



Independent Limited Assurance Report to the Directors of National Grid Electricity System Operator Limited on selected sustainability information

The Board of Directors of National Grid Electricity Systems Operator Limited (“National Grid ESO”) engaged us to obtain limited assurance on the selected sustainability information (together the “Subject Matter Information”) as defined below and marked with the symbol ▲ on pages 28 to 30 in National Grid ESO’s Annual Report and Accounts for the year ended 31 March 2023 (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’ 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 ESO’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 ESO is solely responsible for selecting and applying. The Subject Matter Information and the Reporting Criteria are set out in the table below:

Subject Matter Information	Value	Units	Reporting Criteria	Annual Report & Accounts Reference	Materiality
Scope 1 emissions - Building heat & Business vehicles	228	TCO ₂ e	<i>National Grid ESO Responsible Business Reporting Methodology, found at https://www.nationalgrideso.com/wh-at-we-do/our-strategy/annual-report-and-accounts</i>	28	5%
Scope 2 (location based) emissions – Electricity	1,268	TCO ₂ e		28	
Scope 3 emissions - Purchased services, Flights & Other travel	259,306	TCO ₂ e		28	
Total National Grid ESO employee miles travelled by air	393,343	Miles		29	
National Grid ESO contribution to UK consumer electricity bills	2.46	£GBP		30	

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 ESO are responsible for:

¹The maintenance and integrity of National Grid ESO’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 ESO’s website.

- 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 ESO 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 ESO'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 ESO.

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 Management (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 judgment, we determined materiality for the Subject Matter Information as follows:

- Reported metrics are absolute numbers. A benchmark materiality of 5% 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 ESO's use of the Reporting Criteria, as the basis for preparing the Subject Matter Information;
- through inquiries with National Grid ESO's management, obtained an understanding of National Grid ESO'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 ESO, 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 ESO's estimates;
- performed limited substantive testing on a selective basis of the Subject Matter Information, which is submitted by National Grid ESO. Testing involved: comparing year on year movements and obtaining explanations from management for

- significant differences we identified, agreeing mathematical 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;
- performed testing over the completeness of data used to calculate the Subject Matter Information. Operation boundaries of the reporting were also considered when performing the completeness testing;
 - reviewed the Report for consistency with our understanding of the business and the work completed in respect of the Subject Matter Information; and
 - considered the disclosure and presentation of the Subject Matter Information.

Our assurance procedures specifically did not include testing the financial information extracted from the audited accounts of National Grid plc and National Grid ESO, which was used in the calculation of the allocation factor which drives the proportion of National Grid plc emissions allocated to National Grid ESO. This impacts the following Subject Matter Information:

- Scope 1 emissions – Building heat & Business vehicles
- Scope 2 (location based) emissions – Electricity
- Scope 3 emissions – Purchased services, Flights & other travel

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 ESO in accordance with the agreement between us dated 5 July 2023 and variation letter dated 13 July 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 ESO for our work or this report except where terms are expressly agreed between us in writing.



PricewaterhouseCoopers LLP
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London
17 July 2023