

ASSESSMENT

9 May 2025



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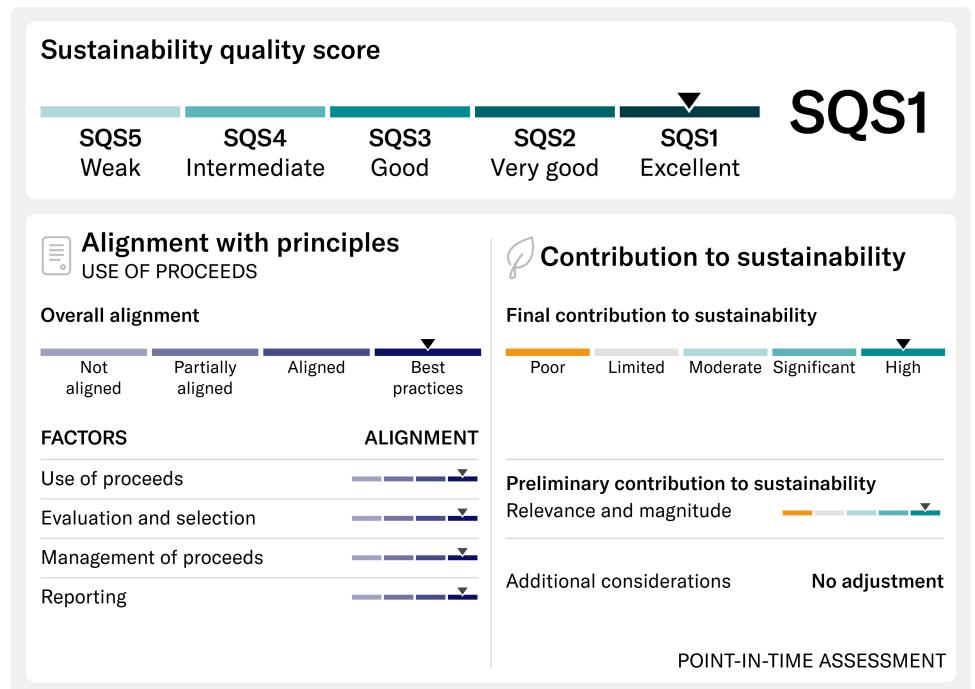
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National Grid plc

Second Party Opinion – Green Financing Framework Assigned SQS1 Sustainability Quality Score

Summary

We have assigned an SQS1 sustainability quality score (excellent) to National Grid plc's (National Grid) green financing framework dated May 2025. National Grid has established its use-of-proceeds framework with the aim of financing projects in four eligible green categories: electricity networks, renewable energy, energy efficiency and clean transportation. The framework is aligned with the four core components of the International Capital Market Association's (ICMA) Green Bond Principles (GBP) 2021 (including the June 2022 Appendix 1) and the Loan Market Association's, the Asia Pacific Loan Market Association's and the Loan Syndications & Trading Association's (LMA/APLMA/LSTA) Green Loan Principles (GLP) 2025. The framework demonstrates a high contribution to sustainability. We consider 8 out of 11 economic activities to be aligned with the EU taxonomy criteria; overall, 70 of 74 criteria were met.



Scope

We have provided a second party opinion (SPO) on the sustainability credentials of National Grid's framework, including the framework's alignment with the ICMA's GBP 2021 (with June 2022 Appendix 1), and the LMA/APLMA/LSTA's GLP 2025. Under the framework, the company plans to raise sustainable financing through green bonds, loans, or instruments to finance green projects across four eligible categories, as outlined in Appendix 3 of this report.

We have also provided a supplementary opinion considering whether the economic activities in the framework align with the Technical Screening Criteria ("TSC") set out in the EU Commission Delegated Regulations (EU) 2021/2139 and (EU) 2023/2486 and the Minimum Safeguards ("MS") set out in Regulation (EU) 2020/852 (as amended from time to time and jointly referred to as "EU Taxonomy Criteria"). Our assessment is performed at the economic activity level in respect of EU Taxonomy Criteria relating to Substantial Contribution and Do No Significant Harm ("DNSH"), and at the entity level for MS.

Our work does not constitute an assurance, verification or audit of EU Taxonomy Criteria alignment.

Our assessment is based on the last updated version of the framework received on 9 May 2025, and our opinion reflects our point-in-time assessment¹ of the details contained in this version of the framework, as well as other public and non-public information provided by the company.

We produced this SPO based on our [Assessment Framework: Second Party Opinions on Sustainable Debt](#), published in March 2025.

Issuer profile

National Grid plc owns a range of regulated electric and gas utilities, spanning transmission and distribution, in both Great Britain and the northeast of the US. The company reported total revenue of £19.9 billion in FY2024 and had total regulated and other assets of over £63 billion as of the end of March 2024. Electricity accounts for around 75% of the group's regulated assets. Over half of the group's regulated assets are in Great Britain, with the group's largest business being National Grid Electricity Transmission plc, which operates the high-voltage electricity transmission network in England and Wales. Through its subsidiary, National Grid North America Inc, National Grid owns regulated utilities in the US covering electricity transmission and generation, and the sale and distribution of both natural gas and electricity in New York and New England. National Grid is also active in electricity generation, liquefied natural gas (LNG) importation and storage, electricity interconnectors and renewables (primarily onshore wind and solar in the US). The US gas business is not within the scope of the green financing framework.

National Grid has a long term target to reach net zero by 2050, and has short term targets including a 60% reduction in scope 1 and 2 emissions by 2030-31 and a 37.5% reduction in absolute scope 3 emissions by 2033-34, in line with a validated 1.5°C science-based target (SBT). As a non-EU headquartered entity, the company has voluntarily adopted the EU Taxonomy, and annually reports aligned and eligible revenue, capex and opex similarly to what is required for EU corporations under CSRD.

Strengths

- » All current eligible investments (except those falling under the green ratio), and most future eligible investments under the framework, are fully EU Taxonomy aligned.
- » Eligible projects address environmental challenges in a way that highly contribute to positive long-term impact.
- » Comprehensive environmental risk mitigation is in place across all categories. There is strong adherence to do no significant harm (DNSH) criteria, which is noteworthy given the issuer operates primarily outside EU jurisdictions.

Challenges

- » Some planned future investments comply with the EU taxonomy criteria on a best efforts basis only, creating uncertainty regarding achieving full alignment for these activities.

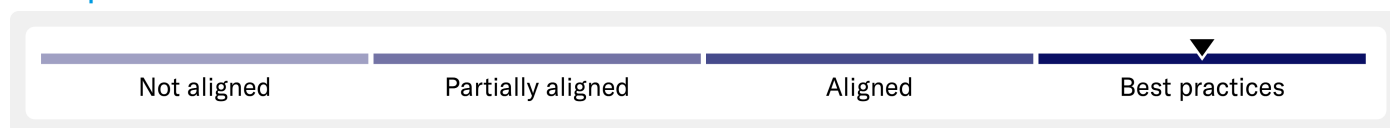
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Alignment with principles

National Grid's green financing framework is aligned with the four core components of the ICMA's GBP 2021 (with June 2022 Appendix 1) and the LMA/APLMA/LSTA's GLP 2025. For a summary alignment with principles scorecard, please see Appendix 1.

- | | |
|--------------------------------------------------------------------|--------------------------------------------------------------------|
| <input checked="" type="radio"/> Green Bond Principles (GBP) | <input checked="" type="radio"/> Green Loan Principles (GLP) |
| <input type="radio"/> Social Bond Principles (SBP) | <input type="radio"/> Social Loan Principles (SLP) |
| <input type="radio"/> Sustainability-Linked Bond Principles (SLBP) | <input type="radio"/> Sustainability Linked Loan Principles (SLLP) |

Use of proceeds



Clarity of the eligible categories – BEST PRACTICES

National Grid has clearly communicated the nature of the expenditures, which under this framework is only capital expenditure (capex), and has clearly defined the eligibility criteria for the four eligible categories. The company has identified the location of eligible projects as within the UK and US in their respective areas of operation, meaning England and Wales in the UK and the states of New York, New Hampshire, Vermont and Massachusetts in the US. The definition of the four eligible categories references the technical screening criteria contained in the EU Taxonomy Climate Delegated Act, thus constituting a reference to stringent, internationally recognized technical thresholds. Some US investments are not expected to be fully Taxonomy aligned, but the issuer has provided alternative criteria for these through the use of a pro-rata green ratio.

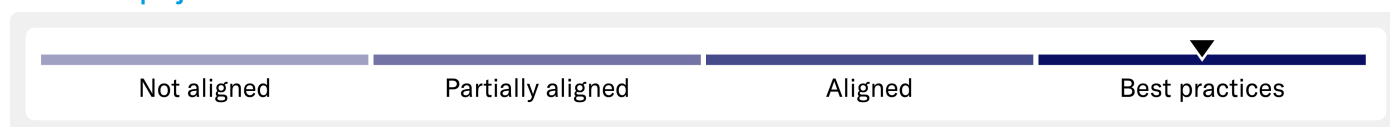
Clarity of the environmental or social objectives – BEST PRACTICES

National Grid has clearly outlined the environmental objectives associated with all four eligible categories, which is climate change mitigation across all categories, as well as climate change adaptation for some investments under the "Electricity Networks" category. All eligible categories are relevant to the environmental objectives to which they aim to contribute. The objective is coherent with recognized international standards, including the United Nations' (UN) Sustainable Development Goals (SDGs) and the EU Taxonomy.

Clarity of expected benefits – BEST PRACTICES

The expected environmental benefits identified are clear and relevant for all four eligible categories. These benefits are measurable and the company will report on these quantitative benefits in its ongoing reporting. The company has committed to disclosing the estimated share of refinancing and look-back period to investors upon request.

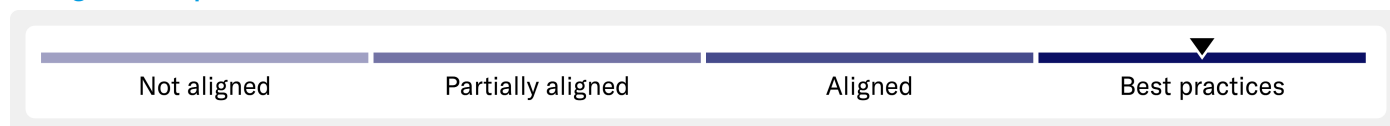
Process for project evaluation and selection



Transparency and clarity of the process for defining and monitoring eligible projects – BEST PRACTICES

The issuer's decision-making process for the evaluation and selection of projects is clear and structured, and outlined in its framework. The Green Finance Committee, among its various responsibilities, has the remit for reviewing and monitoring the continuous compliance of Eligible Green Projects under each Sub-Portfolio; excluding Eligible Green Projects that no longer comply with the eligibility criteria or have been postponed, canceled, divested, and replace them as soon as reasonably practicable, on a best-efforts basis. The environmental and social (E&S) risk mitigation process is described both in the Framework and in other publicly available documentation such as National Grid's annual reporting. The issuer also has a dedicated Environmental, Social and Governance (ESG) Centre of Excellence team within its finance department that is responsible for the review, interpretation and application of all relevant ESG reporting guidance and regulations. This includes implementation of key processes and controls to ensure core ESG data, including the issuer's detailed annual EU Taxonomy reporting, is appropriately collated, reviewed and signed off.

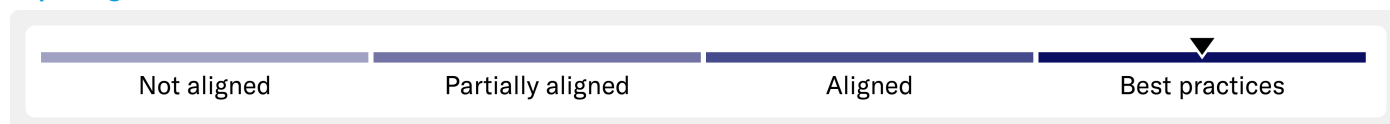
Management of proceeds



Allocation and tracking of proceeds – BEST PRACTICES

The issuer has defined a clear process for the management and allocation of instruments' proceeds in the framework. The issuer commits to the tracking of earmarked projects via an internal register and periodic adjustment will occur at the group's quarterly Green Financing Committee meetings. Temporarily unallocated proceeds will be invested as per the liquidity management policy, including in cash or cash equivalents, or in other liquid marketable instruments and the allocation period is 24 months or less.

Reporting



Reporting transparency – BEST PRACTICES

National Grid will report annually on the bonds under its framework, where reporting on the allocation of proceeds and associated impact metrics of the instruments will commence within one year from the issuance date in the case of bonds and within one year from first drawdown in the case of loans. This reporting will be made publicly available on the company website. Both allocation and impact reporting will occur until full allocation, and as necessary thereafter in the event of material developments. However, at entity level, the company's publicly available EU Taxonomy reporting, which extends to project-level granularity, is extensive and can be considered equivalent to impact reporting. The company intends to continue reporting in accordance with the principles of the EU Taxonomy in a similar manner going forward.

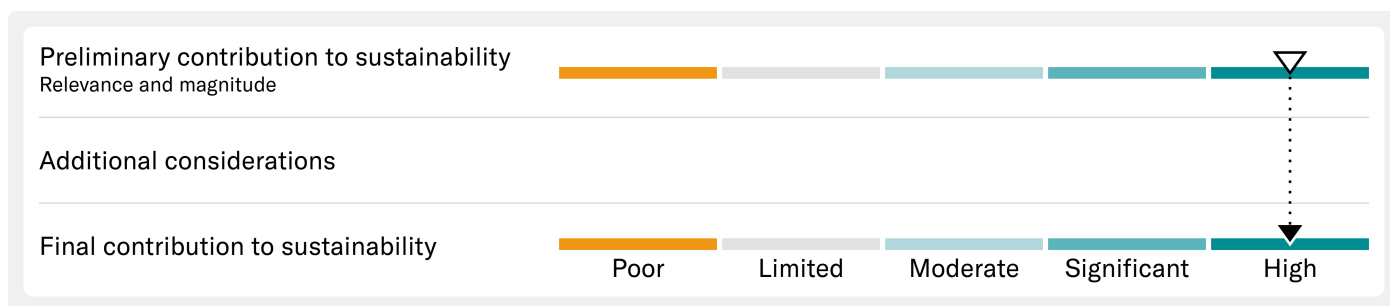
The reporting is exhaustive and includes the description of financed projects, the amount allocated at the eligible project or category level, the share of refinancing, the amount of unallocated proceeds and expected sustainable benefits. In terms of the reporting of impacts, relevant environmental metrics will be disclosed, alongside the measurement methodology for quantitative indicators. The issuer commits to disclose its reporting methodology, as well as impact assessment methodology, in its Green Bond Financing reporting process. An external independent party will conduct a limited assurance review of the allocation of funds to eligible categories until full allocation and in case of significant changes, and this review also covers adherence to eligibility criteria and impact indicators.

Contribution to sustainability

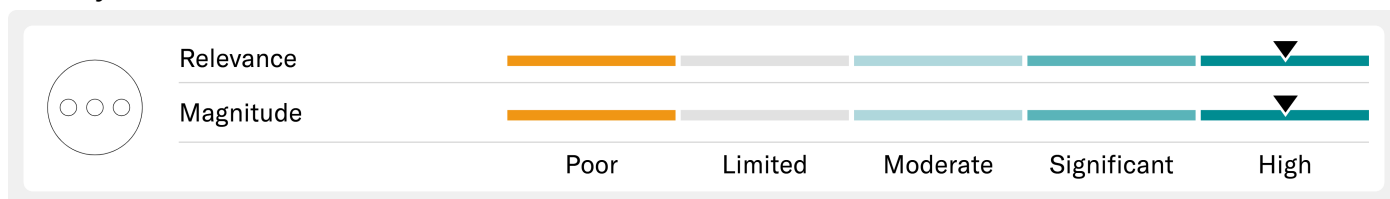
The framework demonstrates a high overall contribution to sustainability. This reflects a preliminary contribution to sustainability score of high, based on the relevance and magnitude of the eligible project categories, and we have not made an adjustment to the preliminary score based on additional contribution to sustainability considerations.

Preliminary contribution to sustainability

The preliminary contribution to sustainability is high, based on the relevance and magnitude of the eligible project categories. Based on information provided by the company, the vast majority of the proceeds (greater than 90%) are expected to be allocated towards the electricity networks category, and therefore we have assigned a higher weight to this category in our score. A detailed assessment by eligible category has been provided below.



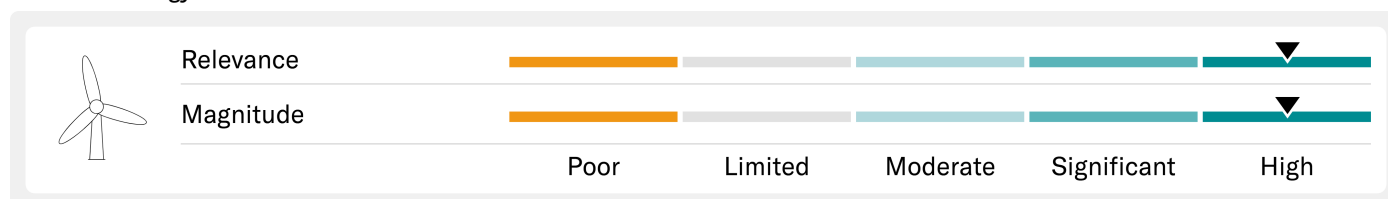
Electricity Networks



The financing of electricity networks is deemed as highly relevant sustainability challenge for both the issuer, sector and local context. As a major electricity transmission and distribution company, National Grid is responsible for ensuring a stable, reliable, and resilient grid in the jurisdictions in which it operates. These jurisdiction are parts of England and Wales in the UK and the states of New Hampshire (NH), Vermont (VT), Massachusetts (MA) and New York (NY) in the USA. These grid systems are essential for meeting the growing demand for electricity and are a core materiality issue for the issuer given its business model. In view of the local context, electricity grid reliability and infrastructural resiliency play a critical role in enabling a low carbon transition by allowing the grid to handle an increasing amount of electricity despite physical climate risks, and enabling an increased share of renewable energy to be fed into the grid. By 2050, annual electricity demand is likely to at least double in the UK². In the US, the electric power sector was responsible for 25% of GHG emissions in 2022, and 60% of electricity was generated using fossil fuel sources³.

Investments under this category have a high magnitude due to their expected high contribution to climate change mitigation and to climate change adaptation through long-term impact, without lock-in effects and adherence to strict threshold requirements. A long term positive impact is foreseen by improving the grid to ensure secure power supply in the face of physical climate risks, reduce local congestion and improve interconnections in the system areas which are expansive and cross national boundaries. The technology selected is considered to deliver resilient and robust electricity networks, through the installation of interconnectors, smart systems and transformers. The criteria stipulated for the vast majority of investments under this category are in alignment with the best available criteria, for activities 4.9. (mitigation) and 4.9. (adaptation) on transmission and distribution of electricity, of the EU taxonomy. Finally, concerning externalities, the potential biodiversity loss brought about by land-use change, from overhead transformers and associated equipment are considered to be well managed. This is accounting for the robust risk management specifically for biodiversity and adherence to the relevant DNSH criteria.

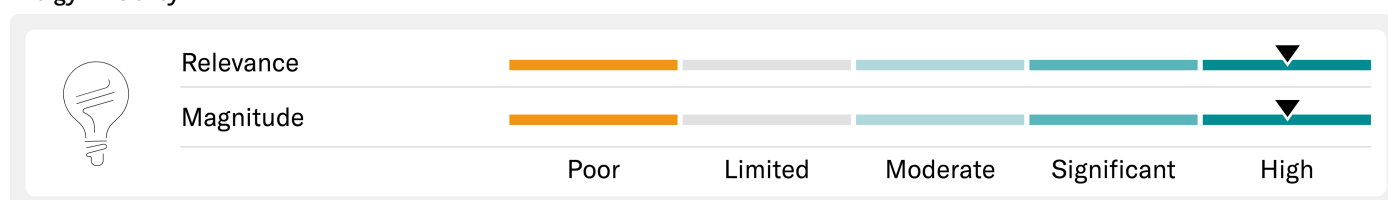
Renewable Energy



The financing of renewable energy investments in the United States are deemed highly relevant to the issuer and local context. While the issuer is not allowed to own electricity generation assets in the UK for regulatory reasons, in the US, it acts in the electricity generation, transmission and distribution businesses. Integrating renewable energy sources, such as wind and solar, is essential for decarbonizing the grid's electricity. In the US, renewables accounted for approximately 21% of power generation in 2022⁴. In terms of Massachusetts, New Hampshire, and Vermont which make up the New England region, according to the grid operator, this area requires a vast renewable build-out, to the tune of 97 GW of new wind, solar and battery capacity by 2050, to achieve state decarbonization goals⁵.

In terms of magnitude, the eligible category is likely to contribute to a highly positive long-term impact through the enabling of higher proportions of renewable energy into the grid. The eligible projects will bring a positive long term impact through the generation of electricity from the zero-carbon sources of wind and solar photovoltaics (PV). While the issuer has included concentrated solar power (CSP) as a potential option, it does not operate any CSP assets and has not indicated any expected allocation towards this. The criteria are in alignment with strict international standards, namely the eligible activities 4.1., 4.2. and 4.3. of the EU taxonomy which represent the best available thresholds in this case. Projects will be subject to the full EU DNSH assessment, meaning that externalities will be rigorously managed.

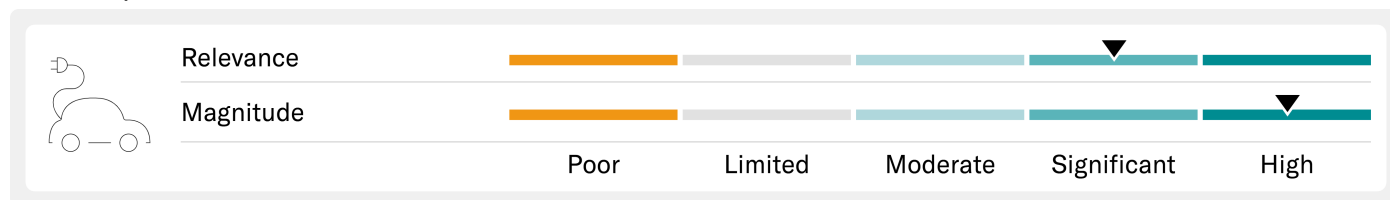
Energy Efficiency



The financing of energy efficiency exclusively targeted towards US networks is deemed as highly relevant to the issuer and local context. Investments are targeted solely towards the US, accounting for regulatory constraints in the UK regarding energy storage. Energy efficiency measures, such as improved heating and cooling systems, storage solutions, and electric heat pumps, are essential for managing energy consumption and peak demand. This alleviates stress on the grid, enhances reliability, and decreases the need for costly infrastructure upgrades. Reducing energy consumption is crucial accounting for regulatory environments in which the issuer operates, which mandate energy efficiency improvements and incentives. Implementing these initiatives helps the company comply with regulations, qualify for incentives, and avoid penalties. Furthermore, efficient energy use directly contributes to lowering the carbon footprint of the energy system, which helps meet national targets.

In terms of magnitude, investments under the eligible category are likely to contribute to a highly positive long-term impact. The main investment type under this category is expected to be battery storage - the issuer already operates battery storage assets in Long Island, NY, and Nantucket, MA. Battery storage is considered a best available technology for managing the intermittency of renewables, with a positive impact and no lock in effects. Another innovative investment type under this category involves the issuer's plans, still at a trial stage, to capture waste heat from electric transformers to heat homes or businesses. For any geothermal investments, while we lack full visibility on whether enhanced geothermal would be included, the issuer has not indicated any expected allocation towards this. In any case, geothermal investments would respect the EU Taxonomy threshold of a maximum of 100g CO₂/kWh of energy. Indeed, all or nearly all projects under this category would be expected to align with eligible activities 4.10., 4.25., 4.22., and 4.16. of the EU Taxonomy, thus constituting references to stringent criteria.

Clean transportation



The financing of clean transport is deemed as significantly relevant to the issuer and local context. Decarbonization of the transport sector is not considered a primary sustainability issue for the issuer as National Grid is an electricity transmission and distribution operator. However, we acknowledge that the issuer does have an important role to play in connecting infrastructure and installations dedicated to electrified urban and suburban public passenger transport. Furthermore, from a sector perspective, the development of EV charging stations, electric road systems (ERS), and grid connection upgrades is key to the management of additional load and ensuring the grid can effectively handle increased demand. In the local contexts, investing in clean transportation infrastructure will be key to complying with regulatory imperatives to reduce related emissions. Transport related emissions represented 34% in the UK⁶ and 40% in New England. Policy is in place to combat such emission sources, such as the bipartisan Transportation and Climate Initiative Program in Massachusetts which aims targets the reduction of motor vehicle pollution by at least 26% by 2032⁷.

In terms of magnitude, the eligible category is likely to contribute to a highly positive long-term impact and no lock-in effects or significant negative externalities have been identified. The eligible projects will bring overall long-term positive impacts in the UK and US by improving public passenger transport and through the financing of vehicles that have no-lock in effect when in use (with zero tail-pipe emissions). The criteria are in alignment with strict international standards, namely the EU taxonomy criteria for activities 6.15 and 6.5, considered the best market standard for these activities. Associated externalities are deemed negligible for this category and limited to hydrogen fueling stations, however, the issuer has stated that, if financed at all, these would make up only a very small share of the category.

Additional contribution to sustainability considerations

We have not applied a negative adjustment for additional contribution to sustainability considerations.

National Grid demonstrates a strong due diligence process to identify and manage potential E&S risks associated with the projects financed, which follow the company's publicly available policies. The company uses a full EU DNSH assessment as a baseline for all projects, in terms of project-level assessment, and respective operational teams are responsible for identifying and managing E&S risks, including by the dedicated project team for large projects, or by business units. At group level, the group ESG controller and sustainability manager would advise of any concerns regarding project compliance. Various dedicated committees of the group, including the Safety & Sustainability Committee and the Audit and Risk committee regularly review ESG considerations. The Audit and Risk Committee recommends Responsible Business reporting and supporting publications, including the EU Taxonomy assessment, to the Board for approval.

The framework is coherent with the issuer's sustainability strategy. National Grid does operate a regulated natural gas distribution business in New York and Massachusetts, but all key sustainability targets are set at group level. The group is also committed to reducing methane leaks from the gas network, with various measures in place to identify and repair leaks. National Grid has a long term target to reach net zero by 2050, and has short term targets including a 60% reduction in scope 1 and 2 emissions by 2030/1 and a 37.5% reduction in absolute scope 3 emissions by 2033/4, in line with a validated 1.5°C science-based target (SBT).

Appendix 1 - Alignment with principles scorecard for National Grid's green finance framework

Factor	Sub-factor	Component	Component score	Sub-factor score	Factor score	
Use of proceeds	Clarity of the eligible categories	Nature of expenditure	A	Best practices	Best practices	
		Definition of content, eligibility and exclusion criteria for nearly all categories	A			
		Location	A			
		BP: Definition of content, eligibility and exclusion criteria for all categories	Yes			
	Clarity of the objectives	Relevance of objectives to project categories for nearly all categories	A	Best practices		
		Coherence of project category objectives with standards for nearly all categories	A			
		BP: Objectives are defined, relevant and coherent for all categories	Yes			
	Clarity of expected benefits	Identification and relevance of expected benefits for nearly all categories	A	Best practices		
		Measurability of expected benefits for nearly all categories	A			
		BP: Relevant benefits are identified for all categories	Yes			
		BP: Benefits are measurable for all categories	Yes			
		BP: Disclosure of refinancing prior to issuance and in post-allocation reporting	Yes			
		BP: Commitment to communicate refinancing look-back period prior to issuance	Yes			
	Process for project evaluation and selection	Transparency and clarity of the process for defining and monitoring eligible projects	Clarity of the process	A		Best practices
			Disclosure of the process	A		
Transparency of the environmental and social risk mitigation process			A			
BP: Monitoring of continued project compliance			Yes			
Management of proceeds	Allocation and tracking of proceeds	Tracking of proceeds	A	Best practices		
		Periodic adjustment of proceeds to match allocations	A			
		Disclosure of the intended types of temporary placements of unallocated proceeds	A			
		BP: Disclosure of the proceeds management process	Yes			
		BP: Allocation period is 24 months or less	Yes			
Reporting	Reporting transparency	Reporting frequency	A	Best practices		
		Reporting duration	A			
		Report disclosure	A			
		Reporting exhaustivity	A			
		BP: Allocation reporting at least until full allocation of proceeds, and impact reporting until full bond maturity or loan payback	Yes			
		BP: Clarity and relevance of the indicators on the sustainability benefits	Yes			
		BP: Disclosure of reporting methodology and calculation assumptions	Yes			
BP: Independent external auditor, or other third party, to verify the tracking and allocation of funds	Yes					
		BP: Independent impact assessment on environmental and social benefits	Yes			
Overall alignment with principles score:					Best practices	

Legend: BP - Best practice, A - Aligned, PA - Partially aligned, NA - Not aligned

Appendix 2 - Mapping eligible categories to the United Nations' Sustainable Development Goals

The four eligible categories included in National Grid's framework are likely to contribute to four of the United Nations' Sustainable Development Goals (SDGs), namely:

UN SDG 17 Goals	SDG Targets
	<i>Electricity Networks</i>
GOAL 7: Affordable and Clean Energy	<i>Renewable Energy</i>
	<i>Energy Efficiency</i>
	<i>Electricity Networks</i>
GOAL 9: Industry, Innovation and Infrastructure	<i>Renewable Energy</i>
	<i>Energy Efficiency</i>
GOAL 11: Sustainable Cities and Communities	<i>Clean Transport</i>
	<i>Electricity Networks</i>
GOAL 13: Climate Action	<i>Renewable Energy</i>
	<i>Energy Efficiency</i>

The United Nations' Sustainable Development Goals (SDGs) mapping in this SPO considers the eligible project categories and associated sustainability objectives/benefits documented in the issuer's financing framework, as well as resources and guidelines from public institutions, such as the ICMA SDG Mapping Guidance and the UN SDG targets and indicators.

Appendix 3 - Summary of eligible categories in National Grid's framework

Eligible Categories	Description	Sustainability Objectives	Impact Reporting Metrics
Electricity Networks	<p>Set of criteria 1</p> <p>- All capital expenditure incurred relating to electricity transmission and distribution systems is deemed eligible if the electricity transmission and distribution infrastructure and equipment complies with at least one of the following criteria:</p> <p>a) The system is the interconnected European system, i.e., the interconnected control areas of Member States, Norway, Switzerland and the United Kingdom, and its subordinated systems;</p> <p>b) More than 67% of newly enabled generation capacity in the system is below the generation threshold value of 100g CO₂e/kWh¹⁵ over a rolling five-year period;</p> <p>c) The average system grid emissions factor, calculated as the total annual emissions from power generation connected to the system, divided by the total annual net electricity production in that system, is below the threshold value or 100g CO₂e/kWh¹⁴ over a rolling five-year period.</p> <p><i>Capital expenditure dedicated to creating or expanding a direct connection between a substation or network and a power production plant that is more greenhouse gas intensive than 100g CO₂e/kWh measured on a life cycle basis is not compliant.</i></p>	Climate Change Mitigation	<p>- Estimated CO₂ emission avoided (tCO₂e/year)</p> <p>- Additional capacity of renewable energy connected to the grid (MW)</p> <p>- Annual average system grid emissions factors (rolling 5-year period)</p> <p>- Share of newly enabled generation capacity in the system below the threshold of 100gCO₂e/kWh (rolling 5-year period)</p>

Eligible Categories	Description	Sustainability Objectives	Impact Reporting Metrics
Electricity Networks (continued)	<p>Set of criteria 2</p> <p>- In cases where none of the above criteria a, b, or c applies, the following electricity transmission and distribution activities are considered fully eligible:</p> <p>Electricity transmission and distribution infrastructure and equipment that increase the share of low carbon electricity below the threshold of 100g CO₂e/kWh in our power network:</p> <ul style="list-style-type: none"> - Direct connection, or expansion of existing direct connection, of low carbon electricity generation below the threshold of 100g CO₂e/kWh¹⁴ to a substation or network; - Equipment and infrastructure where the main objective is an increase of the generation or use of renewable electricity generation. <p>Electricity transmission and distribution equipment and technology:</p> <ul style="list-style-type: none"> - Transformers for overhead and underground service installed on both distribution and sub-transmission (transmission) systems;¹⁶ - Equipment to increase the controllability and observability of the electricity system and to enable the development and integration of renewable energy sources. <p>Electricity transmission and distribution smart technology:</p> <ul style="list-style-type: none"> - Equipment such as, but not limited to future smart metering systems, able to carry information to users for remotely acting on consumption, including customer data hubs; - Equipment to allow for exchange of specifically renewable electricity between users. <p>Interconnectors between transmission systems, provided that one of the systems is compliant.</p>	Climate Change Mitigation	<ul style="list-style-type: none"> - Estimated CO₂ emission avoided (tCO₂e/year) - Additional capacity of renewable energy connected to the grid (MW) - Annual average system grid emissions factors (rolling 5-year period) - Share of newly enabled generation capacity in the system below the threshold of 100gCO₂e/kWh (rolling 5-year period)
	<p>CCA criteria</p> <p>Implementation of physical and non-physical adaptation solutions that substantially reduce the most important physical climate risks and bolster the resilience of our assets against chronic or acute weather and temperature-related events e.g. heatwaves, cold waves, frosts, storms, droughts, floods, etc. These include proactive preventative measures. Climate risk and vulnerability assessments will be undertaken and adaptation plans developed, where applicable.</p>	Climate Change Adaptation	

Eligible Categories	Description	Sustainability Objectives	Impact Reporting Metrics
Electricity Networks (continued)	Set of criteria 3	Climate Change Mitigation	<ul style="list-style-type: none"> - Estimated CO2 emission avoided (tCO2 e/year) - Additional capacity of renewable energy connected to the grid (MW) - Annual average system grid emissions factors (rolling 5-year period) - Share of newly enabled generation capacity in the system below the threshold of 100gCO2e/kWh (rolling 5-year period)
	For transmission and distribution capital expenditures in US businesses that maintain or enhance our electricity networks but do not meet the other sets of criteria, National Grid applies the renewable energy capacity ratio (the "Green Ratio") of the issuing company to pro-rate the amount of the eligible expenditure.		
Renewable energy	<p>Electricity generation from:</p> <ul style="list-style-type: none"> - Wind power - Solar PV technology - Concentrated solar power technology 		
Energy efficiency	Storage of electricity: Construction and operation of electricity storage including pumped hydropower storage		<ul style="list-style-type: none"> - Estimated CO2 emission avoided (tCO2 e) - Expected energy savings (MWh)
	Facilities that produce heat/cool using waste heat		
	Facilities that produce heating/cooling from geothermal energy, and that have life-cycle GHG emissions lower than 100g CO2e/kWh		
Clean transportation	Installation and operation of electric heat pumps for which the refrigerant threshold Global Warming Potential does not exceed 675, and energy efficiency requirements laid down in the implementing regulations under Directive 2009/125/EC are met.		
	Infrastructure for the operation of vehicles with zero tailpipe CO2 emissions:		<ul style="list-style-type: none"> - Estimated CO2 emission avoided (tCO2 e) - Length of rail electrified (km) - Number of EV charging units installed (#)
	<ul style="list-style-type: none"> - Electric vehicle charging stations and supporting electric infrastructure; - Electricity grid connection upgrades; - Hydrogen fuelling stations; - Electric road systems (ERS). 		
	Infrastructure and installations dedicated to urban and suburban public passenger transport, including associated signalling systems for metro, tram and rail systems.		
Renewal of the Group's fleet by zero tailpipe emission vehicles (passenger cars, light commercial vehicles).			

Appendix 4 - Alignment with the EU Taxonomy Criteria

We have provided a supplementary opinion on the alignment of the framework with the EU Taxonomy Criteria, as outlined in the scope section of this report.

We consider 8 out of 11 economic activities to be aligned with the EU taxonomy criteria. As detailed in the tables below, 70 out of 74 criteria were met. Economic activities not found to be aligned relate to future planned activities where National Grid does not have any current projects. All current activities or projects were fully aligned. Our assessment is based solely on the information provided by the issuer.

The issuer has implemented processes to ensure that all selected projects align with the TSC and MS as applicable under the EU Taxonomy Regulation. The issuer conducts detailed screening of the EU Taxonomy Criteria for its turnover, capex, and opex, and has identified where existing national law is likely to cover the requirements and where it needs to be complemented by additional measures. This process is described in the "Project evaluation and selection" section, under Alignment with Principles.

Note for the purposes of this Taxonomy assessment, all investments (capex) falling under this green financing framework has been considered, except for the portion of "Electricity Networks" investments falling under the green ratio selection criteria, expected to account for a small share of eligible investment at group level.

Moody's Ratings has expressed its view on the relevance of the environmental objective targeted by the economic activities in the "Contribution to sustainability" section.

Exhibit 1

Substantial contribution criteria - Climate change mitigation

Table 1/2

Eligible Category	Eligible Sub-category	Economic Activity	Alignment	Related issuer information
				<p><i>General note: This first set of criteria specified by the issuer in its Green Financing Framework correspond exactly to the criteria CCM 1a, b, and c. For 4.9. CCM, the Taxonomy requires investments to satisfy one of the following of criteria 1a-c, or criteria 2a-h</i></p> <p>Criterion CCM 1a: Capex for the UK National Grid Electricity Transmission (NGET), UK Electricity System Operator (NGESO) and UK Electricity Distribution (NGED) meet this criterion, and therefore all related capex fulfills this substantial contribution criterion.</p> <p>Criterion CCM 1b: Capex in the US for electricity transmission in NY through the Niagara Mohawk Power Corporation (NMPC), and for electricity distribution through MECO, NMPC and in Nantucket, all have more than 67% of newly enable generation capacity falling below the threshold of 100g CO2e/kWh, thus meeting this criterion.</p> <p>However, capex in the US related to electricity transmission in the New England Power Company (NEP) and Massachusetts Electric Company (MECO) does not meet this criterion, as there have been no connections to the system of any kind over the past five years. Because of the way the Framework criterion is specified, this excludes NEP and MECO related capex from falling under this subcategory, and would only be considered eligible green financing if falling under Subcategory 2 (below).</p> <p>Criterion CCM 1c: Due to the average grid intensity in both New York state and New England in the US being in the range of 250-300g CO2e/kWh over the past five years, no US capex is eligible through this criterion alone.</p>
	Framework, Section 1: All CCM capex satisfying certain criteria	4.9.Transmission and distribution of electricity	Aligned	
Electricity Networks				<p><i>General note: This second set of criteria in the issuer's Green Financing Framework correspond closely to certain subcriteria among 2a-h. For 4.9. CCM, the Taxonomy requires investments to satisfy one of the following of criteria 1a-c, or criteria 2a-h</i></p> <p>Criterion CCM 2a: Investments for the construction and operation of direct connection, or expansion of existing direct connection, of low carbon electricity generation below the threshold of 100 g CO2e/kWh measured on a life cycle basis to a substation or to the network align with this subcriterion.</p> <p>Criteria CCM 2b: <i>This criterion was considered not applicable as not financed by the issuer.</i></p> <p>Criterion CCM 2c: Investments in transformers for overhead and underground service installed on both distribution and sub-transmission (transmission) systems are in line with this subcriterion, and the issuer has confirmed equipment complies with applicable requirements.</p> <p>Criterion CCM 2d: Investments in equipment and infrastructure where the main objective is an increase of the generation or use of renewable electricity generation satisfy this subcriterion.</p> <p>Criterion CCM 2e: Investments in equipment to increase the controllability and observability of the electricity system and to enable the development and integration of renewable energy sources satisfy this subcriterion.</p> <p>Criterion CCM 2f: Investment in equipment such as, but not limited to future smart metering systems, able to carry information to users for remotely acting on consumption, including customer data hubs, is in line with this subcriterion.</p> <p>Criterion CCM 2g: Investments in equipment to allow for exchange of specifically renewable electricity between users satisfy this subcriterion.</p> <p>Criterion CCM 2h: Investments in interconnectors between transmission systems, provided that one of the systems is compliant, satisfy this subcriterion.</p>
	Framework, Section 2: Specified types of CCM capex	4.9.Transmission and distribution of electricity	Aligned	

Source: Moody's Ratings and National Grid

Exhibit 2

Substantial contribution criteria - Climate change mitigation (CCM)

Table 2/2

Eligible Category	Eligible Sub-category	Economic Activity	Alignment	Related issuer information
Renewable energy	Wind power	4.3 Electricity generation from wind power	Aligned	The issuer's planned and existing investments generate electricity from wind power, satisfying the substantial contribution criterion.
	Solar PV	4.1 Electricity generation using solar photovoltaic technology	Aligned	The issuer's planned and existing investments generate electricity using solar photovoltaic technology, satisfying the substantial contribution criterion.
	Concentrated solar power	4.2 Electricity generation using concentrated solar power (CSP) technology	Aligned	While the issuer does not currently have any CSP projects, any future projects would generate electricity using CSP technology, thus satisfying the substantial contribution criterion.
Energy efficiency	Storage of electricity	4.10. Storage of electricity	Aligned	Criterion CCM 1: National Grid's activities include the construction and operation of electricity storage, including battery storage and pumped hydropower storage. Criterion CCM 2: This criterion was considered not applicable as not financed by the issuer.
	Heat/cool using waste heat	4.25 Production of heat/cool using waste heat	Aligned	Planned projects under this activity would produce heating or cooling from waste heat, thus satisfying the substantial contribution criterion.
	Geothermal energy	4.22 Production of heat/cool from geothermal energy	Aligned	National Grid currently does not have projects for this activity. However, any planned projects would produce heating/cooling from geothermal energy, and have life-cycle GHG emissions lower than 100g CO ₂ e/kWh, satisfying this substantial contribution criterion. GHG emissions will be measured, calculated and verified.
	Electric heat pumps	4.16 Installation and operation of electric heat pumps	Not aligned	National Grid currently does not have projects for this activity. As per the framework eligibility criteria, any future projects will only include operation of electric heat pumps for which the refrigerant threshold Global Warming Potential does not exceed 675, and where energy efficiency requirements laid down in the implementing regulations under Directive 2009/125/EC are met on a best efforts basis. Whilst the issuer has stated that a rigorous process would be undertaken in the event of financing of this type of activities, complying with the criteria on a best efforts basis introduces some uncertainty regarding achieving full alignment.
Clean transportation	Infrastructure for zero-tailpipe emissions vehicles and public transport	6.15 Infrastructure enabling low-carbon road transport and public transport	Aligned	Investments under this activity are expected to mainly involve charging points for electric vehicles (EV), which satisfy the criteria. National Grid is not involved with any infrastructure relating to shipping, or with any infrastructure relating to urban or suburban public passenger transport beyond our transmission and distribution activities captured in 4.9. Furthermore, National Grid will comply with the requirement that infrastructure is not dedicated to the transport or storage of fossil fuels.
	Renewal of the group fleet	6.5 Transport by motorbikes, passenger cars and light commercial vehicles	Aligned	National Grid plans to purchase only zero-tailpipe emissions electric vehicles under this activity, thus satisfying the relevant criteria.

Source: Moody's Ratings and National Grid

Exhibit 3

Substantial contribution criteria - Climate change adaptation

Eligible Category	Eligible Sub-category	Economic Activity	Alignment	Related issuer information
Electricity Networks	Electricity transmission and distribution: CCA capex	4.9.Transmission and distribution of electricity	Aligned	<p>Criterion CCA 1: The issuer has implemented physical and non-physical solutions ('adaptation solutions') that substantially reduce the most important physical climate risks that are material to electricity transmission and distribution, satisfying this criterion.</p> <p>Criterion CCA 2: National Grid has identified the physical climate risks that are material to its electricity transmission and distribution activities through a robust climate risk and vulnerability assessment. Specifically, the most severe risks it has identified are:</p> <ul style="list-style-type: none"> • Flooding: Coastal flooding and river flooding • Warm weather: High temperatures and heatwave • Cold weather: Low temperatures, freeze thaw, snow accumulation and ice accretion • High winds: High wind <p>The company's group-wide Climate Vulnerability Assessment (CVA), covering all assets, is proportionate to the scale of the investments and assets, and their expected lifespan. Specifically, because the typical lifespan of electricity transmission and distribution assets can be 50 years or more, the CVA is designed to consider physical climate impacts over several decades, this satisfying this criterion.</p> <p>Criterion CCA 3: National Grid's CVA uses climate projections and assessment of impacts that are based on best practice and available guidance and take into account the most up to date science for vulnerability and risk analysis, in line with the most recent Intergovernmental Panel on Climate Change reports. Specifically, the CVA's climate hazard data is sourced from relevant national climate assessments (NCA4 in the US and UKCP18 in the UK), and scenario data are modeled using the IPCC's Representative Concentration Pathway (RCP) scenarios of RCP8.5 (4°C) and RCP4.5 (2°C). The modelling covers decade timeframes being the 2030s, 2040s, 2050s and 2070s, using a baseline of 1981 – 2010 in the UK and 1976 – 2005 in the US. Thus, the CVA satisfies this criterion.</p> <p>Criterion CCA 4: The adaptation solutions implemented are consistent with local, sectoral, regional or national adaptation plans and strategies; for example, National Grid's New York business unit NMPC filed its Climate Change Resilience Plan with the New York State Public Service Commission (NYSPSC). Physical adaptation solutions, such as storm hardening and flood defences, meet applicable DNSH criteria.</p>

Source: Moody's Ratings and National Grid

Exhibit 4

Do No Significant Harm - Climate change mitigation (CCM)

Eligible Category	Eligible Sub-category	Economic Activity	Alignment	Related issuer information
Electricity Networks	Electricity transmission and distribution: CCA capex	4.9. Transmission and distribution of electricity	Aligned	National Grid reports that infrastructure is not dedicated to creating a direct connection or expanding an existing direct connection to a power production plant where the direct greenhouse gas emissions exceed 270g CO ₂ e/kWh, and is therefore aligned with the DNSH criterion.

Source: Moody's Ratings and National Grid

Exhibit 5

Do No Significant Harm - Climate change adaptation

Eligible Category	Eligible Sub-category	Economic Activity	Alignment	Related issuer information
Electricity Networks	All CCM investments	4.9. Transmission and distribution of electricity	Aligned	All eligible economic activities for which this DNSH criteria applies align with Appendix A.
Renewable Energy	Wind power	4.3 Electricity generation from wind power	Aligned	The issuer has implemented physical and non-physical solutions ('adaptation solutions') that substantially reduce the most important physical climate risks that are material to electricity transmission and distribution.
	Solar PV	4.1 Electricity generation using solar photovoltaic technology	Aligned	
	Concentrated solar power	4.2 Electricity generation using concentrated solar power (CSP) technology	Aligned	National Grid has identified the physical climate risks that are material to its electricity transmission and distribution activities through a robust climate risk and vulnerability assessment. Specifically, the most severe risks it has identified are: <ul style="list-style-type: none"> • Flooding: Coastal flooding and river flooding • Warm weather: High temperatures and heatwave • Cold weather: Low temperatures, freeze thaw, snow accumulation and ice accretion • High winds: High wind
Energy efficiency	Storage of electricity	4.10. Storage of electricity	Aligned	The company's group-wide Climate Vulnerability Assessment (CVA), covering all assets, is proportionate to the scale of the investments and assets, and their expected lifespan. Specifically, because the typical lifespan of electricity transmission and distribution assets can be 50 years or more, the CVA is designed to consider physical climate impacts over several decades.
	Heat/cool using waste heat	4.25 Production of heat/cool using waste heat	Aligned	
	Geothermal energy	4.22 Production of heat/cool from geothermal energy	Aligned	
Clean transportation	Electric heat pumps	4.16 Installation and operation of electric heat pumps	Aligned	National Grid's CVA uses climate projections and assessment of impacts that are based on best practice and available guidance and take into account the most up to date science for vulnerability and risk analysis, in line with the most recent Intergovernmental Panel on Climate Change reports. Specifically, the CVA's climate hazard data is sourced from relevant national climate assessments (NCA4 in the US and UKCP18 in the UK), and scenario data are modeled using the IPCC's Representative Concentration Pathway (RCP) scenarios of RCP8.5 (4°C) and RCP4.5 (2°C). The modelling covers decade timeframes being the 2030s, 2040s, 2050s and 2070s, using a baseline of 1981 – 2010 in the UK and 1976 – 2005 in the US.
	Infrastructure for zero-tailpipe emissions vehicles and public transport	6.15 Infrastructure enabling low-carbon road transport and public transport	Aligned	
	Renewal of the group fleet	6.5 Transport by motorbikes, passenger cars and light commercial vehicles	Aligned	

Source: Moody's Ratings and National Grid

Exhibit 6

Do No Significant Harm - Water and marine resources

Eligible Category	Eligible Sub-category	Economic Activity	Alignment	Related issuer information
Electricity Networks	All CCM investments	4.9. Transmission and distribution of electricity	Not Applicable	
	All CCA investments	4.9. Transmission and distribution of electricity	Not Applicable	
Renewable energy	Wind power	4.3 Electricity generation from wind power	Aligned	The activity does not hamper the achievement of good environmental status as set out in Directive 2008/56/EC, as relates to that Directive's Descriptor 11 (noise/energy). The issuer confirms that projects follow the relevant US Environmental Impact Assessment (EIA) regulations and that according to its line-by-line review, the US EIA adheres to the European law's requirements.
	Solar PV	4.1 Electricity generation using solar photovoltaic technology	Not Applicable	
	Concentrated solar power	4.2 Electricity generation using concentrated solar power (CSP) technology	Aligned	See text under 4.22
Energy efficiency	Storage of electricity	4.10. Storage of electricity	Aligned	Text under 4.22. relating to general processes and adherence to Appendix B applies. Further, National Grid has confirmed that it will follow the relevant Environmental Impact Assessment (EIA) regulations and will conduct any necessary prevention or mitigation measures that ensue from those assessments, as relates to pumped hydropower storage connected to a river body.
	Heat/cool using waste heat	4.25 Production of heat/cool using waste heat	Not Applicable	
	Geothermal energy	4.22 Production of heat/cool from geothermal energy	Aligned	All eligible economic activities for which this DNSH criteria applies align with Appendix B.
	Electric heat pumps	4.16 Installation and operation of electric heat pumps	Aligned	National Grid is committed to responsible resource management and reports on its environmental impact, with a focus on pollution, waste, and water use. The organization holds ISO 14001 certifications across all its businesses, which define the requirements and expectations for water management, including water use, protection of watercourses, and contamination prevention.
Clean transport	Infrastructure for zero-tailpipe emissions vehicles and public transport	6.15 Infrastructure enabling low-carbon road transport and public transport	Aligned	Each UK business unit has specific standards and guidance for protecting water systems and quality. UK Electricity Transmission (NGET) follows its business procedure titled 'Protection of the Water Environment.' NGED complies with its policy 'Relating to Works near Controlled Waters, Flood Defences and on Flood Plains' and adheres to its legal duties to consult with the Environment Agency and Natural Resources Wales, supported by associated Standard Techniques. National Grid Ventures operates under an environmental standard and guidance on the 'Management of Water and Effluent Discharge'. In the US, National Grid adheres to specific environmental procedures and guidance that address water use and the protection of natural resources.
	Renewal of the group fleet	6.5 Transport by motorbikes, passenger cars and light commercial vehicles	Not Applicable	

Source: Moody's Ratings and National Grid

Exhibit 7

Do No Significant Harm - Transition to a circular economy

Eligible Category	Eligible Sub-category	Economic Activity	Alignment	Related issuer information
Electricity Networks	All CCM investments	4.9. Transmission and distribution of electricity	Aligned	National Grid has a waste management system in place and ensures the efficient reuse and recycling in accordance with the waste hierarchy. This is reflected in contractual agreements with waste management partners.
	All CCA investments	4.9. Transmission and distribution of electricity	Aligned	In the US, there are environmental procedures and instructions relating to waste and, in the UK, there are waste management standards and a control of hazardous substances standard. These policies are guided by circular economy principles. NGET, NGED and NY own refurbishment centres, showcasing commitment to resource-efficient practices that align with circular economy principles.
Renewable energy	Wind power	4.3 Electricity generation from wind power	Aligned	
	Solar PV	4.1 Electricity generation using solar photovoltaic technology	Aligned	The National Grid Supplier Code of Conduct supports the transition to a circular economy by setting clear expectations for sustainable practices, conducting regular audits, and promoting continuous improvement. It emphasises reducing waste, conserving resources, and adopting innovative sustainability measures. By ensuring transparency, stakeholder engagement, and adherence to environmental standards, the code helps suppliers minimise their environmental impact and contribute positively to circular economy goals.
	Concentrated solar power	4.2 Electricity generation using concentrated solar power (CSP) technology	Aligned	
Storage of electricity	4.10. Storage of electricity	Aligned		
Energy efficiency	Heat/cool using waste heat	4.25 Production of heat/cool using waste heat	Aligned	See text under 4.9
	Geothermal energy	4.22 Production of heat/cool from geothermal energy	Not Applicable	
	Electric heat pumps	4.16 Installation and operation of electric heat pumps	Aligned	See text under 4.9
	Infrastructure for zero-tailpipe emissions vehicles and public transport	6.15 Infrastructure enabling low-carbon road transport and public transport	Aligned	The environmental impact of electric charging points for passenger vehicles is not expected to be significant for National Grid's operations. Currently, National Grid does not have a specific target for the waste it generates but remains committed to ensuring proper disposal in accordance with environmental permits and regulatory standards in applicable regions. In the last reporting year, approximately 10% of National Grid's non-hazardous waste was sent to landfill, while 43% was re-used and 39% was recycled. The remaining 8% of waste was managed through disposal methods such as thermal processing and incineration.
				National Grid adheres to the EU Directive 2000/53/EC on End-of-Life Vehicles, which was transposed into UK law in 2000 and remains applicable for all new vehicles sold in the UK. This directive mandates comprehensive vehicle recycling and waste management practices.
Clean transport	Renewal of the group fleet	6.5 Transport by motorbikes, passenger cars and light commercial vehicles	Aligned	In the United States, while there is no directly equivalent federal regulation, National Grid commits to applying similar recycling and waste management thresholds for its vehicle fleet through its waste management plan and vehicle procurement policy. In its US regions, National Grid aligns with relevant state regulations to ensure compliance with vehicle recycling standards. These include the Vehicle Dismantling Facilities Regulations (6 NYCRR 361-7) and Article 27 Title 23 in New York, which outline decommissioning, dismantling, and hazardous material handling requirements. In Massachusetts, the Hazardous Waste Management Act (M.G.L. Chapter 21C) and Solid Waste Facility Regulations (310 CMR 19.000) regulate hazardous waste management and proper handling, transfer, processing, recycling, and disposal of solid waste. In Connecticut, the General Statutes (CGS) Chapter 446k which includes regulations for solid waste management and recycling, encompassing vehicle recycling. Rhode Island is managed by the Rhode Island Resource Recovery Corporation (RIRRC), which oversees recycling programs and facilities, including vehicle recycling. The New Hampshire Department of Environmental Services (NHDES) regulates waste management and recycling programs, including vehicle recycling. Finally, The Vermont Agency of Natural Resources (ANR) implements recycling and waste management regulations, including those for vehicle recycling.

Source: Moody's Ratings and National Grid

Exhibit 8

Do No Significant Harm - Pollution prevention and control

Eligible Category	Eligible Sub-category	Economic Activity	Alignment	Related issuer information
Electricity Networks	All CCM investments	4.9. Transmission and distribution of electricity	Aligned	<p>All National Grid businesses, including thereby any activities related to electricity transmission and distribution, implement environmental management systems that are aligned with ISO 14001 principles. Annual external assurance of ISO certifications evaluates adherence to the standard and confirms the presence of adequate operational controls. National Grid maintains a Group-level Responsible Business BMS and Supplier Code of Conduct, which includes measures for pollution prevention and control. National Grid maintains a Group-level Responsible Business BMS, with all employees expected to work in accordance with it, and leaders ensuring its integration across all organizational levels.</p> <p>In the US, each business unit adheres to International Finance Corporation (IFC) Guidelines and Environmental, Health & Safety General Guidelines, which address noise and vibrations, soil erosion, air quality, solid waste, hazardous materials, and contaminated land. In the UK, each business unit follows a comprehensive set of policies and standards for pollution prevention and control, covering air emissions, waste management, water system management, Electro Magnetic Forces, noise, and vibrations.</p> <p>As regards electromagnetic radiation, electricity transmission and distribution activities respect applicable norms and regulations to limit the impact of electromagnetic radiation on human health, including for activities carried out in the European Union, the Council recommendation on the limitation of exposure of the general public to electromagnetic fields (0 Hz to 300 GHz) (285), and for activities carried out in third countries, the 1998 Guidelines of International Commission on Non-Ionizing Radiation Protection (ICNIRP).</p> <p>While at entity level the issuer has some operational expenditures and a very small amount of capex related to polychlorinated biphenyls (PCBs), the green financing framework explicitly excludes any PCB related expenditure from its scope. Therefore, investments under the framework satisfy the criterion of not using PCBs.</p>
	All CCA investments	4.9. Transmission and distribution of electricity	Aligned	
Renewable energy	Wind power	4.3 Electricity generation from wind power	Not Applicable	
	Solar PV	4.1 Electricity generation using solar photovoltaic technology	Not Applicable	
	Concentrated solar power	4.2 Electricity generation using concentrated solar power (CSP) technology	Not Applicable	
	Storage of electricity	4.10. Storage of electricity	Not Applicable	
Energy efficiency	Heat/cool using waste heat	4.25 Production of heat/cool using waste heat	Not Aligned	<p>National Grid currently does not have projects for this activity. If such items are included, they will be selected based on US and UK regulations that National Grid has identified as being equivalent to EU ones.</p> <p>For example, regarding the EU requirement for equipment to be in the top class requirements of the energy label as per Regulation (EU) 2017/1369, National Grid commits to this criterion on a best efforts basis and considers this can be implemented in the UK by following the Energy Information Regulations of 2011, which are similar to those of Regulation 2017/1369. In the US, New York state has adopted energy efficiency standards that align with federal regulations under the Energy Policy and Conservation Act (EPCA). These standards require energy labels on various products, providing consumers with information on energy consumption and efficiency. Furthermore, they set standards for energy efficiency and environmental impact of products. These regulations align with the principles of the Ecodesign Directive, focusing on reducing energy consumption and promoting sustainability. In New England, states like Massachusetts and Rhode Island follow similar federal standards under the EPCA.</p> <p>As regards the EU requirement to follow the best available technology, while this requirement does not come with a specific quantified threshold, National Grid's Responsible Business Charter commits it to sustainability and innovation, including procuring the best available technology.</p> <p>Whilst the issuer has stated that a rigorous process would be undertaken in the event of financing of this type of activities, complying with the criteria on a best efforts basis introduces some uncertainty regarding achieving full alignment.</p>
	Geothermal energy	4.22 Production of heat/cool from geothermal energy	Not Aligned	<p>National Grid currently does not have projects for this activity, but has stated that if it would be included at a later date, that it would ensure compliance with the relevant local regulations in the UK and US. The company has committed to include this criterion in its project selection process on a best effort basis. Whilst the issuer has stated a rigorous process would be undertaken in the event of financing of this type of activities, complying with the criteria on a best efforts basis introduces some uncertainty regarding achieving full alignment.</p>
	Electric heat pumps	4.16 Installation and operation of electric heat pumps	Not Aligned	<p>National Grid currently does not have projects for this activity, but has stated that if it would be included at a later date, that it would ensure compliance with the relevant local regulations in the UK and US. The company has committed to include this criterion in its project selection process on a best effort basis. Whilst the issuer has stated that a rigorous process would be undertaken in the event of financing of this type of activities, complying with the criteria on a best efforts basis introduces some uncertainty regarding achieving full alignment.</p>
Clean transport	Infrastructure for zero-tailpipe emissions vehicles and public transport	6.15 Infrastructure enabling low-carbon road transport and public transport	Aligned	<p>Waste amounts are not expected to be significant for electric charging points for passenger vehicles.</p> <p>National Grid ensures that its waste is correctly disposed of with appropriate environmental permits and compliant with regulatory standards in the applicable regions. National Grid emphasizes its commitment to sustainable environmental operations by adhering to its Environmental Operations Policy. This policy ensures that the organization meets both legal and voluntary obligations and focuses on preventing pollution and contamination by managing all lifecycle stages of its business operations, sites, and assets.</p> <p>National Grid has committed to purchasing only electric vehicles as part of its financing strategy, aiming for a 100% electric vehicle fleet for light vehicles by 2030, in alignment with its Responsible Business Charter. The vehicles selected will meet the emissions requirements specified in the relevant criteria.</p>
	Renewal of the group fleet	6.5 Transport by motorbikes, passenger cars and light commercial vehicles	Aligned	<p>In terms of regulatory compliance, National Grid ensures adherence to local regulations in both the UK and US that align with applicable EU requirements. In the UK, the organization follows Regulation (EU) 2020/740, transposed into national law, which mandates labelling for tyre fuel efficiency, wet grip, and noise performance. Despite differences, the New York and New England regions adhere to federal guidelines under the Energy Policy and Conservation Act (EPCA) for tyre fuel efficiency and labelling. Additionally, the UK complies with Regulation (EU) No 540/2014 on vehicle noise levels, while the New York and New England regions are governed by the Noise Control Act of 1972 and its amendments, which establish standards for vehicle noise emissions.</p>

Source: Moody's Ratings and National Grid

Exhibit 9

Do No Significant Harm - Protection and restoration of biodiversity and ecosystems

Eligible Category	Eligible Sub-category	Economic Activity	Alignment	Related issuer information
Electricity Networks	All CCM investments	4.9. Transmission and distribution of electricity	Aligned	All eligible economic activities for which this DNSH criteria applies align with Appendix D. See below for full details.
	All CCA investments	4.9. Transmission and distribution of electricity	Aligned	
Renewable energy	Wind power	4.3 Electricity generation from wind power	Aligned	All eligible activities align with Appendix D. In addition, for offshore wind, the activity does not hamper the achievement of good environmental status as set out in Directive 2008/56/EC, as relates to biodiversity and seabed integrity. The issuer confirms that projects follow the relevant US Environmental Impact Assessment (EIA) regulations and that according to its line-by-line review, the US EIA adheres to the European law's requirements.
	Solar PV	4.1 Electricity generation using solar photovoltaic technology	Aligned	All eligible economic activities for which this DNSH criteria applies align with Appendix D.
	Concentrated solar power	4.2 Electricity generation using concentrated solar power (CSP) technology	Aligned	National Grid is committed to restore the natural environment by 10% on the land it manages in the UK and preserve the natural environment in the land managed in the US.
Energy efficiency	Storage of electricity	4.10. Storage of electricity	Aligned	In the UK, the company has developed multiple Business Procedures: Land Management and Biodiversity, Environmental Net Gain plan, an Environmental Bulletin on undertaking construction activity near to protected species, and an Environmental Guide on Designated protected areas of land. The Electricity Transmission division (NGET) further supports a network of Environmental Education Centres to further the co-existence of transmission assets with nature and communities. NGED aligns its activities to its Biodiversity and Carbon Offsetting Strategy, along with direct implementation of the Town and Country Planning Act, across all major infrastructure projects. National Grid Ventures (NGV) has developed a Land Management and Biodiversity standard along with associated guidance and checklist in order to comply with this objective.
	Heat/cool using waste heat	4.25 Production of heat/cool using waste heat	Aligned	
	Geothermal energy	4.22 Production of heat/cool from geothermal energy	Aligned	
	Electric heat pumps	4.16 Installation and operation of electric heat pumps	Aligned	
Clean transport	Infrastructure for zero-tailpipe emissions vehicles and public transport	6.15 Infrastructure enabling low-carbon road transport and public transport	Aligned	See text under 4.1 Additionally, National Grid the use of Integrated Vegetation Management (IVM) and ground protection mats to prevent the spread of invasive species along road transport infrastructure. These practices promote stable plant communities and preserve soil profiles, thereby maintaining habitat features and preventing invasive species proliferation.
	Renewal of the group fleet	6.5 Transport by motorbikes, passenger cars and light commercial vehicles	Aligned	See text under 4.1

Moody's Ratings and National Grid

Exhibit 10

Minimum Safeguards**Assessment at issuer level**

Minimum Safeguards	Alignment	Related issuer information
Human Rights	Aligned	<p>Through its Human Rights Policy, the company commits to respecting and enforcing human and labor rights, and to following internationally recognized standards, including the International Bill of Rights, the International Labour Organisation's Declaration on the Fundamental Principles and Rights at work, the OECD Guidelines for Multinational Enterprises, the UN Universal Declaration of Human Rights and the UN Guiding principles on Business and Human Rights.</p> <p>According to the Business and Human Rights Resource Center (BHRRC) website, there is no ongoing case related to labor or human rights convictions against National Grid.</p>
Corruption	Aligned	<p>The company has a group-wide framework of controls designed to prevent and detect bribery and the group anti-corruption practices are referenced by the group's Code of Ethics which is governed by the executive Group.</p> <p>The company's compliance program includes training plans, whistleblowing channels, internal and external audits, and reporting. To ensure compliance with the UK Bribery Act 2010 and other relevant legislation, the company undertakes a fraud and bribery risk assessment across the Company on an annual basis to identify higher-risk areas (such as system access controls, supplier fraud and potential conflicts of interest) and make sure adequate policies are in place – such as the Anti-Financial Crimes Policy, which applies to all colleagues and associates. Ethics and Business Conduct reports are discussed regularly, on a bi-annual basis at Audit & Risk Committee. Serious issues that meet escalation criteria are reported in line with escalation process as appropriate.</p>
Taxation	Aligned	<p>National Grid's tax strategy aligns with its overarching commitment to conduct business responsibly and maintain high ethical standards. The approach prioritizes seeking clarity through timely discussions and prompt disclosure of pertinent information, with an emphasis on adopting a cautious tax strategy.</p>
Fair Competition	Aligned	<p>As a heavily regulated monopoly, National Grid is committed to a fair competition on markets in accordance with current legal regulations. Its fair competition practices are referenced by the group's Code of Ethics. The company has measures in place to promote employee awareness of the importance of compliance with all applicable competition laws and regulations. In the latest reporting year, the company delivered training on its code of ethics for 97% of the workforce and no legal proceedings relating to competition law were identified.</p>

Source: Moody's Ratings and National Grid

Endnotes

- 1 Point-in-time assessment is applicable only on date of assignment or update.
- 2 [Clean Power 2030 Action Plan](#), UK Government, Updated April 2025
- 3 [Sources of Greenhouse Gas Emissions](#), EPA, Accessed 6.4.2025
- 4 [United States](#), IEA, Accessed 7.4.2025
- 5 Economic Planning for the Clean Energy Transition Draft Statement, ISO New England Inc, August 16 2024
- 6 [United Kingdom](#), IEA, Accessed 2.3.25
- 7 Press Release, Government of Massachusetts, Assessed 2.4.25

Moody's assigns SPOs in alignment with the main tenets of the ICMA Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews and the LSTA/LMA/APLMA Guidance for Green, Social and Sustainability-Linked Loans External Reviews, as applicable; Moody's practices may however diverge in some respects from the practices recommended in those documents. Moody's approach to assigning SPOs is described in its Assessment Framework, and is subject to the ethical and professional principles set forth in the Moody's Investors Service Code of Professional Conduct.

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