Scrip Dividend Scheme - Terms and Conditions

This document is important and requires your immediate attention. If you are in any doubt about the action you should take with this document, you should immediately consult an appropriate independent advisor duly authorised under the UK Financial Services and Markets Act 2000.

1. The Scrip Dividend Scheme

The optional Scrip Dividend Scheme enables shareholders to elect to receive new fully paid ordinary shares in National Grid plc instead of cash dividends. This makes it possible for shareholders to increase their shareholdings in National Grid without incurring dealing costs or stamp duty. Please see paragraph 16 below for taxation information.

The operation of the Scheme is subject always to the Directors' decision to make an offer of new fully paid ordinary shares in respect of any particular dividend. Should the Directors decide not to offer new shares in respect of any particular dividend, cash will automatically be paid instead.

2. Joining the Scheme

All UK shareholders holding their shares either in certificated form or in the National Grid Corporate Sponsored Nominee ("CSN") can if they so wish join the Scheme by completing and submitting a Scrip Dividend Mandate Form. This can be done online by visiting their Shareview Portfolio www.shareview.co.uk, and changing their dividend options or by completing a paper Mandate Form (which may be amended from time to time) and sending it to the Company's Registrar, Equiniti Limited. No acknowledgment of receipt of online instructions or paper Mandate Forms will be issued. For details regarding overseas shareholders please see paragraph 11 below. Further copies of the paper Mandate Form may be obtained online at www.nationalgrid.com or from the Company's Registrar. All elections will be subject to fulfilment of the conditions specified on their Shareview Portfolio or in the paper Mandate Form. The right to elect to receive new shares is non-transferable. The Company and its Registrar reserve the right to treat as valid a Mandate Form which is not complete in all respects.

The date by which scrip elections must be made is referred to as the 'Scrip Election Date'. The applicable Scrip Election Date in relation to each dividend will be announced by the Company and made available on its website at www.nationalgrid.com. Completed Mandate Forms must be received by the Company's Registrar before 5pm (London time) on the Scrip Election Date to apply to the dividend to be paid in order to be eligible to receive shares instead of cash for that dividend and subsequent dividends. Mandate Forms received after that time will apply to subsequent dividends only and the upcoming dividend will be paid in cash. A Mandate Form, once submitted online or completed and returned to the Company's Registrar, will remain in force for all future dividends, where a scrip dividend alternative is offered, until such Mandate Form is cancelled by the shareholder online via their Shareview Portfolio, by telephone or in writing to the Company's Registrar.

Shareholders who hold their shares in CREST can only elect to receive dividends in the form of new ordinary shares by use of the CREST Dividend Election Input Message. By doing so, such CREST shareholders confirm their election to participate in the Scheme and their acceptance of these terms and conditions, as amended from time to time. Other forms of election, including paper forms of election, will not be accepted in respect of shares held through CREST. The Dividend Election Input Message must contain the number of shares on which the election is being made.

If the number of elected shares is blank or zero then the election will be rejected. If the number of elected shares is greater than the shares held at the relevant record date then the election will be applied to the holding as at the relevant record date. Once an election is made using the CREST Dividend Election Input Message system it cannot be amended. Therefore, if a CREST shareholder wished to change their election, such shareholder would need to cancel their previous election and submit a new election. CREST shareholders must elect for each dividend to receive new shares in respect of such dividend.

CREST elections must be made through CREST, before 5pm (London time) on the Scrip Election Date.

3. Number of new shares

The number of new shares that shareholders will receive for each dividend will depend on the amount of the cash dividend, any residual cash balance brought forward from the last scrip dividend, the number of shares held, and the reference share price to be used in calculating shareholders' entitlements.

The reference share price will be the average closing mid-market price for the Company's ordinary shares on the London Stock Exchange Daily Official List for the five dealing days commencing on (and including) the date on which the ordinary shares are first quoted ex-dividend.

The formula used for calculating the maximum number of shares to be received for each dividend will be as follows:

$$\frac{(\text{number of ordinary shares held at the dividend record date} \times \text{cash dividend per share}) + \text{any residual cash balance}}{\text{reference share price}}$$

For example:

i. If a shareholder held 1,000 shares and the dividend was 30.88 pence per share and the average closing mid-market price for the five dealing days after the ex-dividend date was 1,015.5 pence then such shareholder would receive 30 additional shares under the Scrip Dividend Scheme.

ii. If a shareholder held 500 shares and the dividend was 30.88 pence per share and the average closing mid-market price for the five dealing days after the ex-dividend date was 1,015.5 pence then such shareholder would receive 15 additional shares under the Scrip Dividend Scheme.

The record date, ex-dividend date and reference share price in respect of any future scrip dividends will be announced and made available on the Company's website at www.nationalgrid.com.

Once shareholders' new shares have been issued, a statement will be sent to such shareholders, along with a new share certificate (where relevant), showing the number of new ordinary shares allotted, the reference share price, and the total cash equivalent of the new ordinary shares for tax purposes. If on any occasion the cash dividend entitlement, together with any cash balance brought forward, is insufficient to acquire at least one new share, shareholders will receive a statement explaining that no shares have been issued and showing how much cash has been carried forward to the next dividend.

CREST shareholders will have their accounts credited directly with new shares on the dividend payment date or as soon as practicable thereafter and will receive a statement as above. **CSN shareholders will have their CSN accounts credited directly with new shares on the dividend payment date or as soon as practicable thereafter and will receive a statement as above.**

4. Fractions and cash balances

No fraction of a new ordinary share will be allotted and calculation of entitlement to new shares will always be rounded down to the nearest whole new share. Any residual cash balance (except in the case of CREST shareholders where such sums will be paid out on the dividend payment date) will be retained by the Company and carried forward to be included in the calculation for the next dividend. No interest will be paid on this cash balance. **If a shareholder holds their shares within the CSN, their cash balance will be treated as "Client Money" under the Financial Conduct Authority rules.**

5. Future dividends

Once a shareholder has completed and returned a valid Mandate Form, this will apply for all successive dividends unless and until it is revoked via their Shareview Portfolio or in writing by the shareholder to the Company's Registrar. Shareholders holding their shares in CREST must elect for each dividend. The mandate is always subject to the Directors' decision to offer a scrip dividend. The Directors may decide not to offer a scrip alternative in respect of any future dividend. Please see paragraphs 13 and 14 below for further details.

All new ordinary shares issued under the Scheme will automatically increase shareholders' shareholdings on which the next entitlement to a scrip dividend will be calculated (unless an election has been made on part of a shareholding only in respect of nominee shareholdings). Where any dividend payable to a shareholder is insufficient to purchase at least one new share via the Scheme, funds representing shareholders' fractional entitlements will be accumulated for their benefit. These funds will be added to the cash amount of the next dividend (in respect of which a scrip dividend alternative is offered) and applied in calculating shareholders' entitlement under that offer. In the case of CREST shareholders, fractional entitlements will be paid out on the dividend payment date.

Accumulated fractional entitlements will be paid to certificated and CSN shareholders in cash as soon as reasonably practicable in the event of cancellation of mandates by such shareholders or disposals of such shareholders' entire shareholdings, or in the event of cancellation or termination of the Scheme. In the event of death, insolvency or mental incapacity of a shareholder, any cash balance for that shareholder will be paid to his/her estate or trustee as applicable. Where a certificated shareholder cancels their mandate or sells their shares, amounts less than £3 standing to their benefit in such account will, unless instructed otherwise in writing in advance by the shareholder, be paid to a charity of the Company's choice.

6. Listing and ranking of the new shares

Application will be made to the London Stock Exchange and the FCA for admission of the new shares to the Official List. The new shares will be credited as fully paid and will rank equally in all respects with the existing ordinary shares, including the same voting rights and dividend rights (other than, for the avoidance of doubt, the right to receive the relevant cash dividend in lieu of which the scrip shares have been issued). In the unlikely event that the new shares are not admitted to trading and to the Official List, or if any other condition is not fulfilled, the Company will pay the dividend in cash in the usual way as soon as reasonably practicable.

7. Share certificates and dealings

Subject to the new shares being admitted to the Official List and to trading on the London Stock Exchange, new share certificates for participants in the Scrip Dividend Scheme will be posted to certificated shareholders at their own risk, on or about the same date as the dividend warrants are posted to those shareholders who are not participating in the Scheme (see the National Grid website for current dates). CREST shareholders will have their CREST accounts credited directly with the new shares on or as soon as is practicable after the same day that the cash dividend is paid. CSN participants will have their CSN accounts credited directly with the new shares on, or as soon as is practicable after, the same day that the cash dividend is paid. Dealings in the new ordinary shares are expected to begin on the dividend payment date.

8. Multiple holdings

If for any reason a shareholder's shares are registered in more than one holding then, unless such multiple shareholdings are consolidated before the Scrip Election Date, they will be treated as separate. As a result, separate mandates will need to be completed for each such holding if shareholders wish to receive new shares under the Scheme in respect of each holding. Shareholders wishing to consolidate their holdings should contact the Company's Registrar, Equiniti Limited.

9. Shareholdings in joint names

In respect of shareholdings held in joint names, to be effective, elections made using the Scrip Dividend Mandate Form must be signed by all joint shareholders.

10. Partial elections

Mandates will only be accepted in relation to the whole shareholding. The Directors may, at their discretion, allow a shareholder to elect in respect of a lesser number of shares where they are acting on behalf of more than one beneficial holder, that is, through a nominee shareholding held in CREST. The Dividend Election Input Message submitted to CREST must contain the number of shares for which the election is being made. Such elections must be renewed for each dividend. A cash dividend will be paid on any remaining shares not included in the Dividend Election Input Message.

11. Overseas shareholders

Shareholders who are resident outside the UK may treat this document as an invitation to receive new ordinary shares unless such an invitation could not lawfully be made to such shareholders without compliance with any registration or other legal or regulatory requirements. It is the responsibility of any person resident outside the UK wishing to elect to receive new ordinary shares under the Scheme to be satisfied that such an election can validly be made without any further obligation on the part of the Company, and to be satisfied as to full observance of the laws of the relevant territory, including obtaining any governmental, regulatory or other consents which may be required and observing any other formalities in such territories and any resale restrictions which may apply to the new shares. Unless this condition is satisfied, such shareholders may not participate in the Scheme or submit a Mandate Form.

12. Recent sale or purchase of ordinary shares

If shareholders have sold some of their ordinary shares before a record date, the Scheme will apply in respect of the remainder of such shareholders' shares. If shareholders have bought any additional ordinary shares after a record date, the additional shares will not be eligible for the next dividend, but will be eligible for future dividends, without the need to complete a further mandate in respect of the additional shares.

13. Cancellation of Mandates

Shareholders may cancel their Scrip Dividend Mandates at any time. Notice of cancellation must be effected online via their Shareview Portfolio or given in writing, or by telephone to the Company's Registrar by no later than 5pm on the Scrip Election Date. CREST shareholders can only cancel their elections through the CREST system. A notice of cancellation will take effect on its receipt and be processed by the Company's Registrar in respect of all dividends payable after the date of receipt of such notice. If a notice of cancellation is received after the Scrip Election Date, the shareholder will receive additional shares under the Scheme for the next dividend payable and the cancellation will take effect for subsequent dividends.

A shareholder's Scrip Dividend Mandate will be deemed to be cancelled if such shareholder sells or otherwise transfers their ordinary shares to another person but only with effect from the registration of the relevant transfer.

If shares are held in certificated form or within the CSN and a shareholder sells or transfers their entire shareholding before the last date for the receipt of scrip elections for a particular dividend, the shareholder will be withdrawn from the Scrip Dividend Scheme for that dividend. A shareholder's mandate will also terminate immediately on receipt of notice of such shareholder's death. However, if a joint shareholder dies, the mandate will continue in favour of the surviving joint shareholder(s) (unless and until cancelled by the surviving joint shareholder(s)). If a shareholder holds their shares in certificated form any residual amounts of over £3 standing to the credit of that shareholder will be paid to such shareholder in cash on or as soon as practicable after the cancellation. Where such residual amount is under £3, such sums will, unless the shareholder instructs otherwise in writing in advance, be paid to a charity of the Company's choice. If shares are held within the CSN, any residual amounts standing to the credit of a shareholder will be paid to the relevant shareholder in cash on or as soon as practicable after the cancellation.

14. Changes to or cancellation of the Scheme

At any time the Directors, at their discretion and without notice to shareholders individually, may modify, suspend, terminate or cancel the Scheme. In the case of any modification, existing mandates (unless otherwise specified by the Directors) will be deemed to remain valid under the modified arrangements unless and until the Company's Registrar receives a cancellation in writing, by telephone or online via the Shareview Portfolio from such shareholders pursuant to paragraph 13 above. If the Scheme is terminated or cancelled by the Directors, all mandates then in force will be deemed to have been cancelled as at the date of such termination or cancellation.

The operation of the Scheme is always subject to the Directors' decision to make an offer of new fully paid ordinary shares in respect of any particular dividend. The Directors also have the power, after such an offer is made, to revoke the offer generally at any time prior to the allotment of new ordinary shares under the Scheme. If the Directors revoke an offer (or otherwise suspend, terminate or cancel the Scheme), shareholders will receive their dividend in cash on or as soon as reasonably practicable after the dividend payment date.

15. Governing law and jurisdiction

The Scheme (including the Mandate Form and any related circular) is subject to the Company's Articles and these terms and conditions, as amended from time to time, and is governed by, and its terms and conditions are to be construed in accordance with, English law. By electing to receive new shares under the Scheme, shareholders agree to submit to the exclusive jurisdiction of the English courts in relation to the Scheme.

16. Taxation

The tax consequences of electing to receive new ordinary shares in place of a cash dividend will depend on shareholders' individual circumstances. If shareholders are not sure how they will be affected from a tax perspective, they should consult their solicitor, accountant or other professional advisor before taking any action. The Company understands that the taxation consequences for shareholders electing to receive new ordinary shares instead of a cash dividend will, broadly, be as follows. This understanding is based on: (i) UK legislation as applied in England and Wales; and (ii) HM Revenue & Customs published practice (which may not be binding on HM Revenue & Customs). It should be noted that the UK legislation and HM Revenue & Customs published practice referred to above are both subject to change, possibly with retrospective effect. This summary relates only to the position of shareholders resident and, if individuals, domiciled only in the UK for taxation purposes, who are not eligible for and claiming relief from the UK taxation of foreign income and gains under the rules in Chapter 1, Part 2 of the Finance Act 2025 and to whom "split year" treatment does not apply who hold their shares beneficially as an investment, other than under an individual savings account and who have not (and are not deemed to have) acquired their shares by reason of any office or employment.

The precise taxation consequences for a particular shareholder will depend on that shareholder's individual circumstances. Shareholders who may be subject to taxation in a jurisdiction other than the UK or who are unsure as to their taxation position should seek their own professional advice. This summary of the taxation treatment is not exhaustive. If shareholders are in any doubt as to their tax position, they should consult their solicitor, accountant or other professional advisor before taking any action.

16.1 UK resident individual shareholders

Income Tax

Very broadly, a UK resident individual shareholder who receives new ordinary shares pursuant to the Scheme will have the same liability to income tax as they would have had had they received a cash dividend of an amount equal to the 'cash equivalent' of the new ordinary shares'. The cash equivalent of the new ordinary shares will be the amount of the cash dividend which the shareholder would have received had they not elected to take new shares, unless the market value of the new shares on the first day of dealings on the London Stock Exchange differs substantially from the cash dividend foregone (i.e. differs by 15% or more of such market value), in which case the market value will be treated as the cash equivalent of the new ordinary shares for taxation purposes.

Where individual shareholders elect to receive new ordinary shares in place of a cash dividend, they will be treated as having received gross income of an amount which is equal to the cash equivalent of the new ordinary shares. This amount will broadly be treated as if it were a dividend for UK tax purposes and taxed as set out below.

The amount of tax that a UK resident individual shareholder who has elected to receive new ordinary shares pursuant to the Scheme is liable for will depend on the total amount of dividend income that individual receives in the tax year. Individuals who receive dividend income of £500 or less in the tax year from 6 April 2025 to 5 April 2026 will be taxed at a nil rate on this dividend income (including the 'cash equivalent of the new ordinary shares' issued pursuant to the Scheme). For the purposes of calculating dividend income, individuals should include all income received on dividends from any company in the tax year including any 'cash equivalent of the new ordinary shares' received pursuant to dividend schemes, including but not limited to the Scheme. The £500 limit is referred to as an individual's Dividend Allowance.

Conversely, UK resident individual shareholders who receive dividend income in the tax year which exceeds the Dividend Allowance will be liable for income tax on the dividend income in excess of the Dividend Allowance (i.e. if an individual receives a dividend income of £4,000 in the tax year, £3,500 of that amount is taxable as the dividend income in excess of the Dividend Allowance).

For the purposes of calculating the rate of tax due from a UK resident individual shareholder on the dividend income in the tax year which exceeds the Dividend Allowance there are two key principles:

i. the dividend income in the tax year is treated as the highest part of such individual shareholder's income; and

ii. the entire amount of dividend income that an individual shareholder receives in the tax year (including dividend income falling within the Dividend Allowance) will count towards the basic or higher rate limits (as applicable) which may affect the rate of tax due on the dividend income in excess of the Dividend Allowance.

Applying these two principles, there are three possible rates of tax due:

i. to the extent that the dividend income in excess of the Dividend Allowance falls above such individual shareholder's personal allowance but below the basic rate limit, such an individual shareholder will be subject to tax on that dividend income at the dividend basic rate of 8.75%;

ii. to the extent that the dividend income in excess of the Dividend Allowance falls above the basic rate limit but below the higher rate limit, such an individual shareholder will be subject to tax on that dividend income at the dividend upper rate of 33.75%; and

iii. to the extent that the dividend income in excess of the Dividend Allowance falls above the higher rate limit, such an individual shareholder will be subject to tax on that dividend income at the dividend additional rate of 39.35%.

No tax repayment claim may be made on either a cash dividend or in respect of new shares taken by non-taxpaying individuals.

Capital Gains Tax

For capital gains tax purposes, if an election to receive new shares instead of a cash dividend is made, then the cash equivalent of the new ordinary shares (as described above) will be treated as being the base cost of the new shares.

16.2 UK resident trustees

Income Tax

Where trustees of discretionary trusts elect to receive new shares, they will be liable to income tax at the dividend trust rate (currently 39.35%). For the purposes of charging this income tax, the trustees will be treated as having received gross income which is the same as the "cash equivalent" of the new ordinary shares (as defined above).

Where trustees of an interest in possession trust (where a UK resident beneficiary with an interest in possession is entitled to the trust income) elect to receive new shares and treat such shares as income in accordance with HM Revenue & Customs' stated view, the beneficiary will be liable to income tax at their relevant dividend rate as set out in the section headed 'UK resident individual shareholders' above.

Special rules apply in relation to trusts in which the settlor is treated as having an interest, which may affect the position set out above.

If the new shares received as a scrip dividend are held in a bare trust or in the name of a nominee, the trustees or nominee will be disregarded for the purposes of income tax and the tax position of a UK resident beneficiary entitled to the new shares will be as set out in the section headed 'UK resident individual shareholders', above.

Capital Gains Tax

Where trustees of discretionary trusts (where no beneficiary is entitled to the trust income) elect to receive new shares, such new shares will constitute a new holding of shares in the Company acquired by the trustees for the "cash equivalent" of the new shares in the manner described in the section headed 'UK resident individual shareholders' above.

Where trustees of an interest in possession trust (where the beneficiary with an interest in possession is entitled to the trust income) elect to receive new shares and treat such shares as income in accordance with HM Revenue & Customs' stated view, a UK resident beneficiary entitled to the trust income, is treated for capital gains tax purposes as having acquired the new shares for the "cash equivalent" of the new ordinary shares, in the manner described in the section headed 'UK resident individual shareholders', above.

If the new shares received as a scrip dividend are held in a bare trust or in the name of a nominee, the trustees or nominee will be disregarded for the purposes of capital gains tax and the tax position of a UK resident beneficiary entitled to the new shares will be as described in the section headed 'UK resident individual shareholders', above.

16.3 UK resident companies

A UK resident corporate shareholder is not generally liable to corporation tax on cash dividends and will not be charged corporation tax on new shares received under the Scheme instead of a cash dividend. For the purposes of corporation tax on chargeable gains, no consideration will be treated as having been given for the new shares. These new shares will be added to the corporate shareholder's existing holding of shares in the Company and treated as having been acquired when the existing holding was acquired. On disposal of the new shares, the base cost of the new shares will be calculated by reference to the base cost of the existing holding.

16.4 Stamp duty/stamp duty reserve tax

No stamp duty or stamp duty reserve tax will be payable on the issue of new shares under the Scheme (including shares issued to a clearance service or depositary receipt system (i.e. CREST)).

Contacts

For general enquiries about the Scheme, please contact Equiniti Limited on: **+44 (0) 800 169 7775**.

This is a freephone number from landlines in the UK. Mobile costs may vary. Lines are open 8.30am to 5.30pm, Monday to Friday, excluding public holidays in the UK. Calls outside the UK will be charged at the applicable international rate. Please use the country code when contacting us from outside the UK. For deaf and speech impaired customers, we welcome calls via Relay UK. Please see www.relayuk.bt.com for more information.

Or shareholders can write to Equiniti Limited at: Equiniti, Aspect House, Spencer Road, West Sussex, BN99 6DA, United Kingdom.

Glossary

Articles the Articles of Association of the Company

Company's Registrar means Equiniti Limited

Equiniti Limited and **Equiniti Financial Services Limited** are part of the Equiniti Group. Their registered offices are Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH, United Kingdom. Company share registration, employee scheme and pension administration services are provided through Equiniti Limited, which is registered in England & Wales with No. 6226088. Investment and general insurance services are provided through Equiniti Financial Services Limited, which is registered in England & Wales with No. 6208699 and is authorised and regulated by the UK Financial Conduct Authority no. 468631

Corporate Sponsored Nominee or **CSN** is the National Grid Corporate Sponsored Nominee provided by Equiniti Financial Services Limited

CREST the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI/3755)) in respect of which Euroclear UK & Ireland Limited is the operator

Directors the directors of National Grid plc

London Stock Exchange the London Stock Exchange plc

National Grid or **Company**, National Grid plc

New shares new ordinary shares issued under the Scheme

Ordinary shares ordinary shares of 12 $^{204}/_{473}$ pence each in the capital of the Company

Scrip Dividend Mandate or **Mandate Form** a mandate (in a form provided by the Company) from a shareholder to the Directors to allot new shares under the terms of the Scheme in lieu of a cash dividend to which they may become entitled from time to time

Scrip Dividend Scheme or **Scheme** the National Grid plc scrip dividend scheme as comprised under and subject to the terms and conditions contained in this document as amended from time to time

Scrip Election Date the latest date for receipt of Mandate Forms or CREST Dividend Election Input Messages to enable a scrip dividend election to apply for a particular dividend shareholder a holder of ordinary shares in the capital of the Company

Shareview Portfolio means the online portfolio service provided by the Equiniti Group where a shareholder can find details regarding their holding. Further information can be found at: www.shareview.co.uk