



12th HSBC SRI Conference 2017

February 2017

Cautionary statement

This presentation contains certain statements that are neither reported financial results nor other historical information. These statements are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements include information with respect to National Grid's financial condition, its results of operations and businesses, strategy, plans and objectives. Words such as 'anticipates', 'expects', 'should', 'intends', 'plans', 'believes', 'outlook', 'seeks', 'estimates', 'targets', 'may', 'will', 'continue', 'project' and similar expressions, as well as statements in the future tense, identify forward-looking statements. These forward-looking statements are not guarantees of National Grid's future performance and are subject to assumptions, risks and uncertainties that could cause actual future results to differ materially from those expressed in or implied by such forward-looking statements. Many of these assumptions, risks and uncertainties relate to factors that are beyond National Grid's ability to control or estimate precisely, such as changes in laws or regulations, including any arising as a result of the United Kingdom's exit from the European Union, announcements from and decisions by governmental bodies or regulators (including the timeliness of consents for construction projects); the timing of construction and delivery by third parties of new generation projects requiring connection; breaches of, or changes in, environmental, climate change and health and safety laws or regulations, including breaches or other incidents arising from the potentially harmful nature of its activities; network failure or interruption, the inability to carry out critical non network operations and damage to infrastructure, due to adverse weather conditions including the impact of major storms as well as the results of climate change, due to counterparties being unable to deliver physical commodities, or due to the failure of or unauthorised access to or deliberate breaches of National Grid's IT systems and supporting technology; performance against regulatory targets and standards and against National Grid's peers with the aim of delivering stakeholder expectations regarding costs and efficiency savings, including those related to investment programmes and internal transformation and remediation plans; and customers and counterparties (including financial institutions) failing to perform their obligations to the Company. Other factors that could cause actual results to differ materially from those described in this presentation include fluctuations in exchange rates, interest rates and commodity price indices; restrictions and conditions (including filing requirements) in National Grid's borrowing and debt arrangements, funding costs and access to financing; regulatory requirements for the Company to maintain financial resources in certain parts of its business and restrictions on some subsidiaries' transactions such as paying dividends, lending or levying charges; inflation or deflation; the delayed timing of recoveries and payments in National Grid's regulated businesses and whether aspects of its activities are contestable; the funding requirements and performance of National Grid's pension schemes and other post-retirement benefit schemes; the failure to attract, train or retain employees with the necessary competencies, including leadership skills, and any significant disputes arising with the National Grid's employees or the breach of laws or regulations by its employees; the failure to respond to market developments, including competition for onshore transmission, the threats and opportunities presented by emerging technology, development activities relating to changes in the energy mix and the integration of distributed energy resources, and the need to grow the Company's business to deliver its strategy, as well as incorrect or unforeseen assumptions or conclusions (including unanticipated costs and liabilities) relating to business development activity, including assumptions in connection with the Company's potential sale of a majority stake in its gas distribution business and with joint ventures. For further details regarding these and other assumptions, risks and uncertainties that may impact National Grid, please read the Strategic Report section and the 'Risk factors' on pages 183 to 186 of National Grid plc's most recent Annual Report and Accounts. In addition, new factors emerge from time to time and National Grid cannot assess the potential impact of any such factor on its activities or the extent to which any factor, or combination of factors, may cause actual future results to differ materially from those contained in any forward-looking statement. Except as may be required by law or regulation, the Company undertakes no obligation to update any of its forward-looking statements, which speak only as of the date of this presentation.

Introduction



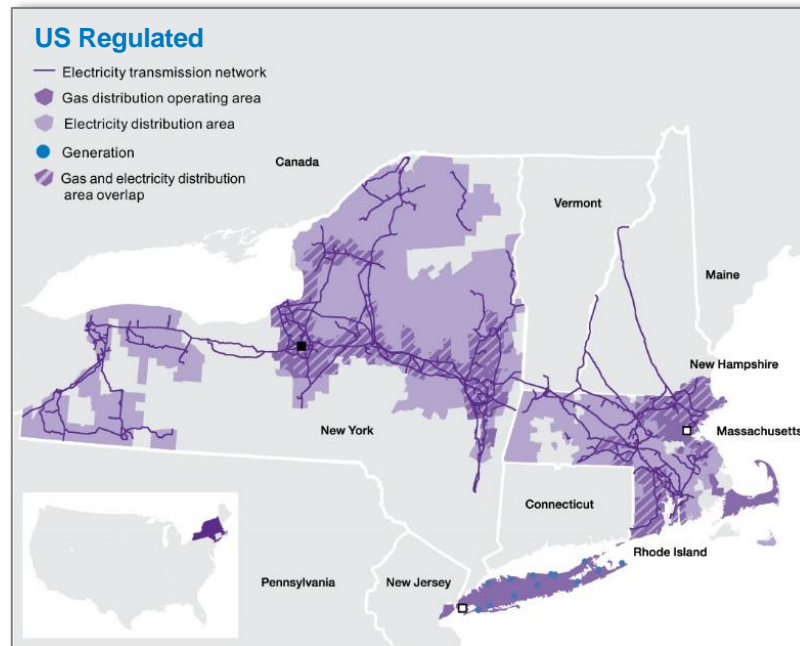
STUART BAILEY
Group Head of
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DAVID BRINING
Senior Investor
Relations officer

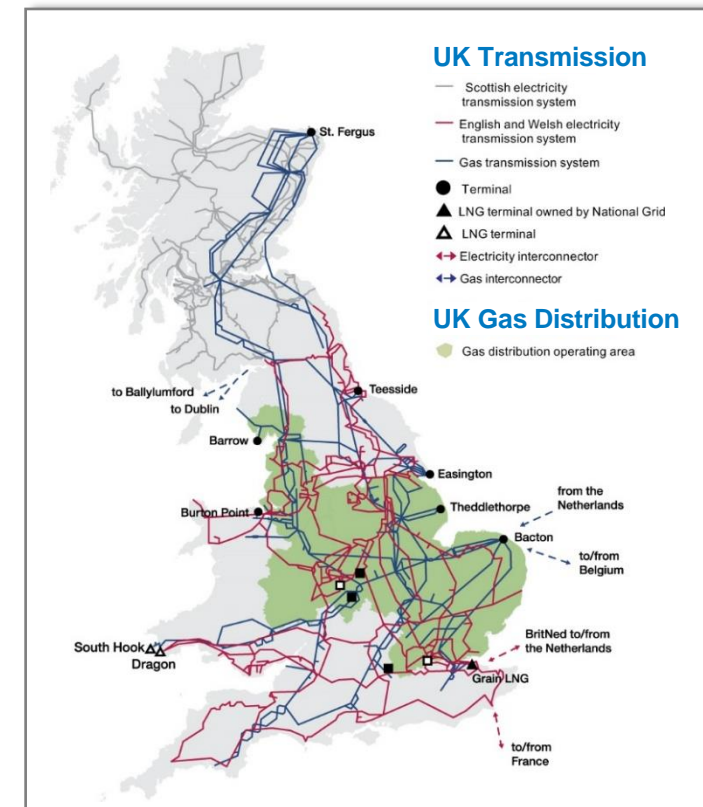
Introduction

One of the world's largest publicly listed utilities focused on transmission and distribution of electricity and gas in the United Kingdom and the United States. We play a vital role in connecting millions of people to the energy they use safely, reliably and efficiently.



London Stock Exchange **NG.**

New York Stock Exchange (ADR) **NGG**



Introduction

Investment proposition

We aim to be a **low risk** business, focused on generating shareholder value through both **dividends** and **asset growth** by investing in essential assets under primarily **regulated** market conditions, to service **long-term sustainable** consumer-led demands

Total Group Assets

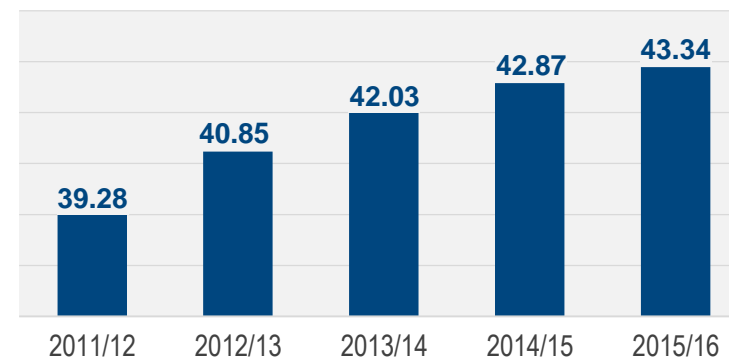
£42.0bn (31 March 2016)



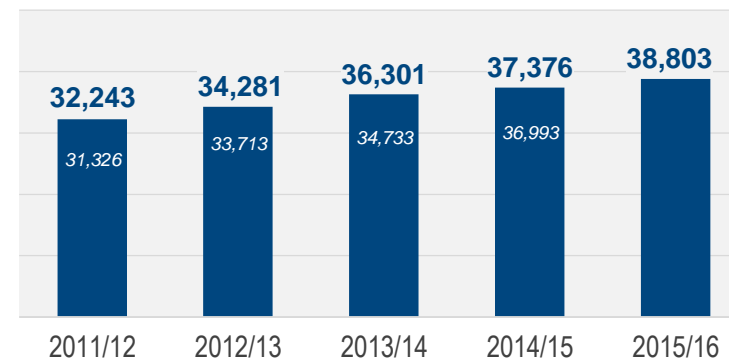
*Prior to the sale of a majority stake

Policy to grow the dividend at least in line with UK RPI inflation for the foreseeable future

5 year dividend growth (p/share)



RAV/Rate base growth (£m)



At constant currency
At actual currency

Purpose

Bring Energy to Life

We connect people to the energy they need for the lives they live, helping communities thrive and economies grow.

Vision

We will exceed the expectations of our customers, shareholders and communities today and make possible the energy systems of tomorrow

Values

Do the right thing.
Find a better way.

Responsibility and Sustainability

Caring for customers

We have a duty to make sure that customers have access to affordable and sustainable energy. And this need has never been greater. By investing in alternative sources of energy, reducing waste and being flexible with our customers we can help to keep prices down and homes powered.

Energising people

The work we do in support of education and employment and the investment we make in our people helps us to give many people great opportunities to reach their full potential

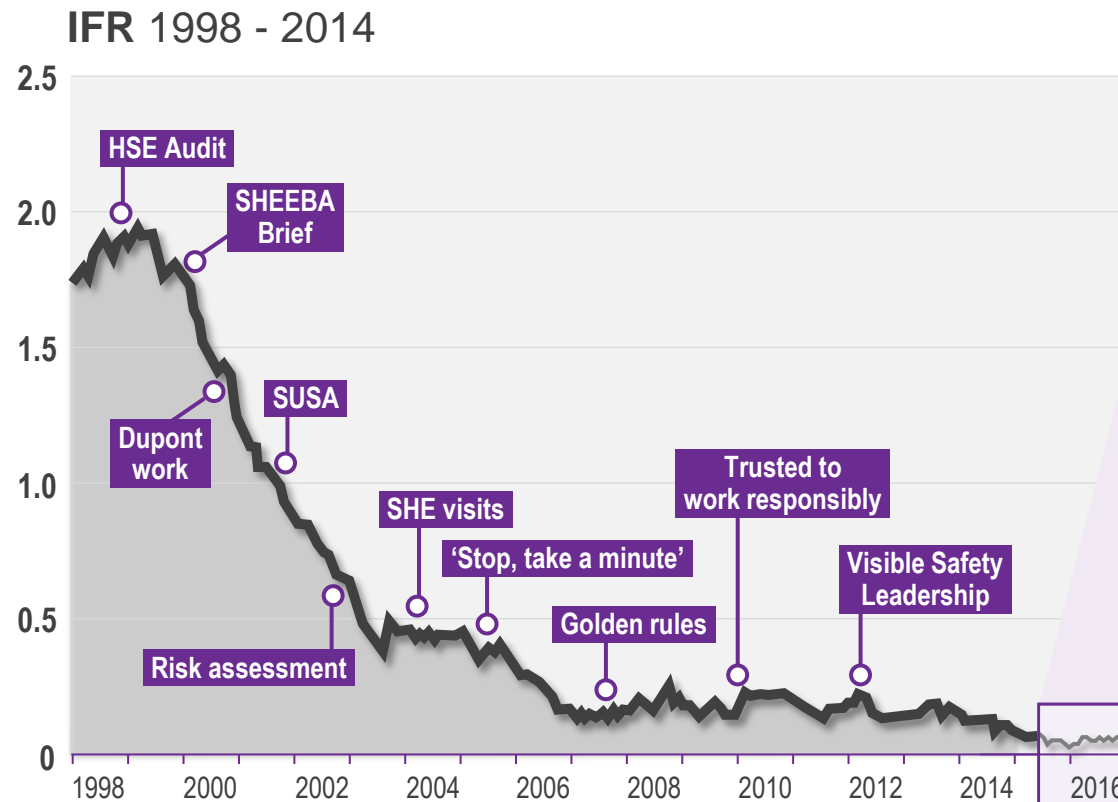
Building strong communities

We don't just supply power to our communities, we are part of them. We partner with charity organisations, provide communities with one-off grants to support their social, economic and environmental development and empower our employees to support local projects and causes through volunteering.

Enhancing the environment

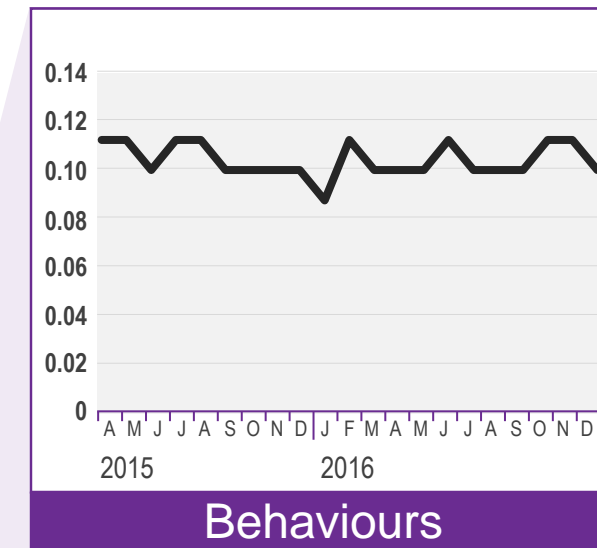
As an energy network business the biggest improvement we can make to the environmental challenges the world faces is to efficiently connect new low carbon and renewable energy generation to our networks. We are doing all we can to reduce our environmental impact and help enhance the areas where we work and operate.

National Grid's safety journey to date



This graph indicates that the NG UK IFR rate has significantly reduced over the past 17 years. The implementation of various initiatives has driven National Grid to a proactive / generative safety culture.

IFR 2015 - 2016



Responsible Business: Caring for customers

Caring for customers

4.4 million

participants in the company's gas and electric energy-efficiency programmes

78

partnerships to help reduce fuel poverty



Responsible Business: Energising people

Energising people

18,000

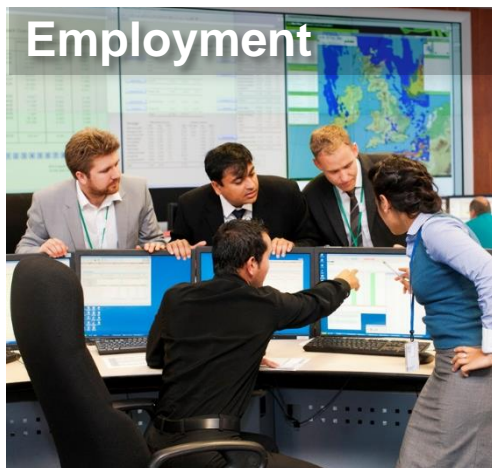
quality interactions with young people on STEM subjects by our employees

46.5

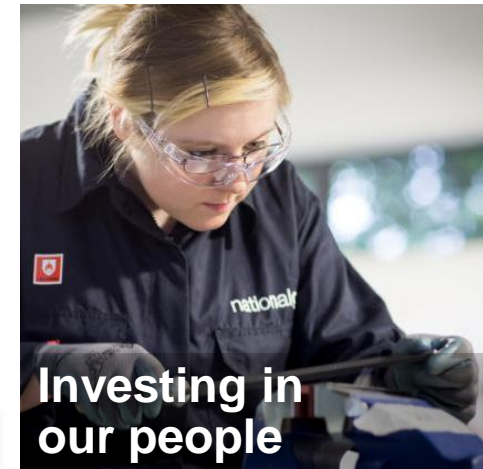
hours on average spent on training by each of our employees during the year



Education



Employment



Investing in our people

- Improving safety
- Training academy
- Inclusion and diversity
- Employee health and support
- Employee survey and engagement targets
- Reward and pensions

Responsible Business: Building strong communities

Building strong communities

£14.6m

invested in support of community initiatives and relationships across our operations

14,000

hours of support provided to community projects in the UK



Responsible Business: Enhancing the environment

Enhancing the environment

95%

of our UK waste was recycled; an increase from 88% the previous year

63%

reduction in our scope 1 and 2 greenhouse gas emissions compared with our 1990 baseline



Our Environmental Sustainability Strategy

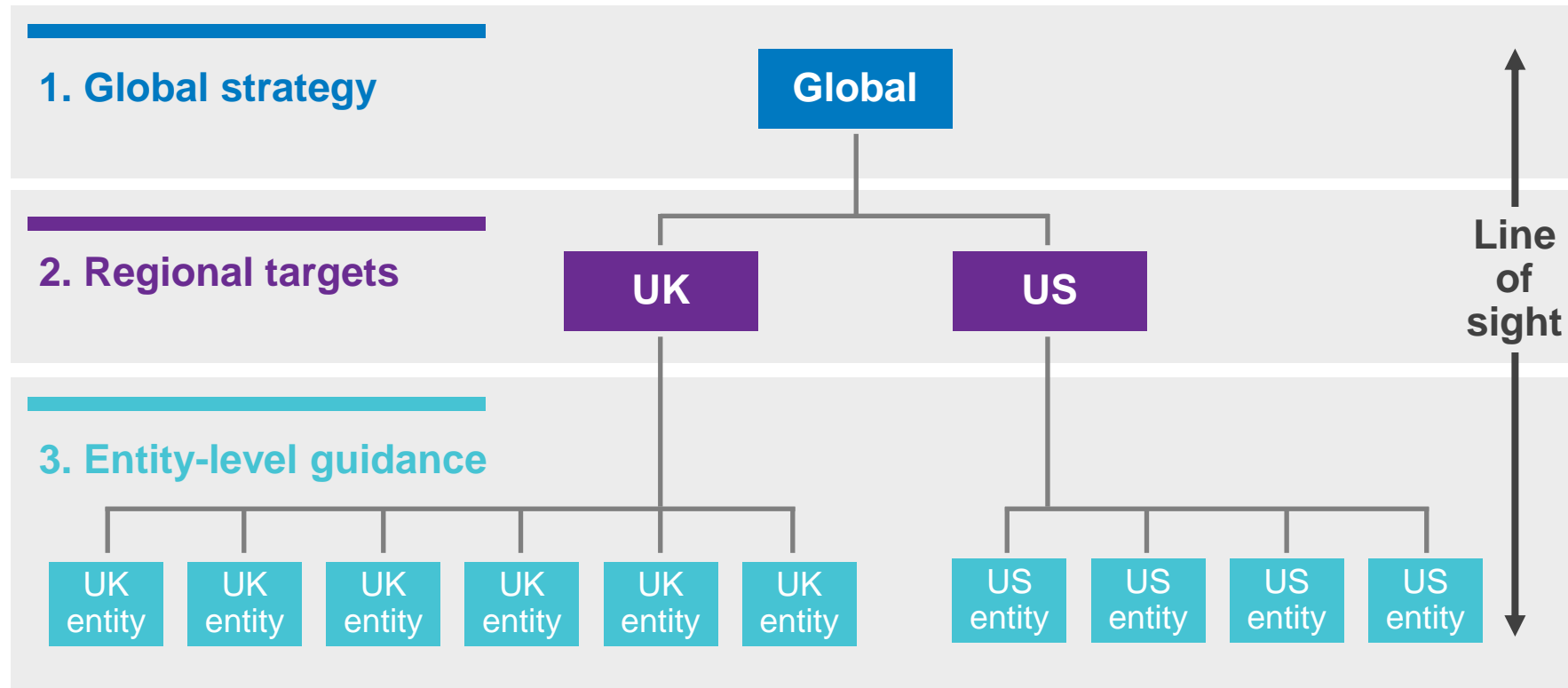


Environmental Sustainability Strategy: 2017 Refresh

- Global strategy with regional priorities
- Additional targets
- Clearer line of sight from high level priorities to local action
- Engaging our employees in sustainability



Three levels of strategy and targets



Targets to measure performance

Global targets

Our climate Commitment



- 80% reduction in GHG emissions by 2050
- 45% reduction in GHG emissions by 2020

Responsible Resource Use



- Reuse or recycle 100% of recovered assets by 2020
- Send zero office waste to landfill by 2020

Caring for the Natural Environment



- Recognise and enhance the value of our natural assets on at least 50 sites by 2020
- Drive net gain in environmental value (including biodiversity) on major construction projects by 2020

Additional Regional targets for our climate commitment

UK

- Implement carbon pricing on all major investment decisions by 2020
- Reduce embedded carbon in construction projects by 50% by 2020
- Increase energy efficiency of our property portfolio by 10% by 2020

US

- Reduce GHG emissions and save customers money through our energy efficiency programmes
- Increase energy efficiency of our 10 largest owned property sites by 20% by 2020

Managing carbon in the UK

Tools

In house to measure a project's carbon footprint



Focus

Key areas to help drive reductions and implementing change into schemes

- Steel
- Concrete
- Aluminium



What it tells us

Voltage	Equipment
400kV	Disconnecter 3ph
400kV	Earth switch 3ph
400kV	CVT No Foundation 1ph
400kV	SF6 Circuit Breaker 3ph

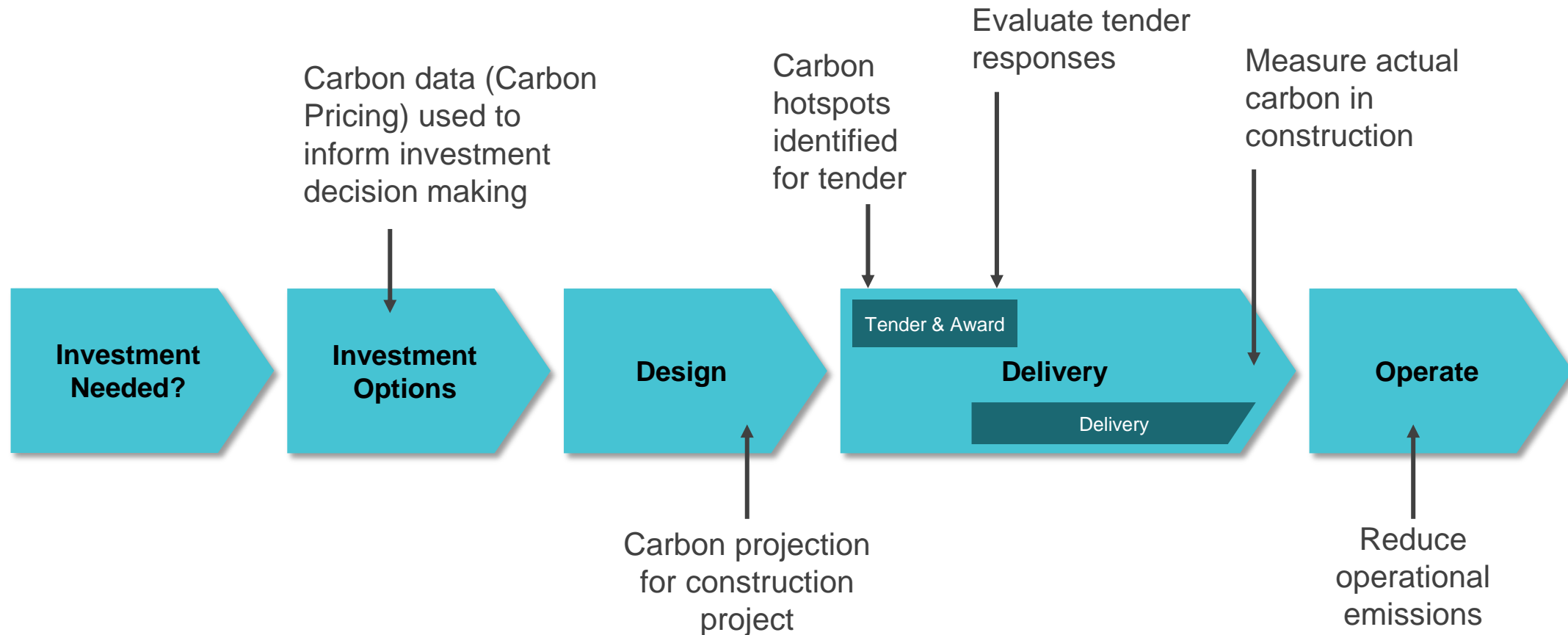
Different material impacts occur in different schemes. Substation projects have a low intensity and gas projects a higher intensity. Highest impacts come from civils

Targets

tCO₂/£m

We now understand our baseline (190tCO₂/£m) and have a target to reduce carbon intensity by 10% a year

Carbon Management in the UK Network Development



Recognition for our approach to environmental sustainability

The three states National Grid serve ranked 1st, 4th and 5th following a ACEEE scoring



Finalist for Business in the Community Awards 2016



Winners of the Edie Carbon Management Leadership Award 2015



Awarded DEFRA's Bee Needs award for contributing to the national Pollinator Strategy



CDP 'A List'

- Scored within the top 9% of over 1,000 companies worldwide that participated in CDP's climate change program
- Our position on the climate A list is recognition of the actions we have taken to reduce our emissions and mitigate climate change in 2015/16

