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Independent Limited Assurance Report to the Directors of National Grid plc (“National Grid”) on National Grid’s Responsible Business Report 2023/2024

Our limited assurance conclusion

Based on the procedures we have performed, as described under “Summary of work performed” and the “Key Assurance Matters” sections below, and the evidence we have obtained, nothing has come to our attention that causes us to believe that the information marked with the symbol  in National Grid’s Responsible Business Report for the year ended 31 March 2024 (the “Report”) and summarised below (together, the “Subject Matter Information”), has not been prepared, in all material respects, in accordance with National Grid’s Reporting Criteria (the “Reporting Criteria”) set out on pages 33 to 36 of the Report.

What we assured

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

The scope of our work did 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 work

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 (GHG) 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 Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code).

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

Summary of work performed

We performed a limited assurance engagement. Because the level of assurance obtained in a limited assurance can vary, 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 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 operating sites. Testing involved: comparing year on year movements and obtaining explanations from management for significant differences we identified, considering reporting boundaries, agreeing arithmetical accuracy of calculations, 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 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
- evaluated the disclosures in, and overall presentation of, the Subject Matter Information (including those disclosures relating to comparative information that has been restated).

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

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. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our procedures in support of our conclusion. We believe that it is important that the intended users have the information they need to understand the concept and the level of materiality to place our conclusion in context. Based on our professional judgement, we determined materiality for the Subject Matter Information as follows:

<i>Overall materiality</i>	<p>Materiality may differ depending upon the nature of the Subject Matter Information. We apply professional judgement to consider the most appropriate materiality benchmark for each aspect of the Subject Matter Information, having considered how the intended users may use the information.</p> <p>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:</p> <ul style="list-style-type: none"> A. This metric is a percentage. A benchmark materiality of 5% of the reported figure has been applied B. This metric is an absolute number. A benchmark materiality of 5% of the reported figure has been applied C. This metric is an intensity metric. A benchmark of 5% has been applied to both the numerator and denominator used to calculate the reported figure D. This metric is an absolute number and relates to fatalities. A benchmark materiality of one fatality has been applied <p>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.</p>
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We also agreed to report to the Directors misstatements (‘reportable misstatements’) identified during our work at a level below overall materiality, as well as misstatements below that lower level that in our view warranted reporting for qualitative reasons. The Directors are responsible for deciding whether adjustments should be made to the Subject Matter Information in respect of those items.



Key assurance matters

We considered the following areas to be those that required our particular focus and discussed these areas with National Grid's management. This is not a complete list of all areas covered by our work.

Completeness of HR and Payroll data	
<p>Nature of the issue</p>	<p>For Diversity and Gender and Ethnicity Pay Gap information, there is a risk that headcount or payroll information is incomplete, resulting in an incomplete data set and inaccurate reported Diversity or Pay Gap figures.</p> <p>National Grid reports diversity and pay gap metrics through a number of different reporting units which rely on differing systems, controls and key individuals. Therefore, potential inconsistent reporting across reporting units and consolidation errors may create a risk to completeness and accuracy.</p> <p>In addition, specifically to pay gap metrics, the pay elements required to be included in calculations to ensure compliance with Pay Gap legislation are extensive and complex. Furthermore, payroll system limitations create a risk to completeness due to difficulties in extracting pay elements to ensure they have been correctly included or excluded.</p> <p>The UK gender pay gap elements of these metrics are required to be published by UK legislation and they, along with the other reported pay gap metrics, can be subject to a high level of media attention.</p>
<p>How our work addressed the key assurance matter</p>	<p>Whilst our testing approach in relation to completeness and judgements is unique to each individual aspect of the Subject Matter Information, the following are examples of work performed in relation to Diversity and Pay Gap reporting specifically:</p> <ul style="list-style-type: none"> • Performed walkthrough procedures to gain an understanding of the diversity and pay gap reporting process and to ensure and assess consistency across reporting units; • Enquired with management to understand how they ensure completeness of HR and Payroll data included in calculations; • Obtained an understanding of the review and validation controls in place to ensure all relevant information is captured; • Observed the extraction of full employee listings from the HR system for all material locations; • Performed a sample test from pay elements as listed in pay gap legislation to confirm these are correctly excluded from pay gap calculations; and • Assessed the pay elements included within the calculation file through independent recalculations to confirm these are correctly included in pay gap calculations.
<p>Element(s) of the Subject Matter Information most significantly impacted</p>	<p>Refer to the following metrics within the 'Our People' section of Appendix A:</p> <ul style="list-style-type: none"> • UK - Mean 'base' gender pay gap • UK - Mean 'incentive' gender pay gap • UK - Mean 'base' ethnicity pay gap • UK - Mean 'incentive' ethnicity pay gap • US - Mean 'base' gender pay gap • US - Mean 'incentive' gender pay gap • US - Mean 'base' ethnicity pay gap • US - Mean 'incentive' ethnicity pay gap

Classification of Health & Safety metrics	
<p>Nature of the issue</p>	<p>National Grid has developed detailed reporting criteria to support the accurate and complete collation and reporting for health and safety incidents and fatalities consistently. However, there are areas of classification which are subject to judgement which may result in assurance risks around completeness, accuracy, classification and presentation and disclosure.</p> <p>The nature of the underlying subject matter has inherent risks arising from, but not limited to, judgement required in the classification of incidents and potential management bias over both under and/or over reporting. Furthermore, different parts of National Grid’s operations can be subject to different local regulatory or legal reporting requirements or protocols, which can lead to differences in reporting at a local level to that which is required from the group’s reporting criteria.</p> <p>For example, the criteria and definitions specific to Fatalities, which determine whether a fatality is classified as occupational and therefore reportable, are complex and can lead to judgement being applied when interpreting specific elements of these criteria and definitions.</p> <p>In addition, specific to Lost Time Injury Frequency Rate (LTIFR), there are definitions and exception criteria which determine the first working day lost due to injury and judgments can arise in interpreting these definitions.</p>
<p>How our work addressed the key assurance matter</p>	<p>Whilst our testing approach in relation to classification and judgements is unique to each individual aspect of the Subject Matter Information, the following are examples of work performed in relation to Health & Safety and Fatality reporting specifically:</p> <ul style="list-style-type: none"> • Obtained an understanding of safety governance and escalation channels available to management; • Performed walkthrough procedures to gain an understanding of incident and fatality reporting procedures to ensure and assess consistency when utilising classification guidance; • Enquired with management to understand how they classify incidents and fatalities for complex or unusual incidents; • Performed substantive testing over a sample of lost time injuries (LTIs) reported to assess whether LTIs were included in the correct reporting period; • Performed substantive testing over a sample of incidents classified as non LTIs, to confirm correct classification; • Obtained additional corroborating evidence where underlying incident reporting was not sufficient to substantiate incident classification; and • Performed independent research to identify any supporting evidence of significant injuries and fatalities at National Grid in order to confirm existence and completeness.
<p>Element(s) of the Subject Matter Information most significantly impacted</p>	<ul style="list-style-type: none"> • Fatalities; and • Lost time injury frequency rate (LTIFR) (lost time incidents per 100,000 hours worked)

Challenges of non-financial information

The absence of a significant body of established practice upon 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 information is subject to more inherent limitations than financial information, given the characteristics of the underlying subject matter and the methods used for measuring or evaluating it. The precision of different measurement techniques may also vary.

Reporting on 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 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. In doing so, we 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.

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.

Use of our report

Our report, including our conclusion, has been prepared solely for the Directors of National Grid in accordance with the agreement between us dated 21 September 2023 (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 our report except where terms are expressly agreed between us in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
London
22 May 2024



Appendix A – the Subject Matter Information and Reporting Criteria

<i>Subject Matter Information as per the Report</i>				<i>Reporting criteria</i>
<i>KPI</i>	<i>Materiality reference*</i>	<i>2023/24</i>	<i>Unit</i>	
<i>Our environment</i>				<i>National Grid Our Reporting Methodology - Responsible Business Report 2023/24 document available at: https://www.nationalgrid.com/responsibility¹</i>
Scope 1 and 2 GHG emissions	B	6,852	ktCo2e	
Scope 1 GHG emissions	B	3,988	ktCo2e	
Fossil Fuel Generation	B	2,711	ktCo2e	
Scope 2 GHG emissions- market based	B	2,892	ktCo2e	
Scope 2 GHG emissions- location based	B	2,864	ktCo2e	
Electricity line losses emissions	B	2,724	ktCo2e	
Scope 3 GHG emissions	B	27,384	ktCo2e	
Cat 3: Fuel & Energy Related Activities	B	5,467	ktCo2e	
Cat 11: Use of Sold Products	B	17,521	ktCo2e	
Cat 1 & Cat 2: Purchased Goods and Services and Capital Goods	B	4,266	ktCo2e	
SF6 emissions	B	266	ktCo2e	
Cat 6: Business Travel (air travel only)	B	9.4	ktCo2e	
Air Quality - Emissions from stationary sources (Nox)	B	1,547	tonnes	
Air Quality - Emissions from stationary sources (Sox)	B	176	tonnes	
Air Quality - Emissions from stationary sources (PM)	B	191	tonnes	
Electric Vehicle Fleet % (Light-duty only)	A	12.3	%	
Total energy consumption excluding fossil fuel generation and electricity system losses	B	2,547	GWh	
Total electricity consumption	B	924	GWh	
Total operational consumption	B	998	GWh	

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.



Total heating consumption	B	231	GWh
Total transport consumption	B	394	GWh
Total fuel consumption from non-renewable sources	B	2,424	GWh
Total fuel consumption from renewable sources	B	123	GWh
Total energy consumed - US Generation data	B	14,375	GWh
Office energy consumption - UK	B	26	GWh
Office energy consumption - US	B	29	GWh
% Renewable electricity purchased - UK	A	31	%
% Renewable electricity purchased - US	A	0	%
Renewable energy connected to US Distribution Grid	B	446	MW
Renewable energy connected to US Transmission Grid	B	140	MW
Renewable energy connected to UK Distribution Grid	B	1,094	MW
Renewable energy connected to UK Transmission Grid	B	1,350	MW
Interconnector capacity	B	7.8	GW
Total Scope 1 & 2 emissions in tCO ₂ e per million £ of revenue	C	345	tCO ₂ e/£m
Scope 1 Generation intensity	C	0.37	tCO ₂ e/MWh
<i>Our customers and communities</i>			
Contribution of NG UK's distribution costs to customer bills	B	104.01	£
Contribution of NG UK's transmission costs to customer bills	B	29.37	£
Electric: Average customer bill jurisdictions combined (Low Income Customers Excluded)	B	1,806.37	\$
Gas: Average customer bill jurisdictions combined (Low Income Customers Excluded)	B	1,341.47	\$
Electric: Average Low Income (only) Customer Bill	B	1,249.85	\$
Gas: Average Low Income (only) Customer Bill	B	935.87	\$
<i>Our people</i>			
% Female workforce	A	24.6	%
% Ethnically and racially diverse workforce	A	18.6	%



% Female management	A	35.0	%
% Ethnically and racially diverse management	A	17.6	%
% Female new talent	A	31.6	%
% Ethnically and racially diverse new talent	A	32.3	%
UK: Graduate Applicants % Female	A	32.3	%
UK: Graduate Applicants % Ethnically and racially diverse	A	50.4	%
UK: Apprenticeship Applicants % Female	A	19.0	%
UK: Apprenticeship Applicants % Ethnically and racially diverse	A	21.7	%
US: Graduate Applicants % Female	A	43.9	%
US: Graduate Applicants % Ethnically and racially diverse	A	33.7	%
US: Internship Applicants % Female	A	43.2	%
US: Internship Applicants % Ethnically and racially diverse	A	35.2	%
% Diversity of Group Executive	A	53.8	%
% Diversity of Board	A	45.5	%
Total Employee headcount - UK: Full Time	B	13,417	Number
Total Employee headcount - UK: Part Time	B	530	Number
Total Employee headcount - UK: Female	B	3,434	Number
Total Employee headcount - UK: Male	B	10,513	Number
Total Employee headcount - US: Full Time	B	17,405	Number
Total Employee headcount - US: Part Time	B	64	Number
Total Employee headcount - US: Female	B	4,303	Number
Total Employee headcount - US: Male	B	13,166	Number
Total Employee headcount - UK: Regular Employees	B	13,947	Number
Total Employee headcount - UK: Temporary Employees	B	164	Number
Total Employee headcount - UK: Agency Employees	B	899	Number



Total Employee headcount - US: Regular Employees	B	17,469	Number
Total Employee headcount - US: Temporary Employees	B	184	Number
Total Employee headcount - US: Agency Employees	B	710	Number
UK - Mean 'base' gender pay gap	A	1.8	%
UK - Mean 'incentive' gender pay gap	A	-1.3	%
UK - Mean 'base' ethnicity pay gap	A	-2.2	%
UK - Mean 'incentive' ethnicity pay gap	A	55.7	%
US - Mean 'base' gender pay gap	A	3.6	%
US - Mean 'incentive' gender pay gap	A	-29.4	%
US - Mean 'base' ethnicity pay gap	A	2.0	%
US - Mean 'incentive' ethnicity pay gap	A	-2.2	%
Responsible business fundamentals			
Fatalities	D	3	Number
Lost time injury frequency rate (LTIFR) (lost time incidents per 100,000 hours worked)	C	0.08	LTI/100,000 hrs
IFA interconnector % Availability	A	82.01332	%
IFA 2 interconnector % Availability	A	71.18511	%
NSL interconnector % Availability	A	95.87356	%
% employees that have undertaken relevant ethics training	A	100	%
% employees that have undertaken relevant Anti-Bribery and Corruption training	A	97	%

*The materiality reference refers to our assessment of materiality discussed in the Materiality section of this report.