metrics			National Grid FY22: Our Reporting Methodology document available at https://www.nationalgrid.com/responsibility/responsiblebusiness-report ¹
	Diversity % of the Board	53.8	%	
	Diversity % of Senior Leadership Group	49.5	%	
	Diversity % of the workforce	38.6	%	
	Diversity % of hires in new talent programmes	55.6	%	
	Recruitment rates by gender	31.7	%	
	Recruitment rates by ethnicity	31.5	%	
	Promotion rates by gender	21.6	%	
	Promotion rates by ethnicity	18.4	%	
	Leaver rates by gender	32.6	%	
	Leaver rates by ethnicity	26.8	%	
	Age of workforce in bands for current workforce:			
	<25	6.4	%	
	26-40	41.2	%	
	41-55	33.4	%	
	>55+	19	%	
	Age of workforce in bands for current starters:			
	<25	28.3	%	
	26-40	47.2	%	
	41-55	19.7	%	
	>55+	4.8	%	
	Age of workforce in bands for current leavers:			
	<25	13.6	%	
	26-40	32.6	%	
	41-55	21.5	%	
	>55+	32.3	%	
	UK ethnicity pay gap- mean 'base'	3.2	%	
	UK ethnicity pay gap- mean 'incentive'	60.3	%	
	US gender pay gap- mean 'base'	12.6	%	
	US gender pay gap- mean 'incentive'	-35.4	%	
	US ethnicity pay gap- mean 'base'	6.1	%	
	US ethnicity pay gap- mean 'incentive'	9.4	%	
	Environment			
	Scope 1 and 2 Greenhouse Gas (GHG) emissions (Scope 2 location based)	7,465	KTCO2e	
	Scope 1 GHG emissions	5,271	KTCO2e	
	Scope 2 GHG emissions - market based	2,244	KTCO2e	
	Scope 2 GHG emissions - location based	2,194	KTCO2e	
	Scope 3 emissions - total scope 3 emissions	30,088	KTCO2e	
	Scope 3 GHG emissions - US Cat 3 (Fuel & Energy Related Activities)	4,371	KTCO2e	
	Scope 3 GHG emissions - US Cat 11 (Use of Sold Products)	18,947	KTCO2e	
	Scope 3 GHG emissions - UK & US Cat 1 (Purchased Goods and Services)	6,747	KTCO2e	
	SF6 emissions	263	KTCO2e	
	Total electricity consumption	987	GWh	
	Total operational consumption	1,990	GWh	
	Total heating consumption	163	GWh	
	Total transport consumption	362	GWh	
	Total fuel consumption from non-renewable resources	3,463	GWh	
	Total fuel consumption from renewable sources	39	GWh	
	Total energy consumed – US Generation data	19,610	GWh	
	Air quality - Emissions from stationary sources (NOx)	3,072	tonnes	
	Air quality - Emissions from stationary sources (SOx)	1,107	tonnes	
	Air quality - Emissions from stationary sources (PM)	391	tonnes	
	Renewable energy connected to US Distribution Grid	531	MW	
	Renewable energy connected to US Transmission Grid	98	MW	
	Renewable energy connected to UK Transmission Grid	1,869	MW	
	Total global scope 1 & 2 emissions in tCO2e per million £ of revenue	411	tCO2e/£m	

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' website.

	<i>Community</i>		
	Lost time injury frequency rate (LTIFR)	0.13	Lost time incidents per 100,000 hours worked
	Electric: Average Customer Bill Jurisdictions Combined (Low Income Customers Excluded)- affordability	1,613.35	\$
	Gas: Average Customer Bill Jurisdictions Combined (Low Income Customers Excluded)- affordability	1,314.24	\$
	Electric: Average Low Income (only) Customer Bill- affordability	1,107.07	\$
	Gas: Average Low Income (only) Customer Bill- affordability	904.72	\$
	Contribution of National Grid's UK's transmission costs to consumer bills - affordability	29.04	£
	<i>Economy</i>		
	Suppliers with carbon reduction targets	54	%
	<i>People metrics</i>		
WPD	% of Senior Leadership Group by gender (female)	9.8	%
	% of the workforce by gender (female)	17.5	%
	% of hires in new talent programmes by gender (female)	10.3	%
	Recruitment rates by gender (female)	26.2	%
	Leaver rates by gender (female)	21.9	%
	<i>Environment</i>		
	Scope 1 and 2 Greenhouse Gas (GHG) emissions (Scope 2 location based)	836	KTCO2e
	Scope 1 GHG emissions	31	KTCO2e
	Scope 2 GHG emissions - location based	805	KTCO2e
	Scope 3 emissions - total scope 3 emissions	466	KTCO2e
	Scope 3 GHG emissions - UK Cat 3 (Fuel and Energy Related Activities)	10	KTCO2e
	Scope 3 GHG emissions - UK Cat 1 (Purchased Goods and Services)	454	KTCO2e
	SF6 emissions	9	KTCO2e
	Total heating consumption	1	GWh
	Total electricity consumption	3,789	GWh
	<i>Community</i>		
	Lost time injury frequency rate (LTIFR)	0.056	Lost time incidents per 100,000 hours worked
	Contribution of distribution costs to consumer bills	98.85	£
Green Bond allocation of proceeds	ICMA / LMA Category of Eligible Green Projects	Amount	Unit
	Renewable Energy	749.4	£ M
	Energy Efficiency	14.2	
	Total Eligible Green Projects	763.6	
Green Bond impact	Impact related to Eligible Green Projects	Value	Unit
	Additional capacity of renewable energy connected to the systems	2,437	MW
	Estimated energy savings	8,800	MWh
	Estimated tCO2e emissions avoided	16,264,282	tCO2e
Green Bond EU taxonomy eligibility	EU Taxonomy and ICMA / LMA Category of Eligible Green Projects	Eligible amount	Unit
	Renewable Energy:	282.9	£ M
	4.1 Electricity generation using solar PV technology and		
	4.3 Electricity generation from wind power		
	Renewable Energy:	466.5	
	4.9 Transmission and distribution of electricity		
	Total Renewable Energy	749.4	
	Energy Efficiency:	14.2	
	4.9 Transmission and distribution of electricity		
	Total Energy Efficiency	14.2	
	Total Eligible Green Projects	763.6	