A clean, fair and affordable future

Responsible Business Report 2021/22
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 (the Company) financial condition, its results of operations and businesses, strategy, plans and objectives. Words such as ‘aims’, ‘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. 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Many of these assumptions, risks and uncertainties relate to factors that are beyond National Grid’s ability to control, predict 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 those relating to the RIIO-T2 and RIIO-ED2 price controls; 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 (including any that result in safety and/or environmental events), 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; failure to adequately forecast and respond to disruptions in energy supply; performance against regulatory targets and standards and against National Grid’s peers with the aim of delivering stakeholder expectations regarding costs and efficiency savings, as well as against targets and standards designed to deliver net zero; 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; the delayed timing of recoveries and payments in National Grid’s regulated businesses, including as a result of the COVID-19 pandemic, 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, develop and retain employees with the necessary competencies, including leadership and business capabilities, and any significant disputes arising with 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; the failure by the Company to respond to, or meet its own commitments as a leader in relation to, climate change development activities relating to energy transition, including 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 the integration of WPD and the announced sale of a 60% stake in its UK gas transmission and metering business. 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 253 to 256 of National Grid’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.
John Pettigrew
Chief Executive
Highlights

• Principal Partner at COP26
• Launching our US Northeast Clean Energy Vision
• Early return of £200m from our UK interconnector business
• Record level of capital investment
• New community investments in both the UK and our US jurisdictions

In an increasingly challenging macro environment, the well-being of our people and the communities we serve has never been more important
The environment – own emissions

Scope 1 and 2 emissions

Progress:

- Across our networks businesses **Scope 1 and 2 emissions** decreased 5% driven by
  - Targeted leak repair programmes
  - 18% reduction in SF₆
  - Gas leak prone pipe replacement
  - 4% reduction in methane emissions

- Including LIPA¹, **Scope 1 and 2 emissions** increased 8%

Targeted reduction (from 1990 baseline)

- **65%** reduction in Scope 1 and 2 emissions (from our 1990 baseline)
- **80%** by 2030
- **90%** by 2040
- **Net Zero** by 2050

¹. National Grid are contracted to supply electricity to the Long Island Power Authority (LIPA), using fossil fuel power generation by 2030.
The environment – own emissions

Scope 3 emissions targeted reduction
(from 2019 baseline)

- **37.5%** by 2034

- **Actions to achieve our targets:**
  - Expansion of our energy efficiency and demand side management programs

- **Scope 3 emissions** increased 4%, driven by:
  - Rebound in demand post COVID

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National Grid plc

Responsible Business Report 2021/22
The environment - Clean Energy Vision

A pathway to a zero fossil network in the US Northeast by 2050

4 Key Pillars:

- Increasing energy efficiency in buildings
- 100% fossil-free gas network by 2050
- Hybrid electric-gas heating systems
- Targeted electrification of heating and networked geothermal
Reaching Net Zero

Climate Transition Plan 2022
The environment – enabling net zero

The Energy Transition Company

Green investment in the decarbonisation of energy systems

c.£24bn¹ from FY2022 - 2026

Including:

• Electricity transmission and distribution investment
• Investment to reduce emissions in gas networks

Investing for the clean energy future

£30-35bn capital investment FY2022-26

6-8% group asset growth CAGR²

5-7% EPS CAGR²

Whilst maintaining a strong balance sheet and aim to grow dividend per share in line with CPIH

1. Capital expenditure considered to be aligned with the principles of the EU Taxonomy Legislation at the date of reporting, and includes most electricity investment, including connecting clean sources of generation such as renewables and nuclear, as well as investment which reduces emissions in our gas networks

2. Compound annual growth rate FY2022-26. Based upon GBP/USD FX rate of 1.3; long run CPIH and RPI inflation assumptions, and scrip uptake of 25%, as well as completion of sale of Rhode Island business and 60% majority interest in UK Gas Transmission and Metering
Our people

Natalie Edwards
Chief Diversity Officer

• Launched our Group-wide Diversity, Equity and Inclusion Commitments

• On average employees spend a week training each year

• Launch of new programme to identify and develop next generation of leaders

Senior Leadership Diversity

49.5%

2020/21 UK gender pay gap

-1.6%

vs 1.5% in 2019/20

2020/21 US gender pay gap

12.6%

vs 13.5% in 2019/20
Our networks continued to maintain excellent levels of reliability at over 99.9% across Transmission and Distribution

**UK**

- Returning £200m from interconnector business to customers early
- £2m to Citizens Advice and the Fuel Bank Trust to support advice services on managing and reducing energy bills

**US**

- HeartShare partnership in New York has helped 120,000 families with heating bills
- More than $1.3bn in energy efficiency measures in Massachusetts over last 3 years
Our communities

over £18m contributed to community initiatives

Launched Project C

• Partnering with communities on positive economic and social initiatives
  – Northland Workforce Training Centre

Grid for Good

• Supported nearly 4,000 people in training and mentoring to develop employability

• 30% increase in employee volunteering hours
A Fair Transition

Our statement, approach and engagement
The economy

record £7bn
of investment in critical energy infrastructure

To support our capital investment programme:

- Raised over £2.5bn in Green Financing Instruments
  - Including our largest ever green bond of €850m
- 30,000 jobs across our businesses
- A diverse supply chain of over 8,000 suppliers
- £93m invested in new start-ups through National Grid Partners
Our governance

Committed to the highest standards of corporate governance and making sure we apply best practices

• 54% Board diversity

• **Code of Ethics** sets out frameworks, policies, processes, and governance structures for important topics across our business
  – Ethics training completed by over **95%** of colleagues last year
The heart of a clean, fair and affordable energy future