Building our energy future

National Grid plc Annual Report and Accounts 2024/25

At National Grid, we are driven by our purpose: to bring energy to life

Our aim is to be at the heart of a secure, affordable and clean energy future. We work with the wider energy industry, governments, regulators, and the customers and communities we serve to deliver this vision.

Demand for electricity is expected to increase significantly through the electrification of heat and transport and the energy needs of advances in technology such as artificial intelligence. Innovation in electricity generation, including in renewables, storage and nuclear, is driving significant change in where and how energy is produced. There is significant innovation in the hardware and software we use to design, build, operate and maintain the energy networks we own.

As National Grid, our role is to deliver the network infrastructure and energy solutions required to meet the needs of our customers and stakeholders with this transition.

Our residential and commercial customers want access to clean, secure and affordable energy, delivered safely and reliably across our networks.

Energy generators and storage operators rely on our networks to move energy to the homes and businesses who need it.

Our governments and regulators expect us to deliver network infrastructure safely, reliably and affordably. They want our networks to support economic growth and emissions reduction targets.

Our investors expect us to deliver an attractive proposition, generating shareholder value through dividends and asset growth.

Across the energy sector, governments, regulators, financiers, suppliers and customers are all playing their part in delivering the changes needed. We play an important role and we continue to strengthen our relationships with key stakeholders. We engage local communities on our projects, while working with governments, regulators and our supply chain to deliver vital energy projects at pace.

This time last year we announced an unprecedented level of investment in our networks in the UK and US – c.£60 billion over five years, nearly doubling our investment from the previous period. Since then, we have scaled up our operations to deliver this level of investment in ground-breaking projects that will expand our networks. Delivery is well under way with a record £9.85 billion in capital investment in the year.

But it's not just about scale. It is about how we deliver too. We are building a culture of innovation at National Grid to ensure we make the best use of the networks we have and deliver new network infrastructure faster and more efficiently. We are working with our supply chain partners and leveraging the exciting new technologies being developed and invested in directly by our corporate venture capital arm, National Grid Partners.

2024/25 performance highlights

Statutory operating profit
£4,934m

↗ 10% y-on-y 2023/24: £4,475m

Underlying operating profit
£5,357m

↗ 12% y-on-y 2023/24: £4,773m

Statutory earnings per share
60.0p

↗ 8% y-on-y 2023/24: 55.5p (rebased)

Underlying earnings per share
73.3p

↗ 2% y-on-y 2023/24: 72.1p (rebased)

Capital investment
£9.85bn

↗ 20% y-on-y 2023/24: £8.24bn

Asset growth
9.0%

-0.7% y-on-y 2023/24: 9.7%

Dividend per share
46.7p

↗ 3% y-on-y 2023/24: 45.26p (rebased)

Network reliability
99.9%

2023/24: 99.9%

Lost time injury frequency rate per 100,000 hours worked
0.10

25% y-on-y 2023/24: 0.08

Scope 1 and 2 GHG emissions thousand $ktCO_2e$
7.4

8.3% y-on-y 2023/24: 6.9

Employee engagement
Our most recent overall employee engagement index in our twice annual Grid:Voice survey was 80%.

Further reading
Throughout this report you can find links to further detail within this document.

Online report
The PDF of our Annual Report and Accounts 2024/25 includes a full search facility. You can find the document by visiting our website nationalgrid.com/investors/resources/reports-plc or by scanning the QR code below the contents list.

Online content
In this report there are QR codes you can scan to view further content online. Simply open the camera app on your smartphone to scan the code.

Deloitte assured data Denotes information subject to limited assurance (see page 18 for full definition).

PwC assured data Denotes information subject to limited assurance (see page 18 for full definition).

Alternative performance measure
In addition to International Financial Reporting Standards (IFRS) figures, management also uses a number of alternative measures to assess performance. Definitions and reconciliations to statutory financial information can be found on pages 279 – 284. These measures are highlighted with the symbol opposite.

Reporting currency
Our financial results are reported in sterling. We convert our US business results at the weighted average exchange rate during the year, which for 2024/25 was $1.27 to £1 (2023/24: $1.26 to £1).

Read this Annual Report online

National Grid at a glance

A vital role in transforming energy systems

National Grid businesses play a vital role in energy systems, safely and reliably connecting millions of people to the energy they use, while investing for the future to power growth, resilience and the transition to a cleaner tomorrow.

Our businesses

Read more **Page** 25

What we do

Transmission networks transport energy over long distances at high voltage (in the case of electricity) and high pressure (in the case of gas) from where it is produced and onwards to distribution networks.

Distribution networks take high-voltage electricity and high-pressure gas from transmission networks and deliver it at lower voltage and reduced pressure to homes, businesses and industrial infrastructure.

Supply involves buying and then selling electricity and gas on to customers, with associated customer services.

Generation is the production of electricity from renewable, nuclear and fossil fuel sources.

Storage are technologies such as batteries and liquified natural gas that store energy.

Read more **page 9**

UK

UK Electricity Transmission (UK ET/NGET)

We own and operate the high-voltage electricity transmission network in England and Wales. This includes connecting new customers and delivering the major strategic infrastructure to enable a clean power grid.

UK Electricity Distribution (UK ED/NGED)

We own and operate the UK's largest electricity distribution network, serving customers in the East Midlands, West Midlands, South West and South Wales. This includes a Distribution System Operator (DSO) which is overseen by an independent panel.

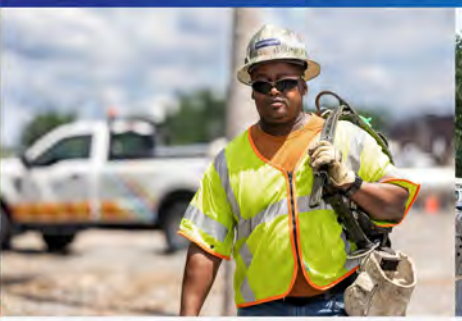
Business split

2024/25 Regulatory asset value (RAV), rate base and other assets (% of Group)	**31%**	**18%**
2024/25 Underlying operating profit (% of Group)	**27%**	**22%**
2024/25 Capital investment (£bn)	**£3.0bn**	**£1.4bn**

Indicates an alternative performance measure

US

International



New York (NY)

We own and operate electricity transmission and distribution networks across upstate New York. We also own and operate gas distribution networks in New York City and on Long Island.

New England (NE)

We own and operate electricity transmission networks in Massachusetts, New Hampshire and Vermont. In Massachusetts, we also own and operate electricity and gas distribution networks.

National Grid Ventures (NGV)

We develop and operate large scale energy projects across the UK and US. They represent a broad mix of energy assets and businesses, including six electricity interconnectors between the UK and Europe, US competitive transmission, power generation, liquified natural gas (LNG) import and battery storage. National Grid Renewables and Grain LNG are classified as held for sale.

Other activities

Primarily National Grid Partners, the corporate venture capital and innovation arm of National Grid, plus UK property, insurance and corporate activities.

27%	**14%**	**7%**	**3%**
27%	**17%**	**7%**	**—%**
£3.3bn	**£1.8bn**	**£0.4bn**	**£—bn**

Chair's statement

Evolving landscape

Whole-system planning, deployment of advanced technologies and strong controls over our processes are key to running a business fit for the future.

Dear fellow shareholder,

Power is essential to the modern world. But throughout my four decades in the energy industry, networks have been of little interest to consumers. They were simply there when we needed them, providing reliable service. However, a confluence of events and policies has now placed energy networks in the public eye.

The UK Government's bold mission to achieve clean power by 2030 requires a once-in-a-generation 'rewiring' of the country's infrastructure. The US, by contrast, is focused on energy as a key enabler of economic growth, with an emphasis on driving the AI revolution and reshoring of manufacturing.

Both approaches will require substantial new energy supplies and infrastructure. And, as we've seen with recent global power interruptions, it's not surprising that energy infrastructure is now a more visible part of the public discourse.

The debate boils down to resiliency and affordability.

Given all that's at stake, it's fair for the public to ask how National Grid is going to ensure continued high levels of reliability, particularly as power systems have increasing proportions of renewables in the mix. Understandably, as customers experience escalating energy costs, regulators want to be assured that National Grid will invest cost-effectively in modernising its systems. And, in the boardroom, independent directors provide a constructive challenge to our leadership as it maps the path forward. Whole-system planning, deployment of advanced technologies and strong controls over our processes are key to running a business fit for the future.

National Grid's talented global workforce of more than 30,000 employees embraces the opportunities that come with change.

For almost ten years, we have been wisely guided by our CEO, John Pettigrew. On 1 May 2025, we announced that John will retire later this year after 35 years of service. I am grateful to have learned about National Grid's businesses through John's eyes and experience. He has been a wonderful collaborator and an exceptional leader whose impact will be felt for years to come. On behalf of the Board, I extend to him heartfelt appreciation.

Our Board succession planning process has been well embedded. As such, on 1 May, we also announced that Zoë Yujnovich, a global executive at Shell plc, will assume the chief executive role at National Grid on 17 November 2025. She comes with a diverse background in energy and natural resources, along with a proven record in capital delivery. We have a transition plan in place for the handover and the company will not miss a beat.

The energy landscape is evolving, and so is National Grid. I feel confident that our committed workforce, inspired by John's example and newly led by Zoë, will serve our shareholders, customers and communities well in the times ahead. Thank you for your continued support.

Sincerely,

Paula Rosput Reynolds
Chair

14 May 2025

Final dividend of

30.88p

per share proposed to be paid on 17 July 2025

The 2025 Annual General Meeting (AGM) of National Grid plc will be held as a hybrid event at 11.00am on Wednesday 9 July 2025. More details on the arrangements for this year's AGM, including how to attend virtually, can be found at nationalgrid.com/investors

Chief Executive's review

Resilient, reliable networks

With our strategic focus on energy networks, we are delivering our £60 billion five-year plan at pace, building the next generation of infrastructure and solutions needed to meet accelerating demand for secure, affordable and clean energy.

Context in which we are operating

After 35 years at National Grid and nearly 10 years as CEO, I recently shared my decision to retire from the Group. It has been an immense honour for me to lead the company I joined as a graduate, and when I step down later this year, I will do so knowing that we are in a position of great strength. I also have every confidence that my successor, Zoë Yujnovich, is the right person to lead National Grid on the next stage of its journey.

We are living through a period of unprecedented change in the world, but also one of opportunity and growth. Resilient and reliable networks capable of meeting demand for secure, affordable and clean energy are essential to future prosperity, helping to create the industries and technologies of tomorrow, drive economic growth and support millions of jobs.

In the UK, the Government's mission for clean power by 2030 is an important part of its growth plans and aims to achieve at least 95% renewable energy by the end of the decade. This ambitious initiative includes major industry reforms across energy planning, connections, supply chains and digitisation.

In the US, we have seen a shift at the federal level from a focus on climate to economic competitiveness and national security. At the state level, there is increasing focus on energy affordability and reliability, coupled with an ongoing debate on how to best achieve the transition to cleaner energy. At National Grid, we believe that strengthening and modernising our networks is the key to helping our regions attract investment and bolster security of supply, while continuing to reduce carbon emissions.

I'm pleased to say we've seen good progress in our push for policies that are essential for the energy transition and attract the investment needed to fund the networks of the future. This will be critical to ensuring we build the capacity and resilience needed in the energy system. There is particular focus on this in the UK following the fire at our North Hyde substation and subsequent disruption at Heathrow Airport and the surrounding area. While transmission power was always available to Heathrow, we are committed to working closely with the National Energy System Operator and our other stakeholders to ensure any lessons are learned and that we prevent incidents like this from happening again.

Business highlights from the year

Against this backdrop, I'm hugely proud of all we've achieved over the past 12 months. We're leading the industry in delivering the next generation of networks and energy solutions that will be fit for the 21st century.

Personal highlights for me include the progress we've made with our 17 ASTI projects and our ambitious £35 billion plan for the transmission network in England and Wales, which we've now submitted to Ofgem. We've also secured seven new delivery partners through our £9 billion Great Grid Partnership and 10 more suppliers in our £59 billion high voltage direct current (HVDC) framework. Together, these initiatives represent the biggest upgrade of the UK energy grid in a generation.

I'm also proud of the huge strides we've made through our UK Distribution System Operator in scaling up the benefits we've delivered for our stakeholders, consumers and the energy system in the last 12 months.

Chief Executive's review continued

We've made excellent progress in the US as well. Our $4 billion Upstate Upgrade in New York is on track, and we're delivering further gas mains replacement and network reinforcement across the state. In Massachusetts, our $2 billion Electric Sector Modernization Plan was approved by the regulator, and we achieved an important legislative milestone on permitting reform with the passage of the Massachusetts climate bill. We also agreed fair new rates for our downstate New York gas and Massachusetts electric businesses.

In our National Grid Ventures business, we've made significant progress with our pioneering LionLink interconnector. Once complete, it will provide another connection between the British and Dutch electricity grids, maximising our renewable energy resources, reducing reliance on fossil fuels, and reinforcing security of supply for Britain.

As with LionLink, innovation runs through everything we do, and National Grid Partners is an important part of that, investing in technologies that have game-changing potential for the future of energy. We have invested more than $500 million in startups to date and committed an additional $100 million for AI startups.

Finally, as part of our refocusing on networks, we have announced the sale of National Grid Renewables to Brookfield for $1.7 billion and launched the sale of our LNG facility at the Isle of Grain.

We have achieved all this while ensuring the safety and security of our networks, and the reliable flow of energy for millions of homes and businesses.

Read more:
Our business units pages 25 – 33

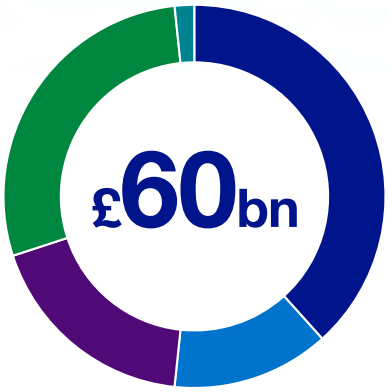
Investment and delivering for shareholders

We successfully completed the £7 billion Rights Issue last Spring, an important part of our plan to invest around £60 billion. We are grateful for the support you, our shareholders, have shown as we undertake this historic investment.

Capital investment was a record £9.85 billion over the past year, in line with our plan and 20% higher than last year. This reflects the scale of activity across all our regulated businesses. We've delivered a strong performance, with underlying operating profit increasing 12% to £5.4 billion at constant currency, reflecting increased regulated revenues and flat controllable costs, and achieved through our focus on agreeing the right regulatory frameworks and efficient delivery.

Five-year financial framework 2024/25 – 2028/29 announced 23 May 2024

Capital investment



c.£51bn

Green, directly into the decarbonisation of energy networks, aligned to EU Taxonomy

UK ET	**c.£23bn**
UK ED	**c.£8bn**
New England	**c.£11bn**
New York	**c.£17bn**
NGV	**c.£1bn**

Group asset growth

c.10%

CAGR[1]

Underlying EPS

6–8%

CAGR[2]

Balance sheet and ratings

Credit metrics maintained above current rating thresholds[3]

Regulatory gearing at 61% at March 2025, then trending back towards the high-60% range by the end of RIIO-T3

Use of hybrid debt

Dividend and equity

Aim to grow dividend per share in line with UK CPIH[4]

Net Rights Issue proceeds of £6.8bn in 2024/25

Continued use of scrip dividend

1. Group asset compound annual growth rate from a 2023/24 baseline. Forward years based on assumed USD FX rate of 1.25 and long run UK CPIH and US CPI. Based on our continuing businesses, as defined by IFRS, which included the ESO until its disposal in October 2024 and includes Grain LNG and National Grid Renewables until their planned disposals.
2. EPS compound annual growth rate from a 2024/25 baseline. Forward years based on assumed USD FX rate of 1.25, long run UK CPIH, US CPI and interest rate assumptions and scrip uptake of 25%. Based on our continuing businesses, as defined by IFRS, which included the ESO until its disposal in October 2024 and includes Grain LNG and National Grid Renewables until their planned disposals.
3. Through to at least the end of the RIIO-T3 price control period.
4. 2024/25 DPS increased by 3.21% following the rebase of the 2023/24 DPS from 58.52p to 45.26p after taking account of the new shares issued following the Rights Issue.

National Grid is now embarking on an exciting new phase of growth with an attractive investor proposition underpinned by high quality asset growth, strong earnings growth, and an inflation protected dividend.

Empowering colleagues, customers and communities

We are working to balance the investment required to deliver affordable energy for our customers with the reality that many are struggling with a high cost of living. To help, we have announced a new £13.8 million Grid for Good Energy Affordability Fund. This will run for three years, with donations to charities and organisations providing immediate financial relief to families and communities in need on both sides of the Atlantic.

In the US, we continue to improve the reliability of our customer systems. We have launched an updated mobile app, enhanced outage communications, and made it easier for customers to update their communication preferences. These improvements, amongst others, will help us to better connect customers with ways to save energy, manage their bills and easily access assistance.

Our deep commitment to local communities includes our ongoing rapid response teams. In September 2024, nearly 150 of our crews travelled to storm-ravaged Tennessee, Virginia and West Virginia to assist with safety and recovery from Hurricane Helene. In December 2024, Storm Darragh brought major disruption across the UK. It was one of the biggest storms to impact our network in decades and I'm proud of our teams who managed to get 95% of the over 700,000 customers impacted back on supply within 48 hours.

Looking ahead

After another year of strong performance, we have a solid platform to build on. We are now squarely focused on delivering for our customers and communities, building and operating the infrastructure needed to meet accelerating demand at the right speed and scale for the lowest possible cost.

As my time with National Grid draws to a close, we are well positioned to take advantage of the significant growth opportunities ahead. It has been the privilege of my life to lead this company over the past decade and I'm incredibly proud of all we've achieved in that time. This is down to the unwavering commitment of our 30,000 dedicated colleagues and their relentless focus on delivering for our customers. It is our people that make this organisation so special. It is also our people who give me great confidence that, when I hand the reins to my successor Zoë in November, National Grid will continue to go from strength-to-strength.

John Pettigrew
Chief Executive

14 May 2025

Our business model

Building our energy future

We are playing a key role in delivering the energy systems of the future, working alongside partners for the benefit of our customers, communities, and wider society.

Our resources

Physical assets

Our network assets are critical infrastructure. They are large and built to last. We continuously invest to maintain and upgrade them to ensure safe and reliable service, integrate new sources of power, and meet new demand.

Efficient financial capital

We fund our business through a combination of equity and debt. We maintain an appropriate mix of the two and manage financial risks prudently, committing to a strong overall investment grade credit rating.

Strategic and responsible leadership

Our strategy articulates our priorities clearly and positions our business to support growth and long-term economic benefits, and a cleaner future, in the places we operate. We have well-established governance structures and controls in place to manage risk.

Expert colleagues

We are immensely proud of our people. Together we have spent decades installing and managing critical networks and systems, forging relationships, and building a culture of ambitious, diligent and passionate service.

Strong partner relationships

Customers
With our customers, including the electricity generators and gas suppliers who own the energy that flows through our networks.

Contractors
With our contractors who have complementary skills, experience and resources to help us get the job done.

Governments and communities
With national and regional governments and local communities who support us to deliver infrastructure that meets their needs.

Regulators and agencies
With the regulators and agencies who agree the prices we can charge and the amounts we can invest, as well as the health, safety and environment standards we must meet.

The role we play in energy systems

Sources of power

Generation

In the US, we own and operate fossil fuel electricity generation facilities on Long Island. We also operate modern solar and battery storage projects with NextEra Energy Resources on Long Island. We facilitate the connection of energy generation assets to our transmission systems.

Integrating clean energy sources

Renewables and zero carbon sources play a critical and fast-growing role in our energy systems. Facilitating connections to a wide range of clean energy sources is a fundamental part of our work. We earn a regulated return on the assets we build when extending our network to connect new energy sources.

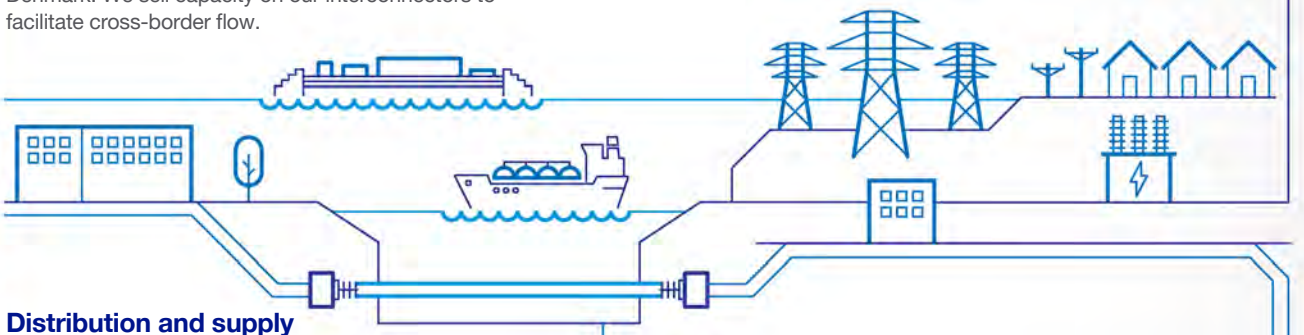
Networks and infrastructure

Electricity interconnection

Interconnectors are high-voltage cables used to connect the electricity systems of neighbouring countries to allow the trading of excess power and balance supply and demand to maintain security of supply. We operate six interconnectors linking the UK to France, Belgium, Norway, the Netherlands and Denmark. We sell capacity on our interconnectors to facilitate cross-border flow.

Transmission

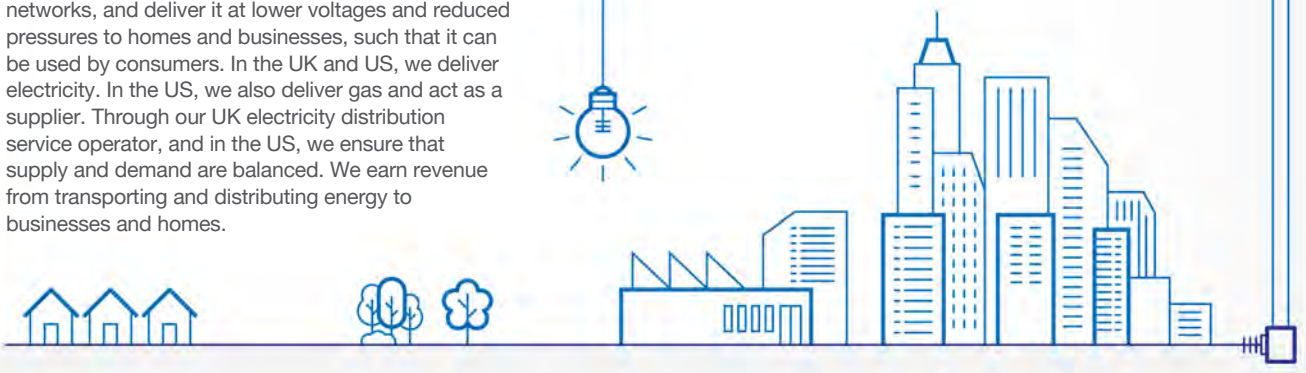
Our transmission networks transport energy over long distances, safely and efficiently from where it is produced to distribution networks. We charge generators and distributors for putting energy into and out of our networks, based on prices set by regulators.



Delivering for customers

Distribution and supply

Our distribution networks take high-voltage electricity and high-pressure gas from the transmission networks, and deliver it at lower voltages and reduced pressures to homes and businesses, such that it can be used by consumers. In the UK and US, we deliver electricity. In the US, we also deliver gas and act as a supplier. Through our UK electricity distribution service operator, and in the US, we ensure that supply and demand are balanced. We earn revenue from transporting and distributing energy to businesses and homes.



How we create value

Engineering and asset management
Investing in and maintaining assets across their life.

Innovation
Embracing new ideas and ways of working and supporting emerging technologies.

Safe and reliable operations
Operating safely and acting quickly to fix issues.

Modelling and forecasting
Planning for a transforming energy system.

Investing in our people and culture
Creating jobs, building skills and strengthening our culture.

Capital project delivery
Effectively delivering complex projects.

Our business model continued

Delivering value for our stakeholders

Customers

page 48

Delivery of secure, affordable and reliable energy to customers in the communities we serve and provision of essential assets that connect power generators to our transmission networks.

The value we create

99.9%
Network reliability
2023/24: 99.9%

£9.85bn
Capital investment
2023/24: £8.24 billion

Investors

page 79

A low-risk and dependable investment proposition, focused on generating shareholder value through dividends and asset growth.

The value we create

73.3p
Underlying EPS
2023/24: 72.1p (rebased)

9.0%
Group ROE
2023/24: 10.5% (restated)

Colleagues

page 51

An inclusive and safe environment where colleagues can develop their skills and careers to reach their full potential.

The value we create

0.10
Safety LTIFR per 100,000 hrs
2023/24: 0.08

39%
Jobs filled internally
2023/24: 52%

Supply chain and delivery partners

page 24

Responsible and efficient supply and delivery chains with aligned interests.

The value we create

£9bn
Great Grid Partnership announced

92%
Suppliers paid to terms
2023/24: 90%

Communities

page 48

Creation of jobs, skills and employability pathways, alongside charitable community work and the long-term benefits of clean energy.

The value we create

31,645
Employees
2023/24: 31,425

60,511
Volunteering hours
2023/24: 77,918

Political and regulatory

page 256

Trusted relationships with shared goals to deliver energy policies, growth and environmental commitments.

The value we create

3,016 MW
Renewable capacity connected in year
2023/24: 3,030 MW

£7,667m
Green capital investment
2023/24: £5,992m

Indicates an alternative performance measure · Deloitte assured data · PwC assured data

Our business environment

Our business environment is shaped by governments' drive to deliver economic growth amid a major shift in how we produce and consume energy. Against a backdrop of political and technological change, we are delivering the energy infrastructure of the future, enabling the energy transition and economic growth in our communities.

Energy transition

92%

Renewable percentage of added global energy capacity in 2024

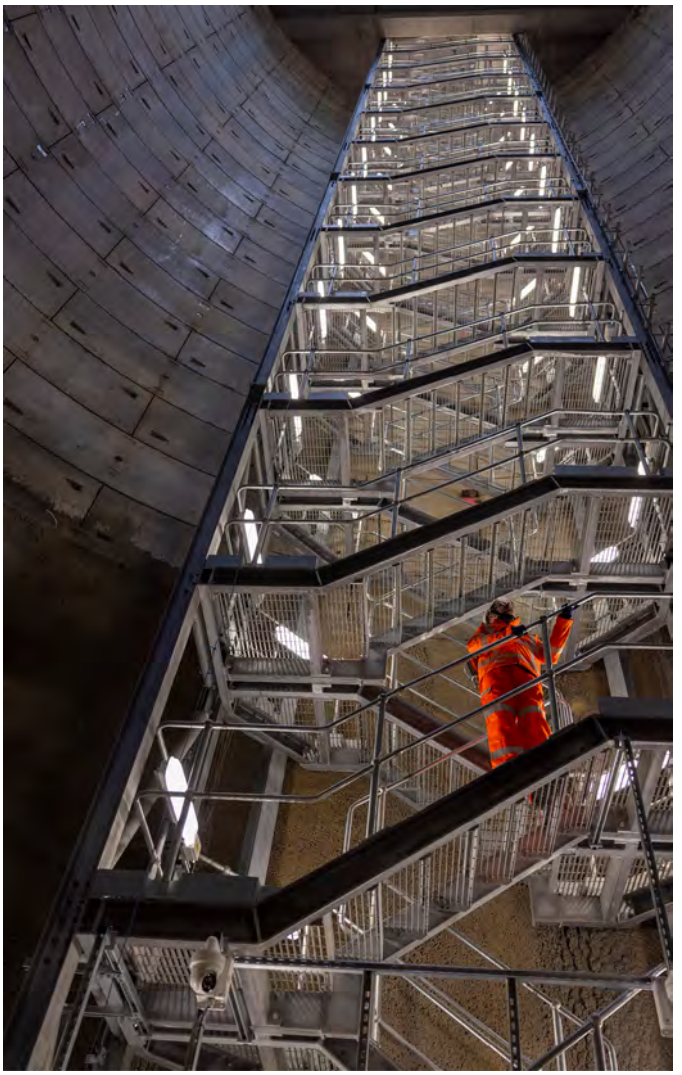
Growth in renewable and low carbon energy continues to be a major driver of growth for our portfolio. Smarter and larger networks are needed to connect these new sources of generation and storage, at new locations, to customers.

Impact on our industry

- The energy supply mix in our areas of operation is continuing to shift towards low carbon generation, renewables and storage, with more generation connected to our distribution networks.
- Demand for electricity also continues to grow, driven partly by the electrification of conventionally fossil fuel-based technologies. Across the UK, we expect electricity demand to increase by almost 50% from 2024 levels by 2035, and in our US jurisdictions by around 25% over the same period.
- Our networks will need to adapt and grow to facilitate these changes.
- The UK Government has set out ambitious energy targets in the Clean Power 2030 report, calling for 95% of Great Britain's generation to be produced by clean sources by 2030.
- In the US, New York and Massachusetts State Governments have set ambitious targets for clean energy generation and offshore wind. Progress against these targets has been mixed and we are committed to working with the States we operate in on the right energy mixes to help them deliver their climate goals over the long term.

How we are responding

- We are stepping up investment in our networks and have announced a c.£60 billion plan to accelerate their expansion over five years. This investment will allow our networks to connect new clean energy sources and play our role in delivering our jurisdictions' clean energy and electrification objectives.
- Across our jurisdictions, we work with regulators and governments to agree price controls (UK) and rate cases (US) that reflect the energy generation sector's growing demand for grid connections. For example, last year we submitted our RIIO-T3 business plan to Ofgem, which will enable an unprecedented amount of new power to connect. In the US, Massachusetts Department of Public Utilities approved our Electric Sector Modernization Plan (ESMP) as a strategic roadmap, outlining the investment we plan to make in our electric networks over the next five years to accommodate clean energy goals.
- Across our own operations, we have worked with the Science Based Targets initiative (SBTi) to align our near-term greenhouse gas emissions reduction targets to their 1.5°C pathway.



Our business environment continued

Affordability and economic development

#1

Voters consistently view the economy as a top issue in our jurisdictions

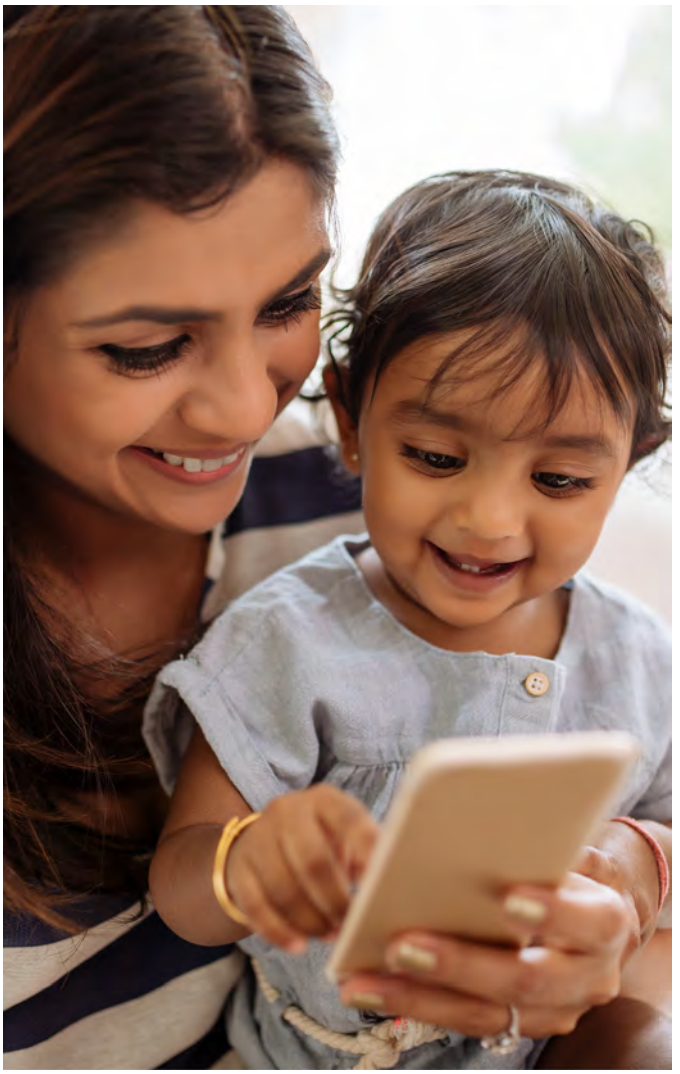
Governments are focused on driving economic growth and development in our jurisdictions. Some of our customers continue to struggle with the cost of living.

Impact on our industry

- Energy affordability is a challenge for communities in all the areas we serve. We are focused on ways to lower energy costs for our customers and consumers.
- In both the UK and US, governments' economic growth agendas mean continued need for grid investments, as AI-enabling data centres and other industrial infrastructure seek to connect or electrify.

How we are responding

- We have announced a new £13.8 million Grid for Good Energy Affordability Fund. Running for three years in the UK and Northeast US, it will support organisations such as National Energy Action in the UK who assist vulnerable households with energy advice, emergency funding and energy efficiency measures.
- In the UK, we have helped 21,000 customers to save a total of £22 million through our fuel poverty programme.
- In the US, we are responsible for delivering energy through our networks and providing billing and customer service to approximately 6 million accounts. We are expanding energy efficiency programmes with an increased focus on mitigating peak period bills, and addressing the energy burden facing our most vulnerable customers. We have expanded multicultural outreach initiatives and language translation to ensure eligible customers have access to available assistance programmes and protections, including suspension of terminations during cold weather.
- To play our part in delivering affordable energy and enabling economic growth, we are focused on delivering our critical infrastructure projects as quickly and affordably as possible while avoiding both premature investment and delays to critical projects. We deploy innovative solutions like dynamic line rating to increase the capacity and performance of our existing assets and find alternatives to new builds where appropriate. Working alongside governments and regulators, we ensure that prudent long-term planning leads us to the best overall solution for the customer.
- We are also focused on helping jurisdictions meet their economic growth goals to deliver broader societal economic benefits. We work with governments and large commercial customers to play our part in connecting growth-enabling industries to the energy they need. For example, we are in the process of delivering a multi-million-pound project to connect the largest EV battery manufacturing facility in the UK to our grid. This factory will contribute almost half of the projected battery manufacturing capacity required for the UK automotive sector by the early 2030s, and create around 4,000 new skilled green technology jobs.



Technological change

> $300 billion

in estimated capital expenditure on data centres globally in 2024

The past year has seen a rapid shift in the technology landscape, impacting both energy supply and demand. The most significant change has been the rapid rise of generative and agentic AI, and the associated impact on data centre development.

Impact on our industry

- The rise of AI and associated data centre infrastructure is likely to be a significant driver of new energy demand. There is still uncertainty around the scale of AI-driven demand growth, although we believe efficiency gains could mitigate this impact.
- In response to this rapid growth in energy demand, we are seeing a resurgence of interest in nuclear, particularly small modular reactors (SMR), to provide firm emission-free generation.
- AI advancements also present deployment opportunities for the energy industry to improve efficiency and resilience, including through supply-demand balancing, infrastructure planning, predictive maintenance and physical safety improvements.
- Customers are increasingly demanding the same smooth digital experience provided by consumer technologies and online retail in other areas of their life, including how they produce and consume energy.
- They are seeking ways to optimise their energy bill, including through flexible tariffs and, in some instances, compensated demand reduction or the ability to sell energy back to the grid from their own generation and storage.
- As more of our lives become digital, the importance of protecting against cyber risk is increasing.

How we are responding

- In our regulated businesses, we work directly with data centres and other large load customers to help them understand the value of our electric networks, their connection options, and the process to energisation. We are committed to finding a better way to serve our residential customers in the US. At the beginning of last year we expanded our customer's payment options to include four new options, Google Pay, Apple Pay, PayPal, and Venmo paired with enabling single sign on, reducing complexity for customers and enhancing the security of our customer systems.
- Through National Grid Partners, we are capitalising on the opportunities created by technological change. Since 2018, National Grid Partners has invested over $500 million in more than 50 start ups and strategic funds, including more than $150 million in 18 AI startups. We are deploying many of these technologies across our own networks, and continue to use our NextGrid Alliance, a collaborative ecosystem of utilities, to enable faster industry-wide innovation and share lessons learned.
- We continue to monitor cyber risks, and implement control improvements recommended by government and private intelligence to manage the increasing threat landscape.

Global uncertainty

>50%

of countries with a national election in 2024 elected a new government

Today's world is characterised by economic uncertainty posing challenges to business planning. In the face of this uncertainty, resilient and secure energy supplies have never been more important.

Impact on our industry

- While energy supply chains have adjusted to the cessation of Russian gas imports to Europe, geopolitical conflicts and trade tensions pose an ongoing risk. Armed conflict is the biggest risk identified in the World Economic Forum's Global Risks 2025 report.
- The return to a more protectionist global economic order, with focus on domestic economic growth and security, creates challenges and opportunities for the energy sector. Supply chains have been stressed since the pandemic, and may tighten further if trade disagreements escalate. At the same time, there is renewed focus on the importance of energy networks in delivering domestic energy security and prosperity.
- For governments, organisations and communities, resilient and secure energy supplies are crucial in adapting to disruptions in this more uncertain world.

How we are responding

- We remain focused on delivering resilient and secure infrastructure, playing our part to help the communities we serve avoid disruption and adapt to a changing global environment.
- Across our business, we continue to innovate on supply chains to ensure we can deliver infrastructure at pace even amid global uncertainty. For example, our ET supply chain task force and our Great Grid Partnership model ensure we can deliver infrastructure on time by offering suppliers long-term commitments and a more collaborative way of working.
- We build resilience into our operations, adapting our networks to risks from increased extreme weather events and cyber threats.
- We are active participants in the broader energy sector ecosystem across the US and the UK, working to establish policies that increase the chance of a smooth energy transition. This engagement helps us to evolve regulatory frameworks together and to provide more certainty through price controls and rate cases that reflect a healthy balance of risk, returns and incentives.

Our strategy

We are guided by our five strategic priorities

Enable the energy transition for all

At National Grid, we are at the heart of a structural shift in how energy is produced and used. This will mean moving from centralised, fossil-fuel based systems to a more decentralised grid with higher renewable generation and storage. The areas we serve are at different points in this transition. Our goal is to build the networks needed in our jurisdictions, working with governments, regulators and communities to ensure the conditions for success are in place.

Build the networks of the future now

Our ambition is to deliver a once-in-a-generation increase in capacity on our networks. We continue to invest in the safety and reliability of our electric and (in the US only) gas networks. This will ensure we can deliver for our customers while we prepare for growing demand and electric load growth, and cleaner generation technologies.

To achieve this, we are growing our supply chain, capital delivery and network operations capabilities to deliver an unprecedented volume of capital investment. But our goal is not as simple as building more infrastructure. We are deploying better, more efficient technology to maximise the value of our existing and new assets, ensuring customers benefit from innovation on our networks and we maintain the affordability of our networks.

Deliver for customers

In today's digital world, the benchmark for excellent customer experience is not necessarily within our sector. Customers are used to streamlined, digital service in almost all their daily activities, from online shopping to booking appointments. They expect rapid resolution of any problems. We know our customers expect the best possible experience from us, whether they are residential and commercial customers relying on our networks to transport energy to their homes and businesses, or industrial and generator customers seeking a connection to our grid. We are committed to meeting today's needs and anticipating tomorrow's.

Operate safely and efficiently

Nothing is more important than the safety of our colleagues and the people in our communities. We want every person who works for National Grid to go home safely to their families each day. By embedding behavioural safety principles at all levels – across all business units and within our supply chain – we are shaping a proactive safety culture where everyone has the confidence, skills and environment to work safely every day. We also know efficiency is central for us in playing our part to keep energy bills down.

Build tomorrow's workforce today

Ultimately, our people deliver our strategy. From apprentices to senior leaders, we are focused on attracting and developing a workforce equipped with the skills of the future. This helps us deliver our strategic priorities, but also ensures we're creating high value employment opportunities and economic impact in the communities we serve.

…which are underpinned by our values

Do the right thing

- Stand up for safety every day
- Put our customers first
- Be inclusive, supporting and caring for each other
- Speak up, challenge and act where something doesn't feel right

Find a better way

- Embrace the power and opportunity of diversity
- Increase efficiency to help with customer affordability
- Work with others to find solutions for customers
- Commit to learning and new ideas

Make it happen

- Take personal ownership for delivering results
- Be bold and act with passion and purpose
- Focus on progress over perfection
- Follow the problem through to the end

Succeeding with our strategy

We deployed our five updated strategic priorities across the organisation in 2024/25

Our principal risks and uncertainties on pages 36–41

Enable the energy transition for all

What this means

We have an important role in the energy transition across all sectors of the economy through our networks. We work with policymakers, regulators and the wider industry to shape policy and regulatory frameworks needed to reach shared energy objectives.

Business environment links:

- Energy transition

KPI link:

- Green capital investment
- Climate change – Scope 1, 2 and 3 emissions

£7.7bn

Group green investment across distribution and transmission

2024/25 achievements

- In UK ET, we submitted our RIIO-T3 business plan to Ofgem, which will nearly double the amount of power we can transfer across the country.
- In UK ED, we submitted our ED3 Framework Consultation Open Letter, emphasising the need for a transformative approach to electricity distribution networks to meet the UK's net zero targets by 2050.
- In NGV, we achieved a major milestone in late 2024, receiving approval from Ofgem for LionLink, an offshore hybrid asset (OHA) project connecting the UK and the Netherlands. We have now agreed with Ofgem the final economic regulatory arrangements, which will allow us to progress to ordering long lead items.
- In NY, we began upgrading 1,000 miles of New York's grid to provide around four gigawatts of more resilient, clean, and secure energy across the State.
- In NE, the Massachusetts Department of Public Utilities approved our Electric Sector Modernization Plan (ESMP), also referred to as our Future Grid Plan, as a strategic roadmap. The plan outlines around $2 billion in anticipatory investments in the electrical distribution system.

Build the networks of the future now

What this means

We will scale a once-in-a-generation increase in network capacity to connect to, and transport electricity across, our networks. We will modernise our electricity networks to improve capacity, visibility, security and reliability. We will ensure the safety and reliability of our gas networks.

Business environment links:

- Affordability and economic development
- Technological change

KPI link:

- Group capital investment
- Asset growth

c.£60bn

Planned investment in our networks from April 2024 to March 2029

2024/25 achievements

- Last May, we committed to invest c.£60 billion in our networks over five years. In the last financial year, we have delivered £9.85 billion.
- In UK ET, we have commenced construction of six ASTI projects, including Eastern Green Link 1 and 2 comprising 700km of high voltage direct current (HVDC) subsea cables straddling the English and Scottish borders which has an estimated investment of over £4 billion.
- In UK ED, we delivered record investment, with a 14% increase on the previous year.
- In the US, we piloted the largest dynamic line rating in the US and the first in New York State. With proper targeting and design, dynamic line rating can increase the capacity of existing lines by up to 15-30%.
- In NY, the Proactive Planning Proceeding now enables anticipatory investment for electrification of heat and transportation and economic development. We proposed a capex portfolio of 'Urgent Upgrade Projects' addressing transportation and building electrification that we will move forward with once we receive the Public Service Commission order in early 2025.
- National Grid Partners surpassed $500 million in investments since 2018, focusing on modernising the grid and advancing utility innovation.

Deliver for customers

What this means

We aspire to provide excellent service to all our customers, ensuring they can connect to the network in a timely fashion, that their energy provision is reliable and that we are easy to do business with.

Business environment links:

- Energy transition
- Affordability and economic development
- Technological change

KPI link:

- Network reliability
- Customer satisfaction

99.9%

reliability maintained

2024/25 achievements

- In UK ET, we energised our first grid park at Sundon substation in Bedfordshire, allowing more renewable capacity to be connected in a cost-effective way. We have continued works to connect Dogger Bank, the world's largest offshore wind farm, and connected the Greenlink interconnector between Ireland and Great Britain.
- In UK ED, our Major Connections Strategy accelerated timelines for 2.9 GW of distributed energy resources by an average of 5.8 years in support of local net zero ambitions.
- In the US, we launched the Sense app (alongside deployment of our industry-leading AMI smart meters) to provide real-time energy insights to all customers at the appliance level.
- In NY, our electric operations successfully prepared for and responded to severe weather, including 16 major storm events. Where our service territories have been impacted by storm activity this year, we achieved an electricity restoration rate of 95% within 10 hours for impacted customers.
- NGV's interconnector fleet continued to play an integral role to GB energy security and delivered 38 TWh, the equivalent of powering over 14 million households.

Operate safely and efficiently

What this means

To deliver our part in a changing energy system, we are transforming our internal processes, strengthening our customer focus and sharpening our commercial edge. We are investing in the capabilities we will need in future and our ability to operate safely remains our top priority.

Business environment links:

- Affordability and economic development
- Technological change

KPI link:

- Group LTIFR
- Underlying EPS
- Group RoE

0.10

Lost time injury frequency rate (LTIFR) (target: equal to or less than 0.10)

2024/25 achievements

- In UK ET, the volume of work delivered by contractors continues to increase. We are enhancing collaboration with our supply chain partners, and have seen an improvement in the safety performance of our contractors.
- In UK ED, we designed and delivered a company-wide behavioural safety training programme with over 6,000 colleagues trained to date.
- In NE, our bi-annual Safety Culture Survey placed us in the top quartile of our external industry benchmark, underscoring our ongoing commitment to safety excellence.
- In NY, the Northeast Gas Association (NGA) gave us the Pipeline Safety Management System Recognition Award for demonstrating an outstanding commitment to safety.
- NGV concluded the year without a single serious injury across the business unit.

Build tomorrow's workforce today

What this means

Our colleagues shape the delivery of outcomes that exceed the expectations of all our stakeholders. By attracting high-quality talent and developing our people, we will ensure our colleagues are best placed to deliver our goals.

Business environment links:

- Energy transition
- Affordability and economic development
- Technological change
- Global uncertainty

KPI link:

- Employee Engagement Index

236

graduates welcomed in the US and UK

2024/25 achievements

- 161 graduates joined our graduate scheme in the UK, with 75 joining our US programme, alongside 172 'Gridterns' in the US over summer.
- We saw 276 apprentices commencing programmes combining practical work and academic study in the UK across ET and ED.
- We have proactively invested in our senior leaders who oversee major infrastructure projects, by creating a bespoke six-month global development programme in partnership with Saïd Business School, University of Oxford. Since September 2024, we have enrolled 46 delegates across two cohorts, spanning across our UK and US businesses, and our joint venture partners.
- Currently, 39% of our jobs are filled by internal promotions and moves, demonstrating our commitment to developing our colleagues internally.
- Our employee engagement index is 80%.

Our key performance indicators (KPIs)

We use a range of metrics through which we measure Group performance. In 2024/25, these metrics were aligned to our five strategic priorities.

Link to remuneration

Remuneration of our Executive Directors, and our employees, is aligned to the successful delivery of our strategy. We use a number of our KPIs/ alternative performance measures as specific measures in determining the Annual Performance Plan (APP) and Long-Term Performance Plan (LTPP) outcomes for Executive Directors. These measures are either specifically accounted for in remuneration targets or considered as part of a review of wider business performance.

Read more in the Directors' Remuneration Report on **pages 121 – 149.**

Deloitte assured data

We engaged Deloitte LLP in the current year and PricewaterhouseCoopers LLP (PwC) in the prior years to undertake a limited assurance engagement, using the International Standard on Assurance Engagements (ISAE) 3000 (Revised): 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' and ISAE 3410: 'Assurance Engagements on Greenhouse Gas Statements' over a range of data points within our Responsible Business data tables. The metrics identified with the leaf symbol, featured on page 1, pages 20 – 21 and page 77 are included in the scope of their work. Details of Deloitte's assurance opinion and National Grid's reporting methodology are set out in the Responsible Business section. Please refer to page 58.

Link to strategy

- Enable the energy transition for all
- Operate safely and efficiently
- Build the networks of the future now
- Build tomorrow's workforce today
- Deliver for our customers

Indicates an alternative performance measure

Deloitte assured data 2024/25

PwC assured data 2023/24

Financial measures

KPI and performance

Underlying EPS (p)*

73.3p

2024/25	73.3p
2023/24	72.1p
2022/23	68.9p

Link to strategy

Description

This is a measure of the Group's profitability for the year attributable to equity shareholders of the Group. It excludes exceptional items, remeasurements, timing, impact of deferred tax in UK regulated businesses (NGET and NGED) and US major deferrable storms (net of in-year allowances and deductibles) if these exceed $100 million threshold in a year.

As part of our five-year financial framework, we aim to grow Underlying EPS by 6-8% CAGR over the period to March 2029**

Progress in 2024/25

Underlying EPS grew by 2% year-on-year, driven by strong performance in New York, New England and UK ET coupled with lower finance costs more than exceeding the increase in share count driven by the Rights Issue. This is partly offset by lower profit from our non-regulated business and lower contribution from our share in joint ventures.

KPI and performance

Group capital investment (£m)

£9,847m

2024/25	£9,847m
2023/24	£8,235m
2022/23	£7,593m

Link to strategy

Description

This KPI measures our annual investment into property, plant and equipment, including capital prepayments, intangible assets and equity contributions to joint ventures and associates. Investing in our assets helps to increase our future revenue allowances.

We expect to invest around £60 billion between April 2024 and March 2029

Progress in 2024/25

Group capital investment has increased by 20% on 2023/24 driven by a step up in critical energy infrastructure investment across our regulated businesses, including higher connections spend and early Accelerated Strategic Transmission Investment (ASTI) investment in UK ET and increased spend on new transmission projects in New York.

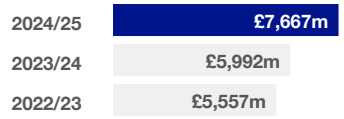
* Prior year comparatives restated to reflect the impact of the bonus element of the Rights Issue.
** From a baseline of 2024/25 Underlying EPS.

Financial measures

KPI and performance

Green capital investment (£m)

£7,667m



Link to strategy

Description

In calculating green capital investment we measure the proportion of our capital investment that supports environmentally sustainable practices and contributes to the energy transition. Green capital investment excludes capital prepayments and equity investments in joint ventures and associates.

We expect to invest around £51 billion in green capital investment between April 2024 and March 2029

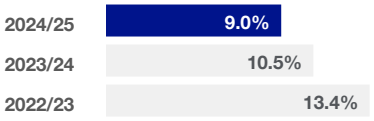
Progress in 2024/25

In 2024/25, we delivered £7.7 billion of green capital investment aligned to the EU Taxonomy, a £1.7 billion increase on 2023/24. This consisted primarily of investment in key infrastructure projects to support the energy transition, driven by a 33% increase in electricity network investments and a 16% increase in leak-prone pipe replacements across our gas networks.

KPI and performance

Group RoE (%)*

9.0%



Link to strategy

Description

In calculating Group RoE, we measure our performance in generating value for shareholders by dividing our regulated and non-regulated financial performance, after interest and tax, by our measure of equity investment in all our businesses, including our regulated businesses, NGV and other activities and joint ventures.

Our aim is to achieve around 10% Group RoE each year

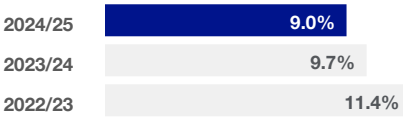
Progress in 2024/25

During 2024/25 we achieved Group RoE of 9.0% compared with the 10.5% achieved in the prior year. In 2024/25 the metric has been impacted by lower gearing (as a result of the Rights Issue) which, along with ongoing asset growth, has increased the metric denominator.

KPI and performance

Asset growth (%)**

9.0%



Link to strategy

Description

Maintaining efficient growth in our regulated and non-regulated assets ensures we are well positioned to provide consistently high levels of service to our customers and increases our future revenue allowances. This includes critical investment for a changing climate and increased demand.

Our aim is to achieve c.10% CAGR asset growth April 2024 to March 2029 (from a March 2024 baseline)

Progress in 2024/25

Asset growth during the year was 9.0% compared with 9.7% in 2023/24 driven by £9.8 billion of Group capital investment. Asset growth is lower than in 2023/24 predominantly due to negative growth in our non-regulated businesses and reduced indexation on UK RAV due to lower inflation. Regulated asset growth is 10.5% compared with 9.1% in 2023/24 driven by a step-up in investment in UK ET and NY.

---

* Prior year comparatives have been restated to reflect the change in our 'Group RoE' definition. Refer to page 294 for the updated definition and reason for methodology change.

** Normalised for the sale of UK ESO in the year.

Our key performance indicators (KPIs) continued

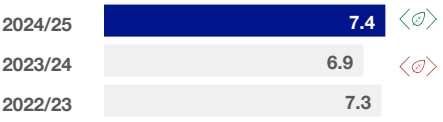
Non-financial measures

KPI and performance

GHG emissions

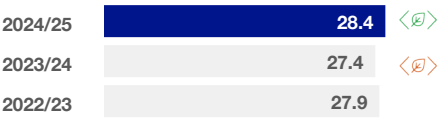
Scope 1 and 2 emissions ($mtCO_2e$)

7.4



Scope 3 emissions ($mtCO_2e$)

28.4



Figures are in million tonnes of CO_2 equivalent.

Link to strategy

Description

We are delivering new infrastructure to enable the digital, electrified economies of the future. Our biggest contribution to reducing greenhouse gas (GHG) emissions, both across society and in terms of our own emissions, is what we do to enable the transportation and distribution of clean energy in the regions where we operate. We understand the importance of partnership and are actively engaging with governments, regulators, and the energy industry to ensure the policy and regulatory frameworks required for future investments in decarbonising the energy sector, and reducing our emissions, are in place.

Ultimately, we are helping to tackle climate change by enabling the energy transition for all and targeting net zero for our own emissions by 2050.

Progress in 2024/25

Scope 1 and 2 emissions for 2024/25 were 7,422 $ktCO_2e$, outside of the range set out in our Climate Transition Plan, demonstrating the likely nonlinear trajectory of our emissions targets. This is a decrease of 4.4% against our 2018/19 baseline. The increase in emissions in 2024/25 is largely due to an exceptional year of increased combustion of oil and gas at National Grid Generation on Long Island, attributable to contractual obligations with the Long Island Power Authority (LIPA). Our Scope 3 emissions (excluding sold electricity) for 2024/25 as per our SBTi target were 25,566 $ktCO_2e$, representing a 5.8% increase against our 2018/19 baseline caused by our increased capital investment in constructing new energy infrastructure.

You can read more about our GHG emissions and environmental performance on pages 44 – 47.

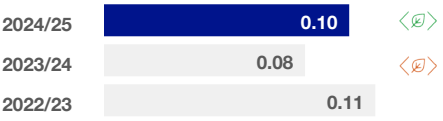
You can read more about the Task Force on Climate-related Financial Disclosures (TCFD) and our wider sustainability activities and performance on pages 59 – 77.

KPI and performance

Group lost time injury frequency rate (LTIFR)

(LTIs per 100,000 hours worked)

0.10



Link to strategy

Description

Every day we strive to do the right thing, find a better way, and make it happen. Safety is our highest priority for our employees and the public. One of our main safety indicators is LTIFR. This is the number of worker LTIs per 100,000 hours worked in a 12-month period (including fatalities) and includes our employee and contractor population.

Our aim is to achieve 0.1 or below LTIs per 100,000 hours worked per year

Progress in 2024/25

Safety is an important factor within decision making for our Executive Directors' remuneration, reflecting the expectation that safety is an integral part of how we work at National Grid.

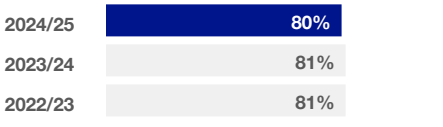
This year. we achieved a LTIFR of 0.10, compared to 0.08 in 2023/24, primarily driven by an increase in reporting of incidents such as trips, falls and manual handling injuries. This reflects our continued focus on encouraging good safety behaviours across the entire workforce.

You can read more about our LTIFR performance in the Responsible Business review on page 56.

KPI and performance

Employee engagement index (%)

80%



Link to strategy

Description

This is a measure of how engaged our employees feel, based on the percentage of favourable responses to questions repeated annually in our employee engagement survey.

Our aim is for our employee engagement metrics to remain at or above the high-performing norm (as benchmarked by our external survey provider)

Progress in 2024/25

We run an employee engagement survey, Grid:Voice, twice-yearly, to understand and act on colleague feedback. This allows us to build a culture that is purpose-led and results-driven, with a great colleague experience. As a result, we enjoy high engagement and strong advocacy, above external benchmarks.

This year, 79% of colleagues took part in the survey (last year: 78%) and our employee engagement index score was 80% favourable. The score has remained consistent to prior years, however, three points below the high performing companies norm in the current year.

Non-financial measures

Network reliability and interconnector availability

We aim to deliver reliability by planning our capital investments to meet challenging demand and supply patterns, designing and building robust networks, and having risk-based maintenance and replacement programmes, and detailed and tested incident response plans. We measure network reliability separately for each of our business areas.

Network reliability %	2024/25	2023/24	2022/23
UK ET	**99.99983**	99.999998	99.99997
UK ED	**99.98294**	99.99261	99.99453
NE ET	**99.98544**	99.97549	99.95212
NY ET	**99.84345**	99.97168	99.97189
NE ED	**99.97724**	99.94327	99.96824
NY ED	**99.94077**	99.92823	99.92384
Interconnector availability			
IFA interconnector	**79.4**	82.0	51.7
IFA2 interconnector	**74.9**	71.2	95.7
BritNed interconnector	**75.6**	98.0	99.9
Viking interconnector	**91.7**	N/A	N/A
NSL interconnector	**95.0**	95.9	86.7
Nemo Link interconnector	**98.8**	96.8	98.1

Link to strategy

In both the UK and US, we continued to maintain high levels of reliability on all our networks.

Viking Link achieved its first full year of operation, achieving excellent 91.7% availability across the year. IFA has seen decreased availability this year due to increased planned and short unplanned outages. BritNed has also seen decreased availability due to an extended planned outage and an unplanned outage due to a cable fault.

Customer satisfaction

We measure customer and stakeholder satisfaction, while also maintaining engagement with these groups and improving service levels.

	2024/25	2023/24	2022/23	Target
UK ET (/10)	**6.5**	7.2	7.2	7.7
UK ED (/10)	**8.98**	8.97	8.99	9.12
NE residential – Customer Trust Advice survey (%)*	**53.9**	57.5	59.3	—
NY residential – Customer Trust Advice survey (%)*	**61.1**	64.5	63.8	—

We are committed to efficiently connecting millions of people to the energy they use. In UK ET, we follow the Quality of Connections Incentive, for which it was a challenging year due to the rapidly growing connections pipeline and its impact on connection dates. We are working closely with others across the industry to address the challenges caused by the current connections pipeline.

In UK ED, we investigate areas of good practice across our licence areas, developing actions to deliver year-on-year improvement toward our target.

In the US, both regions faced high inflation and a long, unseasonably cold winter, causing impacts on affordability and negatively affecting our customers' sense of value. Our teams are working on enhancing business processes, expanding our energy efficiency and outreach, as well as adopting the latest technologies and undergoing training to drive improvements.

You can read more about our customer satisfaction scores in the Responsible Business review on pages 48 and 50.

* The current year data for the Customer Trust Advice survey includes both commercial and residential customers to provide a comprehensive view of our entire customer base. Previously, only residential customer data was included. Therefore, prior year data has been recalculated to incorporate commercial customers for a consistent comparison.

Our stakeholders

Effective stakeholder engagement is key to achieving our long-term strategy

Section 172(1) Statement

The Board recognises its responsibilities to the Group's stakeholders and to wider society. The Directors strive to understand and consider the interests and views of stakeholders and take these into account in their decision-making. The Board is responsible for setting and monitoring the Group's culture and values, and these values guide the Directors in their decision-making.

The Directors consider all stakeholders when making key decisions, but recognise that not every decision will result in the preferred outcome for each stakeholder. The Board therefore seeks to balance the diverse and sometimes conflicting priorities and interests of the Group's stakeholders, ensuring that decisions support the long-term, sustainable success of the business and uphold a standard of business conduct aligned to our values and purpose.

Throughout the year, the Directors have acted in the way they considered, in good faith, was most likely to promote the long-term success of the Company for the benefit of its members as a whole, and have had regard to the matters set out in section 172 of the Companies Act 2006. Further information on how the Board has had regard to each of the matters is set out below.

Section 172 factor	Disclosure	Page
The likely consequence of any decision in the long term	Our strategic priorities	14
	Our business model	8
The interests of the Company's employees	Our stakeholders	22
	Responsible Business review	42
	Board workforce engagement	106
The need to foster the Company's business relationships with suppliers, customers and others	Our stakeholders	22
	Responsible Business review	42
	Board stakeholder engagement	23
The impact of the Company's operations on the community and the environment	Our stakeholders	22
	Responsible Business review	42
	TCFD	59
Maintaining a reputation for high standards of business conduct	Responsible Business review	42
	Corporate Governance overview	97
The need to act fairly as between members of the Company	Our stakeholders	22
	Responsible Business review	42
	Board stakeholder engagement	23

Delivery of the Group's long-term strategy can only be achieved by working with our customers and stakeholders, so we ensure we engage effectively with the right people at all levels of our organisation.

How we engage

Our stakeholder population continues to grow and diversify, and engagement with them is an integral part of our day-to-day business. Our approach remains to engage effectively and in a timely manner on the topics and decisions which matter most to our stakeholders, with engagement being led by the most appropriate colleagues. This involves everyone from our Board Directors, who regularly engage with key stakeholders, to working-level engagements supporting our day-to-day work, and all roles in between. We use the outputs of this engagement to inform the decisions we take to shape and deliver our strategy, with reporting mechanisms in place to enable a flow of information from our stakeholders to the Board and its Committees, and to help us act on what we hear.

Customers

Customers are the heart of our business. Regular and effective engagement with our customers is key to us delivering what they need and expect from us.

Interests	Our engagement	Outcomes
Our customer base is broad, from those we have served for decades, to an increasing number of new customers. Their interests are wide-ranging but all expect efficient and reliable service, and transparency and fairness in how we work with them. We endeavour to understand their needs and challenges, and how our activities can impact their lives and businesses.	• Senior leaders, including Business Unit Presidents, regularly meet customers to understand their strategic priorities. • Teams across the business continue to engage with customers on a day-to-day basis regarding new and existing connections, bill-related matters and social obligations, through one-to-one meetings, customer panels and a range of other channels. This has included managers in the UK ED Customer Connections team collaborating with customers one-to-one regarding local distribution connections amid ongoing regulatory reforms, and holding Community Energy events to understand the challenges our customers are facing. • The Board receives regular updates on customer matters and undertook two customer deep dives during the year.	• Our customer engagement helps shape what we do both operationally and strategically. Understanding our customers means we can better meet their needs for new connections and ongoing account management and informs longer-term policy. • In the past year, our UK customers have played a key role in shaping our RIIO-T3 business plan, and their views have also informed our input into a parliamentary inquiry into community energy. • In the US, our work with consumer advocates helped enhance state law to make affordability programmes more accessible to our customers.

Investors

We engage with equity and debt investors on strategy and performance. They play a vital role in enabling us to deliver the investment required for a secure, affordable and clean energy future.

Interests	Our engagement	Outcomes
Investors are interested in our financial and operational performance, which act as key indicators of our ability to provide attractive returns and credit worthiness. There is also increased interest in our Responsible Business commitments and reporting to provide assurance that investments are sustainable, ethical and responsible.	• During the year, the Chair, Chief Executive and Chief Financial Officer met with institutional investors in the UK and overseas as part of our comprehensive Investor Relations programme. • Meetings followed our full and half-year results and the announcement of our Rights Issue in May 2024. • The Board attended our 2024 AGM, a hybrid meeting allowing shareholders to participate in person or online. • The Chair of the Remuneration Committee led engagement with investors regarding a new Directors' Remuneration Policy. • The Board receives regular updates on Investor Relations matters from the Director of Investor Relations, along with a monthly Investor Relations dashboard report.	• Through our engagement, investors understand our investment case and have visibility on our strategy, performance and financial strength. This engagement helped us to efficiently access new debt and equity funding during the period, including the £7 billion Rights Issue. • The Remuneration Committee considered feedback from its engagement with investors in relation to the Directors' Remuneration Policy.

Colleagues

We listen to and engage extensively with our colleagues, and with the bodies which represent them, through a number of channels and processes. This enables us to understand their needs and requirements and build a culture that will help to drive our performance, shape our plans and develop a skilled and motivated workforce.

Interests	Our engagement	Outcomes
Colleague interests are wide-ranging. They have an interest in Company performance and what this means for them individually, but also want to understand, and play a part, in shaping our role in the industry and the delivery of our strategic objectives.	• Over the past year, we continued our extensive programme of colleague engagement. This has included: – a series of live webcasts to all employees, hosted by our Chief Executive – regular all-hands calls hosted by members of the Group Executive Committee and senior management – operational site visits by senior management • Members of our Senior Leadership Team engaged with employees via our internal communication and social media platforms, email and via our ERGs. • The Chief Executive and Chief People Officer provided regular updates on employee matters to the Board, including the results of our twice-yearly employee engagement survey, Grid:Voice. • The Board engaged with colleagues with its 'Full Board Employee Voice' approach which included site visits, and formal and informal meetings with talent cohorts and the wider workforce. Further information on Board and workforce engagement can be found on page 106.	• 79% of colleagues took part in our Grid:Voice survey, with an employee engagement index score of 80% favourable. The results and feedback helped to identify areas where we could do more to support employees.

Our stakeholders continued

Supply chain and delivery partners

Engaging with our supply chain and delivery partners, and working in partnership with them, helps us to find better and more innovative ways of delivering our commitments. We engage both strategically and tactically across a range of topics and projects.

Interests	Our engagement	Outcomes
In addition to day-to-day commercial interests, our supply chain and partners are interested in greater forward visibility and contractual commitments over a longer horizon to help them develop skills, build capacity and support innovation to meet our needs.	• Structured quarterly engagement takes place with strategic suppliers and contractors, complemented by Executive-sponsored senior-level engagement to foster collaboration and discuss strategic issues facing the sector. • Over the past year, this included development of an Industry Skills & Workforce Planning Group, consisting of representatives from key external partners, to address the industry skills gap challenge through a focus on critical specialist workforce roles. • The Board receives updates on the Supplier Engagement Programme via business unit updates during the year. Group Executive members are each assigned as sponsor to a select number of suppliers and provide feedback on engagement to the Board as required.	• Sharing details of key priorities with our supply chain and gaining a better understanding of their business needs allows us to jointly manage continuity of supply in the shorter term and to shape our approach to future challenges, such as the acceleration of network investment required to connect new sources of energy. • Alignment of UK Supply Chain Policy position has supported us in informing Government and Ofgem on changes required for connecting offshore wind. • We have signed up to the Prompt Payment Code and encourage our suppliers to adopt the principles of this code throughout their own supply chains.

Communities

We engage extensively with the communities within which we work, and with their representatives, to understand their needs, mitigate the impact we have on them and ensure we support them in the appropriate ways.

Interests	Our engagement	Outcomes
Our communities need us to deliver energy securely, reliably and affordably, while minimising the impact our operations have on them and supporting those who need it most.	• We engage with community stakeholders and members of the public to understand their views and what they expect from us. • We engage extensively with impacted communities as part of our major projects planning consultations, and we use their feedback to inform the proposals we submit for development consent. • During the year, Board members visited operational sites and received management updates on community matters, including our strategic infrastructure projects and the RIIO-T3 business plan submission. • Further details of how we engage with our communities can be found in ‘Our customers and communities’ on pages 48-50.	• Our outreach programmes continue to play an important role in supporting economic growth and the upskilling of communities, especially in the most socio-economically disadvantaged areas. • In the US, our engagement has helped secure a requirement for a comprehensive needs assessment for electric vehicle (EV) charging along highway corridors, which helps enable investment to meet the demands for the communities we serve. • In the UK, consultation with communities and residents living near our proposed new infrastructure projects is critical in helping shape our proposals and continues to be a key enabler for progression of new infrastructure projects.

Political and regulatory

We engage with regulators, governments and other key political stakeholders to support the regulatory and policy frameworks required to deliver current and future energy needs. We work closely with our regulators on rate cases in the US and price controls in the UK.

Interests	Our engagement	Outcomes
The interests of our regulators and political stakeholders are based around a common theme – whether UK or US, state or federal – to protect the interests of customers and to deliver a secure, affordable and clean energy future.	The Board met with NESO and NYISO in November 2024 and received updates across the year on political and regulatory matters. Engagement included: • Our New York President updating the NYPSC Chair and Commissioners on strategy, performance, and how we support State policy goals. • Our New England President and leadership team engaging with the Massachusetts Department of Public Utilities (MADPU) Chair and Commissioners on innovation, grid resilience and affordability. • Our Federal Government Relations team engaging Congress and the Biden and Trump administrations on affordability, load growth, reliability, tax and permitting. • UK Executive and working-level colleagues engaging with Ofgem on the development of NGET’s RIIO-T3 business plan and the ED3 regulatory framework, and with the UK Government on its policy agenda, including the plan for Clean Power 2030.	Our engagement in the US has led to: • A Massachusetts Electric Rate Case order which provides five-year certainty for planned network investments and numerous performance incentive pathways. • Approval of the ESMP strategic roadmap. • Filing of a Joint Proposal with NYPSC for a three-year rate settlement at our Niagara Mohawk upstate New York electric and gas businesses. In the UK, our engagement has: • Supported the development of a new regime for grid connections as well as proposals for planning reforms. • Supported the creation of new Government guidance outlining ‘Community Funds for Transmission Infrastructure’, published in March 2025.

Our Business Units

UK

UK Electricity Transmission

Highlights

National Grid Electricity Transmission is the backbone of the UK energy system, supporting the growth of British business and acting as a critical enabler in meeting the country's Clean Power 2030 aspirations. In 2024/25 we continued to deliver safely for our customers and stakeholders with strong operational and financial performance. We have delivered more network capacity, connected more renewable energy, innovated and improved on our excellent financial performance compared to the previous year. Our Strategic Infrastructure unit, set up in 2023 to focus on the ASTI projects, is now well established to deliver those major projects. Our Great Grid Upgrade is underway.

Enable the energy transition for all

In December, we submitted our five-year business plan to Ofgem. This plan is the largest overhaul of the UK electricity grid in generations and will significantly reduce the UK's reliance on fossil fuels. The UK ET plan sets out investment of up to £35 billion between 2026 and 2031, around two and a half times UK ET's investment over the previous period (RIIO-T2). This investment will transform our network, nearly doubling the amount of power we can transfer across the country, providing twice as many customer connections as in the last five years and avoiding c.£12 billion of constraint costs, where there is less capacity on the network than unconstrained market positions would seek to utilise.

Build the networks of the future now

We have commenced construction of six ASTI projects, including Eastern Green Link 1 and 2 comprising 700km of high voltage direct current (HVDC) subsea cables straddling the English and Scottish borders, which has an estimated investment of over £4 billion. We have secured primary delivery partners for eight of the remaining 11 ASTI projects with the remaining three projects in the final stages of procurement. Construction will commence once public consultations have completed and consents granted. We are working to deliver a number of other major infrastructure projects – we are re-wiring the capital in the London Power Tunnels project to improve network resilience, connecting the Hinkley Point C nuclear power station to help make net zero a reality, and delivering visual improvement projects in areas of natural beauty such as Snowdonia. We have taken a site strategy approach to consider multiple drivers for investments, including customer, infrastructure upgrade, asset failure risk and SF_6 (sulphur hexafluoride) emissions to identify substations to be rebuilt or decommissioned in RIIO-T3.

Our supply chain task force is collaborating closely across the industry and transforming how we think about procurement. This is in the context of competition for resource creating global supply chain constraints, with many countries upgrading their grids to connect renewable energy. While there is some inflationary risk around the evolving US Government position on tariffs, the impact of the US tariffs is not expected to be material relative to our spend. Over the last 12 months, we have launched three major initiatives to improve how we work in partnership with our supply chain – the Great Grid Upgrade, HVDC partnerships and a regional delivery model.

We remain committed to reducing our SF_6 emissions by 50% by 2030. To achieve this, we have collaborated closely with suppliers and universities, successfully trialling innovative leak repair technology, enabling us to avoid outages and keep electricity flowing while we work. Increased availability of SF_6 free technology will be critical to reducing future emissions and meeting this target.

Deliver for customers

This year we have continued works to connect the world's largest offshore wind farm, Dogger Bank, connected the UK's largest transmission-connected battery energy storage unit (at the time of connection), connected the Greenlink interconnector between the UK and Ireland, and completed our first grid park at Sundon substation in Bedfordshire. Grid parks are a new and innovative way to connect renewable energy to the network, requiring fewer system outages and less commissioning resource, enabling more renewable energy to connect to the electricity grid more quickly at a lower cost.

We have collaborated closely with stakeholders across the industry to establish widespread agreement on the principles of the reforms needed to reduce connection timescales. The reforms are set to go live in spring 2025 to address a connections pipeline (in excess of 420 GW) that is more than three times the most ambitious net zero scenario published by the National Energy System Operator (NESO) and rapidly growing demand for data centre connections. Demand for data centre connections now totals 13.5 MW, the equivalent of connecting four Hinkley Point Cs to our network. Our T3 proposals will allow us to meet the increase in demand head on by ensuring that there is flexibility to respond to evolving customer requirements.

In May 2025, the NESO published its interim report investigating the outage following the fire at our North Hyde electrical substation in March 2025. The report establishes the timeline and sequence of events, and outlines further steps required ahead of the NESO delivering their final report, expected in June 2025. These investigations provide an opportunity to stand back and look together at how we can increase collaboration to ensure the resilience of important national infrastructure.

Read more about our business units on **pages 256 – 261**

Our Business Units continued

Operate safely and efficiently

Our Lost Time Injury Frequency Rate (LTIFR) was 0.07 for our contractors and 0.07 for employees against the world-class safety standard of 0.10. This is an improvement in the safety performance of our contractors and follows a concerted effort on contractor safety, including embedding minimum contractor training standards in contracts.

Over the course of 2024/25 we delivered £32 million of totex synergies from integration with Electricity Distribution and over £14 million of enduring opex savings.

Build tomorrow's workforce today

Our RIIO-T3 plans are a step-change in how we invest in our people and plan our workforce. To deliver our commitments, we will expand our workforce, retain our experienced colleagues and upskill our people with the skills needed for the energy sector of tomorrow. We will continue to build a high-performance culture that has safety at its core. We have already embarked on this journey, expanding our workforce by over 600 employees to end the year close to 4,000 employees.

Looking ahead

The decisions we make in the next five years will shape the energy system, our economy and our society for generations to come. By the end of RIIO-T3, we will have nearly doubled the power that can flow across the country, reorienting the UK's once coal and gas reliant legacy system into one based on renewable energy and delivering the energy infrastructure needed for a digital economy. 2025/26 and RIIO-T3 will see Electricity Transmission power the country through change, supporting economic growth and decarbonisation as we deliver the grid of tomorrow, today.

UK Electricity Distribution

Highlights

UKED plays a vital role as the region's engine for growth. Every day we support 20 million customers across 8 million homes and businesses, delivering reliable electricity and connecting people to the electricity they need to power their lives.

Over the last year, UK ED has recorded strong operational and financial performance as we expanded our network, connected new demand and generation customers, and provided a safe and reliable service across four licence areas. We continue to provide an excellent service for our customers, with an average satisfaction score of around 9/10.

With a change of government and an ever-increasing focus on the future role of networks, we are shaping policy that impacts our sector and our region. The results of our extensive engagement effort can be seen in the publication of the National Infrastructure Commission's report into electricity networks, and in our early engagement on the ED3 regulatory framework.

We are hard at work building the electricity network of tomorrow, today.

Enable the energy transition for all

Throughout 2024/25, we have continued to focus on customer affordability and are proud of the support provided to our most vulnerable customers. Our first Customer Vulnerability Report in 2024/25 sets out how we helped 21,000 customers to save a total of £22 million through our fuel poverty programmes, as well as how we have continued to grow our Priority Services Register. We have also delivered a step change in our external engagement, shaping national and regional policy and ensuring we are supporting stakeholders with their growth and net zero agendas.

Over 4,500 stakeholder interactions took place through the year, making sure National Grid's voice is heard on the issues that matter, such as the future development of electricity networks, the ongoing development of Regional Energy System Planners, Local Area Energy Plans, and Connections Reform.

During the year, we awarded nearly £1 million to 247 grassroots organisations through our Community Matters Fund and our new colleague volunteering programme enabled our people to volunteer over 10,000 hours to support local causes. We won the Corporate Community Local Involvement Award for impactful partnerships at the Charity Times Awards. Through our Solar for Schools initiative, we installed solar panels on five schools, and we launched new safety education resources for 4,953 schools, educating over 85,000 children on electrical safety.

Build the networks of the future now

In 2024/25, we powered growth across the Midlands, South West and South Wales, connecting new homes and businesses, over 40,000 electric vehicle charge points, 40,000 domestic solar PV installations and 16,000 heat pumps. In addition, we connected 595 MW of clean, renewable electricity to the grid, and through our Major Connections Strategy accelerated timelines for 2.9 GW of distributed energy resources by an average of 5.8 years in support of local net zero ambitions. This included the award-winning Horsey Levels solar farm in Somerset.

Read more about our business units on **pages 256 – 261**

Our new Connections team has been a leading voice in connections reform, forming strategic partnerships with customers, including Octopus Energy and RWE. We held our first ever 'Connections Hackathon' event (in partnership with Octopus Energy), to facilitate collaboration in the development of solutions to enhance the overall connections process. We championed the phrase 'first ready, first needed, first connected' which has been adopted by NESO and now used widely in industry materials.

Our new ClearView products, ClearView Connect and ClearView Charge, are designed to increase transparency of data and information for customers ahead of the connection pre-application stage.

During the year, we launched our DSO strategy and continued to drive participation in energy flexibility programmes to better utilise network capacity and make room for growth. Our independent DSO Panel, comprising industry experts representing a broad range of stakeholder views, is adding strategic value by scrutinising DSO outputs. We have seen a strong performance in DSO incentives.

Deliver for customers

In the period we scored an impressive 8.98 out of 10 for Combined Broad Measure Customer Satisfaction and maintained high network reliability of 99.98294%.

Our network successfully navigated a difficult storm period. This included responding to Storm Darragh, the largest storm faced by the region in decades, with 96 mph winds and two red weather warnings. We recorded over 4,000 incidents during Darragh, with around 750,000 customers impacted, three times more than during Storm Arwen in 2021. Responding to the storm required a full scale response from the whole business and, through prompt deployment of colleagues and contractors and a fleet of five helicopters, we were able to restore power to 95% of customers within 48 hours. We also took proactive measures to keep customers informed through 22 broadcast media interviews, with additional interviews carried out in Welsh for Welsh-speaking customers.

We are also proud to have provided support to other DNOs in Ireland, Northern Ireland and Scotland in the form of field crews and helicopters during Storm Éowyn.

We were successful in securing funding through the Storm Arwen Reopener, which will further enhance network resilience through undergrounding high voltage overhead lines in wooded areas and introducing pre-fix technology.

Operate safely and efficiently

We are committed to ensuring the safety of every colleague. In 2024/25 we designed and delivered a company-wide behavioural safety training programme and have trained over 6,000 colleagues to date. Our Lost Time Injury Frequency Rate increased to 0.18 against the world-class safety target of less than 0.10, but the severity of recorded incidents has fallen.

We have exceeded our 2024/25 synergy target across National Grid Group, delivering £88 million of cumulative benefit since acquisition, with high confidence to exceed the £100 million target by the end of 2025/26.

Build tomorrow's workforce today

We continue to invest in our workforce, hiring over 670 people in 2024/25 boosting our workforce to over 7,000 people working to ensure a safe, reliable, and growing regional network. It's not just our direct workforce, but our work also supports thousands more jobs throughout the supply chain.

We have continued to enhance our workforce capability by focusing on developing effective leadership through targeted development interventions and implementing a strategic workforce plan that provides a clear and forward-looking view of our future needs. We have also continued to hire a significant number of apprentices and promote social inclusion through our entry level Craft Attendant role, which is reducing barriers to talent entering our sector.

Looking ahead

In January 2025, we submitted our ED3 Framework Consultation Open Letter, setting out our thoughts on the approach to the next regulatory price control. The response emphasises the need for a transformative approach to electricity distribution networks to meet the UK's net zero targets by 2050. We also fed into the National Infrastructure Commission study helping to shape the future of distribution networks.

We will continue with engagement to influence and shape Ofgem's Sector Specific Methodology Consultation for RIIO-3 alongside the Energy Networks Association which is expected in Q3 2025.

Read more about our business units on **pages 256 – 261**

Our Business Units continued

US

New England

Highlights

New England is focusing on business fundamentals, prioritising key initiatives that drive results and executing consistently to deliver our five strategic priorities. We connect our customers to the energy they need, while delivering strong operational and financial performance. We invested over $2 billion in our networks in 2024/25 while maintaining our focus on safety. With a new Rate Case Order for the Massachusetts electric business (MECO) and an approved Electric Sector Modernization Plan (ESMP), we are well positioned to deliver the infrastructure required to help meet energy demand, improve the customer experience and enable economic growth in our region.

Enable the energy transition for all

Our ESMP, or Future Grid Plan, was approved as a strategic roadmap by the Massachusetts Department of Public Utilities (MADPU). The five-year plan, designed to help Massachusetts meet its clean energy goals, outlines c.$2 billion in anticipatory investments in the NE electrical network which are foundational to meeting future energy demand, projected to more than double by 2050.

We received the MECO rate case order to fund the investments needed to maintain and improve reliability to support increased load growth on the distribution network with timely cost recovery. The approval of the capital recovery mechanism will enable us to invest at the pace required to meet customer needs and is a shift toward forward-looking ratemaking by the regulator. The core rate case can fund increasing capital requirements that are incremental to the ESMP. The order also favourably addresses the affordability and equity needs of our customers through multi-tiered low-income discount rates and provides performance incentive mechanisms aligned with increasing distributed energy resource interconnections and enrolment in low-income assistance programmes.

This year we concluded a five-year project across our southeastern Massachusetts and Rhode Island transmission network to improve asset conditions and reliability, the largest ever project completed by our internal Transmission Line Services team. This extended the life of 345 kv circuits across four transmission lines, replaced over 750 poles and towers, and added over 100 miles of optical ground wire.

In addition, we connected over 197 MW of distributed energy resources, reduced lead times for those connections, and enabled the installation of 19.2 MW of EV charging infrastructure.

Build the networks of the future now

To more efficiently deliver our electric capital project portfolio, we built new capability, transformed how we secure long-term resources, and developed demand forecasts for key materials in categories with the highest market risk and criticality to 2030.

The implementation of our Future Grid Plan will be supported by a streamlined siting and permitting process codified in comprehensive climate legislation signed into law in November 2024.

We continued to expand our fault location isolation and service restoration (FLISR) capability that enables self-healing networks and improved reliability. In 2024/25 NE had c.70 successful FLISR operations which restored power to 86,000 customers within a minute and avoided 14 million minutes of customer outages. Currently, 24% of our customers are covered by a FLISR scheme and we continue to deploy it across the state.

In our gas business we replaced 134 miles (216 kilometres) of older leak-prone metal pipe to improve network safety and reduce methane emissions. We also continued to scale the use of low-dig technology to seal over 800 joints. As part of the DPU's requirement to evaluate non-pipeline alternatives, we are now progressing geothermal pilot activities in Boston and integrated energy planning to learn more about the practical realities of transitioning customers from gas to electric.

Deliver for customers

Significant steps were taken to improve the customer experience and deepen customer-centricity across all of our operations by focusing on foundational processes and evolving the structure and systems required for the future. We established an Account Management Team to better serve and connect our largest customers and continued to enhance our digital platforms to make it easier for customers to do business with us. We also successfully completed a billing system conversion, putting all six million of our US customers onto one platform. While the migration was successful, there were some issues leading to bill delays for some gas customers that arose over the winter, and which were subject to remediation following an order from the DPU.

Our Advanced Metering Infrastructure (AMI) programme is underway, installing the first 17,000 smart meters this year towards our over one million meter goal. AMI infrastructure will provide real-time energy insights to customers and provide opportunities for energy efficiency.

We have managed several storms, continuing to be recognised for exemplary performance in our service territory and in support of peers in the aftermaths of hurricanes Helene and Milton, including emergency response awards from the Edison Electric Institute.

Read more about our business units on **pages 256 – 261**

Operate safely and efficiently

Our LTIFR in the year was 0.08 which is consistent with the prior year. We are committed to serious injury and fatality reduction initiatives and to ensuring that all colleagues are engaged with safety matters and safety excellence. In our bi-annual Safety Culture Survey engagement rose significantly with results placing us in the top quartile of industry peers. The gas team received a recognition award for incident reduction and safety culture from the Northeast Gas Association.

Our business achieved operational efficiencies of $30 million this year through various actions, including enhanced reliability management in our electric business, higher utilisation of customer self-service tools and reduced leak work load.

Build tomorrow's workforce today

Our Strategic Workforce Development Programme partners with academic, community-based and training organisations to provide trainees with career exposure, mentoring, intern and employment opportunities within National Grid. Nearly 100 graduates from our Clean Energy Academy programme have been hired into roles across the business.

Looking ahead

We are committed to delivering the capital projects that our customers and communities are counting on, from physical infrastructure to innovative enabling technologies. And we will coordinate all efforts to achieve the regulatory and policy outcomes critical to our business, including the implementation of our MECO Rate Case and ESMP while keeping affordability a core component of our mission to provide safe, reliable energy.

New York

Highlights

New York continues to perform well across our 26,400 square mile service territory. As we progress toward a smarter, stronger, cleaner energy system, decarbonising our networks remains a priority. In August 2024, we received approval from the New York Public Service Commission (PSC) for a three-year rate settlement for our down state gas distribution businesses, KEDNY and KEDLI. In May 2024, Niagara Mohawk filed a joint proposal with the PSC to enhance system reliability and advance New York's clean energy goals.

Enable the energy transition for all

The KEDNY and KEDLI rate case agreement includes approximately $5bn in capital investments to ensure the reliable and safe operation of the network. Additionally, the agreement provides funding for programmes to promote energy efficiency and reduce emissions, and initiatives to assist vulnerabile customers.

Niagara Mohawk's filing proposes resetting electricity and natural gas delivery prices and focusing on maintaining critical infrastructure, improving customer service, with additional assistance to vulnerable customers, promoting economic growth, and preparing electricity and gas networks for the energy transition. The PSC Board's decision is expected in summer 2025. The NY Proactive Planning Proceeding enables anticipatory investment for economic development and to electrify heat and transportation. We proposed a capex portfolio of urgent upgrade projects, which we will move forward with on receipt of the PSC order.

Build the networks of the future now

Our Upstate Upgrade is a $4 billion investment to transform the electricity delivery system and propel economic growth across upstate New York. The multi-year initiative includes replacing and rebuilding transmission lines, building and reconfiguring substations, deploying state-of-the-art technologies to improve resiliency and reliability, and connecting clean energy produced locally. The projects will improve service to our 1.7 million customers, benefit the regional economy, and support the goals of New York's Climate Leadership and Community Protection Act (CLCPA).

Today, our New York Future of Electric Networks plan has enabled over 5,000 charging ports and connected 2,100MW of distributed energy resource (DER). To support the increase of renewables coming online, we have streamlined the connection process, achieving faster connections to our large scale renewables, DERs, and EV customers.

To boost network efficiency and grid management, we completed installation of over 775,000 smart meters, covering more than a quarter of our customers, with a goal of 100% in four years. In parallel, we launched the Sense app for customers. It provides real-time energy insights at the appliance level to drive behavioural shifts.

Read more about our business units on **pages 256 – 261**

Our Business Units continued

We commissioned the largest dynamic line rating (DLR) project in the US using 26 LineVision sensors on four 115kV lines in Western New York. This allows us to reduce curtailment of renewable energy and congestion in constrained areas, limiting unnecessary transmission upgrades and new builds. Additionally, we commissioned our first digital substation in Oswego. We are exploring the benefits that digitising can bring in reducing construction, operation and maintenance costs while improving safety and reliability.

We continue to deploy FLISR technology. In 2024/25, we have avoided more than 28,000 service interruptions and more than 5 million minutes of customer downtime.

Our downstate New York rate case approved funding for the connection of four renewable natural gas (RNG) facilities. These projects will convert food waste and/or wastewater sludge to produce approximately 1.15 million dekatherms per year of RNG. This is equivalent to annual natural gas demand from approximately 9,200 homes, avoiding approximately 590,000 metric tonnes of CO_2 emissions per year.

Our strategy aims to leverage innovation to future proof our business. Examples include the EV Charge Smart Plan, which helps makes electric vehicle charging at home affordable, flexible and environmentally friendly with nearly 2,000 customers; and a collaboration with ULC Robotics to pilot a robotics tool to repair large numbers of leaking or leak prone gas joints.

We filed our long-term gas plan with the PSC, outlining our vision for the future of gas and the steps needed to put New York on track to achieve the CLCPA's emissions goals. We continue to engage with PSC and other stakeholders while awaiting feedback and direction.

Deliver for customers

Our electric operations successfully prepared for and responded to severe weather, including 16 major storm events. We achieved an electricity restoration rate of 95% within 10 hours for impacted customers.

We won six awards from Edison Electric Institute (EEI) this year for our restoration and assistance efforts after severe weather. Our crews were recognised for handling tornadoes in Western New York, thunderstorms and tornadoes in Central and Eastern New York, and strong winds, rains, and flooding from Hurricane Debby in Central and Eastern New York. Separately, our crews assisted in restoration in Central Hudson from severe thunderstorms in June 2024. We also deployed 98 crews to Tennessee, Virginia, and West Virginia in response to Hurricane Helene, and then deployed many of them to Florida to repair damage from Hurricane Milton.

In May 2024 we completed consolidation of our two US customer billing systems. This change will deliver improved customer experience and satisfaction, while addressing the high cost of change by eliminating manual processes. We have also enhanced our digital platforms, with increased capability for self-service, go paperless, and click-to-pay text.

Our mobile app has biometric authentication, creating an improved log-in experience.

Our Project C initiative continues to deliver community benefits. During the annual Day of Service, over 2,200 colleagues volunteered at 38 events across New York. Since its launch four years ago, Project C has supported more than 1,700 community partnerships, planted or donated over 2,000 trees, trained 6,400 workers to grow the clean energy workforce, overall volunteering over 49,000 hours, making a lasting difference in our communities.

We awarded over $11 million in economic development funds for projects, including an electric infrastructure upgrade for a new $500 million food manufacturing facility in Franklinville, which will create and retain more than 400 jobs. We additionally awarded five agribusiness customers funds to install renewable energy systems on their farms.

Operate safely and efficiently

We continue to stand firm in our commitment to keep our colleagues, contractors, customers and the public safe. We ended 2024/25 with an LTIFR of 0.11, above our target. We continue to be laser focused on preventing serious injuries and fatalities and increasing safety engagement at all levels.

The Northeast Gas Association (NGA) gave us the Pipeline Safety Management System Recognition Award for outstanding commitment to safety and operational excellence. We received the award for demonstrating Operational Excellence in pipeline safety for our work leveraging technology and Intent Based Leadership, a

Read more about our business units on **pages 256 – 261**

framework that helps organisations create leaders at all levels to drive safety improvements.

We continue to focus on operating efficiently and effectively for our customers. Our business achieved operational efficiencies amounting to $59 million in 2024/25.

Build tomorrow's workforce today

To support business growth and proactively mitigate labour constraints, we have strategic workforce planning initiatives underway that will enable us to identify and forecast resource needs and plan our workforce for the next 10 years. We identified a need for over 500 additional employees to support growth in the New York electric business over the next 10 years (a 20% increase in workforce), including over 350 new roles in the next three years. We have enhanced recruitment and retention strategies for difficult-to-hire and niche roles to close capability and headcount gaps through early career, graduate development and Gridtern programmes.

Looking ahead

We will continue to focus on scaling operations to meet electric growth opportunities, including increased loads, electrification of heat and transport, and renewable energy expansion.

We will concentrate on the long-term role of the gas network, alongside electrification, in the New York economy by using lower carbon fuels and enhancing energy efficiency, reducing emissions and maintaining a safe and affordable network.

We will continue our efforts to improve customer experience by simplifying business interactions, helping manage energy use, and supporting the adoption of clean energy technologies.

International

National Grid Ventures

Highlights

National Grid Ventures develops, constructs, operates and invests in energy assets and businesses across the UK and US which deliver revenue through stable, long-term regulated frameworks and contracts. The business prioritises asset performance and safety to ensure reliable delivery of energy to customers while developing opportunities for growth.

We operate six interconnectors with a total capacity of 7.8 GW, connecting the UK to France, Belgium, the Netherlands, Denmark and Norway. We have seen good availability across our interconnector fleet. Viking Link reached 92% availability, strong performance for a new asset. IFA2 experienced unplanned outages during the year which, together with outages at BritNed, contributed to an overall interconnector availability of 86% across the year.

Half of our interconnectors operate within cap and floor regimes, with revenues over the cap going back to UK consumers every five years. The continued strong performance of our interconnectors has enabled the return of an additional £89 million to customers in the current year. This is part of £277 million in returns to customers over the past two years, with a further £149 million forecast to be returned over the next two years resulting in a total return to customers of £426 million. IFA2, one of our two interconnectors operated jointly with French TSO RTE, experienced an unplanned outage in September 2024 due to technical issues in its UK converter station. The NGV team worked quickly to identify a solution and returned the asset to service within 66 days.

Our NGV US business continued developing and operating electricity transmission, generation, battery storage and LNG storage assets. Our electricity transmission joint venture, NY Transco, continued construction on its Dover project to improve grid flexibility and resiliency in New York and optimise interconnection to New England. NY Transco is also progressing Propel NY Energy, a 90-mile electricity transmission project that would improve Long Island's links to the state's grid and boost overall system reliability to ensure uninterrupted delivery of energy to high demand areas. Our East Hampton battery storage facility returned to service in July 2024 after the project experienced a fire in 2023.

Enable the energy transition for all

In May 2024, National Grid announced the planned divestment of National Grid Renewables and Grain LNG. In February 2025, NGV announced the sale of National Grid Renewables to Brookfield Asset Management with completion expected in the first half of 2025/26. We are progressing the planned sale of Grain LNG and expect to announce a buyer later this fiscal year.

During 2024/25, in light of developments in the US, we paused our development of Community Offshore Wind (COSW), a joint venture with RWE. Management subsequently assessed that the investment currently has negligible value and a £303 million impairment has been recognised as an exceptional item.

Read more about our business units on **pages 256 – 261**

Our Business Units continued

Build the networks of the future now

In the UK we continued to progress the development of the next generation of interconnectors. These offshore hybrid assets (OHA) will connect offshore wind farms to multiple countries via HVDC subsea cables. We achieved a major milestone in late 2024, receiving approval from Ofgem for an OHA pilot project: LionLink to the Netherlands, a joint venture with Dutch TSO TenneT. We have now agreed with Ofgem the final economic regulatory arrangements for the project, allowing us to order long lead items.

In the US, we are identifying attractive competitive transmission investment opportunities in the Northeast as well as in the Midwest and mid-Atlantic interconnection areas.

Grain LNG saw significant progress on the Cap 25 capacity expansion project, which is due to be completed in 2025/26. Once online, this will increase Grain LNG's storage capacity to 1.2 million m^3 and its throughput to meet 33% of GB gas demand.

Deliver for customers

NGV achieved a high customer satisfaction score of 87% across all business units.

In 2024/25, our interconnector portfolio continued to play an integral role in the UK's energy security by delivering 38 TWh, the equivalent of powering over 14 million households.

Our NGV US business progressed how it engages with its local communities and understanding of public sentiment. During 2025, we launched Doorstep, a community engagement platform to enable those most personally impacted by our projects to communicate their thoughts, providing us with real-time insights into local views.

Read more about our business units on **pages 256 – 261**

Operate safely and efficiently

We have a renewed strategy to drive meaningful improvements in how we report on and build safety culture, emphasising leading indicators and a proactive safety environment. In NGV, we were able to achieve an LTIFR in line with the Group's 0.10 target, and a Serious Injury and Fatality Frequency rate (SIFFR) of 0.00 this year, concluding the year without a single serious injury across the business unit.

The NGV US business has been celebrated as a leader in process safety excellence, with National Grid Generation ranking no. 2 out of 316 sites in a third-party safety audit of organisations worldwide. The business was also able to provide excellent availability and run time, meeting peak summer demands during a hotter-than-average summer season.

Our operational and safety performance contributed to successful financial performance.

Build tomorrow's workforce today

We strive to be an enjoyable and inclusive place to work. In this year's Grid:Voice employee engagement survey, 81% of NGV employees said they felt NGV was a safe place to say what they think, and that we are driving a culture of safety and innovation.

Looking ahead

Going forward, NGV will focus on interconnectors, including offshore hybrid assets, in the UK, and competitive electricity transmission projects in the US. Projects will be assessed for an acceptable risk-return balance and against the capital requirements of the wider Group.

Other activities

Highlights

Other activities primarily relate to National Grid Partners, the corporate venture capital and innovation arm of National Grid, as well as UK property, insurance and corporate activities.

In 2024/25, National Grid Partners invested more than $50 million in start-ups, including three new portfolio companies and 13 follow-on rounds. It now invests in 50 companies and five limited partner investments in strategic venture funds.

Looking ahead, we will continue to innovate and invest in the latest technologies to support the Group.

Internal control and risk management

The Board is committed to effective risk management in delivering our strategy, protecting our reputation and assets, and safeguarding the interests of our stakeholders.

Our ERM framework

National Grid is exposed to a variety of uncertainties that could have a material adverse effect on the Group's financial position, our operational results, our reputation and stakeholder interests; represented by our Principal Risks. These uncertainties are managed through our Enterprise Risk Management (ERM) Framework which includes our approach to internal control. It supports the delivery of our vision and strategy as described on the inside front cover and page 14.

We formally assess the effectiveness of our framework annually and carry out continuous monitoring and maintenance. This is supported by the results of the Certificate of Assurance (CoA) process as described on page 116.

The Board has confirmed the effectiveness of National Grid's system of risk management and internal control.

Governance and oversight

The Board is accountable for the Group's risk management and internal controls systems with oversight responsibilities carried out by the Audit & Risk Committee (see pages 112–118). The Board sets and monitors the amount of risk the Group is prepared to accept in delivering our strategic priorities and Principal Risks (our risk appetite).

The business then develops appropriate risk responses and mitigations to ensure risks are managed within appetite.

We deploy the 'Three Lines' model to deliver our risk management and internal control activities (see diagram below).

All Principal Risks are reviewed by the Group Executive Ethics, Risk & Compliance Committee and the Board at least twice annually.

Governance: Board and Audit & Risk Committee, Management Oversight Committees

Establishes the vision, values and strategic objectives of the business, and provides governance and oversight of the risk management framework and reporting. The Board sets risk appetite for the organisation.

First Line: Business

Applies the business practices, processes and controls to achieve business objectives and manage risk appropriately in line with risk appetite.

Second Line: Risk and Compliance Functions

The Chief Risk Officer establishes National Grid's ERM framework.

Second Line teams embedded in the business and functions provide advice, monitoring and assurance, and reporting for effective application of the framework.

Third Line: Corporate Audit

Provides independent assurance on the Company's system of risk management and internal control through delivery of the audit plan and other assurance work.

External assurance providers support Second and Third Line work where appropriate to provide independent perspectives, provide specialist expertise and ensure an efficient approach to risk and assurance work.

Risk is an inherent part of doing business and our risk management process aims to provide reasonable assurance that we understand, monitor and manage the main uncertainties that we face in delivering our strategic priorities.

The ERM framework applies to all risks of reasonable magnitude. Our Principal Risks and a summary of actions taken by management are provided in the table below. The Board reviewed the risks as part of the bi-annual Group risk review, which incorporates feedback and recommendations from relevant Board committees. Further information can be found on page 116.

We have provided an overview of the key inherent risks on pages 36 – 41, and specifically our key financial risks, which are incorporated within note 32 to the consolidated financial statements. Risk outlooks reported below consider the changing risk landscape, our risk response, including controls and any additional mitigation actions, and may be influenced by internal or external developments.

Read more on internal control and risk factors on **pages 262 – 268**

Group Principal Risks

There have been no changes to our Principal Risks, and we continue to assess, monitor and manage our risk exposure as described below.

Strategic Principal Risks

Strategic risks are risks, both internal and external, associated with the business model, corporate strategy and long-term planning.

1. **Satisfactory regulatory outcomes**
2. **Climate change mitigation**
3. **Political and societal expectations**
4. **People capability and capacity**

Operational Principal Risks

Operational risks arise from our core business practices, which rely on our systems, equipment, processes and people.

5. **Catastrophic cyber security incident**
6. **Significant disruption of energy**
7. **Upstream supply**
8. **Significant safety or environmental event**
9. **Major capital programmes**

Financial Principal Risks

Financial risks are risks associated with National Grid's ability to raise capital, maintain access to capital and deliver profitable growth.

10. **Financing our business**

Compliance Risks

Compliance risks relate to compliance with laws and regulations, industry standards, contract requirements and internal policy.

11. **Legal and regulatory compliance frameworks operate at a jurisdictional level (i.e. UK, US federal, New York and Massachusetts) and therefore apply across all relevant National Grid businesses**

Our principal risks and uncertainties

Link to strategy

- Enable the energy transition for all
- Operate safely and efficiently
- Build the networks of the future now
- Build tomorrow's workforce today
- Deliver for our customers

Risk outlook

- Increasing
- Decreasing
- No change

Strategic Principal Risks

1 Satisfactory regulatory outcomes

Description

There is a risk that we fail to influence future energy policies and secure satisfactory regulatory agreements because of lack of insight or unsuccessful negotiations leading to poor regulatory outcomes, energy policies that negatively impact our operations, impacts on market prices, reduced financial performance, fines/penalties, increased costs to remain compliant and/or reputational damage.

Impact on strategy:

Risk outlook:

Outlook is unchanged

Actions taken by management

The scale of change required to enable the energy transition is unprecedented, so we are focused on having the appropriate plans, relationships and levels of engagement to proactively shape price controls and rate case filings with clear positions and engagement/advocacy plans. There are also particular challenges in balancing affordability and reliability with necessary funding and investments alongside pressure to reduce customer bills.

We are developing a clear vision of how regulatory frameworks need to evolve and maintaining active dialogue and positioning with our regulators. This has resulted in:

- Strong progress on the ASTI framework and approvals.
- Successful sale of the ESO to the UK Government.
- Working with Ofgem and DESNZ to realign networks and connections reform with Net Zero 2030 targets.
- Progressive RIIO-T3 Business Plan (BP) submitted to Ofgem, including a more investable financial framework.
- Progressive response and engagement on the ED3 framework consultation promoting a major shift back to incentive and output-based regulation.
- Positive settlements on recent US rate cases and upcoming rate cases progressing well.
- Working with Corporate Affairs to adjust and position our external policy advocacy to support our regulatory objectives.
- Active monitoring of concurrent regulatory reforms being pursued by respective regulators.

Strategic Principal Risks

2 Climate change mitigation

Description

There is a risk that we fail to identify and/or deliver upon the actions necessary to meet our climate change targets and enable the wider energy transition because of poor monitoring and response to external developments associated with mitigating climate change, leading to legal risks or reputational impacts of not meeting our climate change targets and in the longer term reaching net zero by 2050.

Impact on strategy:

Risk outlook:

Outlook is unchanged

Actions taken by management

We continue to monitor the actual and potential impacts of climate change and implement risk management strategies to mitigate these risks as part of the energy transition, including:

- Setting near-term climate targets to align with the SBTi's 1.5°C pathway.
- Governance processes aligned with the aim of ensuring that emissions reduction strategy, policy, advocacy and external messaging is integrated throughout our business, and embedded into financial planning processes and performance management.
- Updated our Climate Transition Plan to include revised pathways and details on the dependencies, policies and regulation that are key to achieving our targets.
- Reporting on progress against our targets, including how we are addressing dependencies and policy and regulation to support progress.
- Changes to our sustainability operating model to help embed sustainability resources and capabilities in our business and provide greater clarity on roles and responsibilities.

Strategic Principal Risks

3 Political and societal expectations

Description

There is a risk that we do not position ourselves appropriately to political and societal expectations because of a failure to proactively monitor the landscape or to anticipate and respond to changes leading to reputational damage, political intervention, threats to the Group's licences to operate and our ability to achieve our objectives.

Impact on strategy:

Risk outlook:

Risk outlook increasing due to continued rapid change in external political and policy environments.

Actions taken by management

To address continued rapid change in the external political and policy environments, horizon scanning processes have been implemented to monitor and positively influence perceptions of our business and our reputation. Other mitigations include:

- Ensuring our operating model is positioned to support the business and deliver on requirements.
- Instituted a robust stakeholder engagement strategy.
- Considered a range of outcomes through scenario planning to ensure flexibility in our response processes aligned to the ever-changing external environment.
- Defined policy priorities aligned to the strategic priorities of the company.
- Developed a social impact framework to ensure strategic allocation of funding to advance our vision.
- Monitoring of media, social and political activities on a daily, weekly and monthly basis, and take appropriate action to ensure National Grid is able to engage ahead of the need to respond to the environment we operate in and serve the needs of customers, communities and stakeholders.
- Horizon scanning improvements have brought a global lens to cross-business impacts within our operating regions.
- Growth of our campaigns and communications across our operating regions to amplify our brand's vision and establish our brand as an innovative leader for energy networks.

Strategic Principal Risks

4 People capability and capacity

Description

There is a risk that we do not have, across our workforce and within our leadership, the capability or capacity necessary to deliver on existing or future commitments because of ineffective planning for future people needs, insufficient development of people and failure to attract and retain people in a competitive market for skills and talent, leading to failure to deliver on our business goals, strategic priorities and vision.

Impact on strategy:

Risk outlook:

Outlook is unchanged

Actions taken by management

We are involved in several initiatives to help secure the future engineering talent we require, including:

- Introducing a consistent method of strategic workforce planning, with a dynamic 10-year look ahead, to enable better understanding of future workforce needs and enable graduate training programmes, attraction and retention strategies to be aligned to forecast workforce needs.
- Expanding apprenticeships, graduate development programmes and industrial placements.
- Building our reputation, brand and employee value proposition to enable National Grid to be seen as a place to work for those wanting to be involved in the energy transition.
- Strengthening our recruitment capabilities and embedding key resource where they can understand customer needs.
- Aligning our operating model to improve connectivity across our People function.
- Continued rigorous development of our succession planning and development planning processes, particularly at senior levels.

Our principal risks and uncertainties continued

Operational Principal Risks

5 Catastrophic cyber security incident

Description

There is a risk that we are unable to adequately anticipate and manage disruptive forces on our systems because of a cyber-attack, poor recovery of critical systems or malicious external or internal parties resulting in an inability to operate the network, damage to assets, loss of confidentiality, integrity and/or availability of systems.

Impact on strategy:

Risk outlook:

Outlook is unchanged

Actions taken by management

We employ technical, administrative and physical cyber security controls for both information technology (IT) and operational technology (OT) that align to the National Institute of Standards and Technology Cybersecurity Framework (NIST CSF) v1.1, as well as all applicable laws and regulations. Controls are verified and validated through internal and external audits and risk assessments, penetration tests, adversary simulation, incident response exercises, compromise assessments, continuous control measurements and other assessment methods, including:

- National Institute of Standard Cybersecurity Framework (First-Line Assessment);
- IT Control Set Effectiveness (Second-Line Testing); and
- Corporate Audit and Third-Party Inspections/Assessments.

In addition, this period we note that we have continued to focus on our IT and OT security improvements and human factors. Notably, we have focused on control improvements recommended by government and private intelligence associated with the increasing threat landscape. This has resulted in strengthened controls for 'perimeter' (internet facing) infrastructure and fundamental improvements in identity account access (especially around privileged accounts) and credential hygiene. Additional resilience exercises have been conducted with the Group Executive ('live play' event), with plans to extend these exercises more widely throughout the business.

Operational principal risks

6 Significant disruption of energy

Description

There is a risk of failure to predict and respond adequately to significant energy disruption events to our assets resulting from asset failure (including third party interactions e.g. control systems protection etc.), climate change, storms, attacks or other emergency events leading to significant customer harm, lasting reputational damage with customers, regulators and politicians, material financial losses, loss of franchise or significant damage to investor confidence.

(See page 25 for information on the outage at North Hyde)

Impact on strategy:

Risk trend:

Outlook is unchanged

Actions taken by management

National Grid continues to prioritise preventative measures and response plans to address the risk of significant disruption of energy. The organisation is actively engaged in climate adaptation work, conducting Group-wide assessments and planning for multi-decade adaptation to bolster resilience. These strategic actions, including various proactive preventative measures, climate adaptation plans and multi-decade adaptation, reflect the commitment to maintain a robust energy supply system and proactively responding to the challenges posed by evolving climate patterns and emergency events. Further actions include:

- Acceleration of proactive maintenance and asset checks ahead of winter to maximise network availability with an emphasis on system reliability assets, sub-sea cable monitoring and ongoing year-round maintenance.
- Collaboration with energy suppliers, regulators and government departments to explore industry mitigations aimed at maximising supply, managing demand and enhancing storage.
- Enhancement of flood contingency plans and robust preparedness for winter and summer, including scenario planning, and testing response plans with proactive communication strategies.
- Implementation of gas mains replacement programmes and a storm-hardening programme, along with outage planning to ensure swift response and recovery.
- Group-wide assessment of climate vulnerabilities and initiation of multi-decade climate adaptation plans for future rate cases, complemented by existing resilience investments to ensure long-term preparedness.
- Development of emergency response plans covering wildfire and cyber scenarios, along with asset risk assessment and integrity management plans.

Operational Principal Risks

7 Upstream supply

Description

There is a risk of failure to prepare and respond adequately to disruptions in energy supply that are outside our control because of third party asset failure, system imbalances, and customer demand outstripping capacity, with potential adverse impacts on our customers, reputational damage, cost increases and regulatory consequences.

Impact on strategy:

Risk outlook:

Outlook is unchanged

Actions taken by management

The organisation remains vigilant to potential upstream supply issues, recognising the need for continued monitoring and adaptation should a significant issue arise. The organisation is actively monitoring extreme weather and natural hazards, geopolitical impacts on energy security, regulatory shifts and stability of our key suppliers. These strategic actions, including various proactive preventative measures, reflect our commitment to maintain a robust energy supply system and proactively responding to the challenges posed by evolving climate patterns and emergency events. Current actions include:

- Lessons learned from winter storms.
- Proactive engagement with third-party suppliers and external stakeholders to foster better understanding and preparedness.
- Intervention in rate cases for improved communication and reliability reporting and to gain a more thorough understanding of their modernisation programmes.
- Operationally standing up compressed natural gas (CNG) facilities with onsite trailer storage and portable LNG facilities to mitigate outages at temperatures above 15°F.
- Building the capability to reduce gas demand if needed through testing of emergency preparedness.

Operational Principal Risks

8 Significant safety or environmental event (asset failure)

Description

There is a risk of a catastrophic asset failure because of failure of a critical asset or system, substandard operational performance or inadequate maintenance, third-party damage and undetected system anomalies leading to a significant public or employee safety and/or environmental event.

Impact on strategy:

Risk outlook:

Outlook is unchanged

Actions taken by management

National Grid takes a holistic approach to managing this risk and focuses on proactive preventative measures including inspection and maintenance of assets. The focus is on emphasising preventative mitigating actions to maintain operational readiness of our assets and ensuring we have effective response plans should an issue occur. Key mitigations assessed include those in the following categories:

- Ensuring operation of an effective Process Safety Management System.
- Maintaining robust asset management data and records.
- Timely maintenance and condition assessments to ensure asset health.
- Enacting defects management to effectively and timely address defects.
- Ongoing leak-prone pipe replacement.

Our principal risks and uncertainties continued

Operational Principal Risks

9 Major capital programmes

Description

There is a risk that we are unable to deliver on our major capital project programme within the agreed cost and schedule baselines because of misalignment or lack of clarity with regulatory expectations, unclear financial frameworks to incentivise investment, complex planning requirements, external impacts on supply chain or a failure to demonstrate clear, long-term economic benefits to communities leading to increased costs, compromised quality, reputational damage and detrimentally impacting our ability to deliver our clean energy transition strategy.

Impact on strategy:

Risk trend:

Outlook is unchanged

Actions taken by management

The organisation has conducted extensive reviews of the management of major projects and initiated Group-wide development of our common standards enabling a consistent control framework to keep pace with our growing capital portfolio, including:

- Establishment of the company-wide Portfolio Management Office as a core function to manage and oversee all project risks, safety, management of change and project management processes.
- Definition and establishment of minimum core processes and controls expected for each business unit in developing and delivering major projects.
- Conducting a maturity assessment of major projects against standards and identified gaps and priority action lists for targeted improvement.
- Securing the regulatory framework with Ofgem and agreement of funding for the next set of ASTI projects and clarifications on change controls for delay events.
- Engagement of all individual Project Management Offices and key stakeholders together to align best practices and risk management efforts and provide peer-to-peer review opportunities.

Financial Principal Risks

10 Financing our business

Description

There is a risk that we are unable to fund our business efficiently as a result of a lack of access to a wide pool of equity and debt investors, market volatility, unsatisfactory regulatory outcomes or unsatisfactory financial or operational performance of the business, leading to a lack of access to capital, impacting our ability to achieve our strategic objectives, including our proposed capital investment programme.

Impact on strategy:

Risk trend:

Outlook is unchanged

Actions taken by management

We introduced a more focused strategy in 2024/25, a new five-year framework including c.£60 billion of capital expenditure, and a comprehensive financing plan. Key actions include:

- Reviewed the financing outlook, including differing scenarios.
- Launched a successful £7 billion Rights Issue (with high take up from investors), together with an alteration to our dividend.
- Regularly reviewing different pools of debt capital.
- Announced our progressed sale of certain non-core assets.
- Engagement with our credit rating agencies which affirmed a stable outlook, although one agency lowered its threshold, citing long-term exposure to gas.

The financing plan includes continued use of senior debt, an intention to issue hybrid debt later in the five-year plan period, and retention of proceeds from certain asset disposals.

Cyber security risk management and strategy

Cyber security risk is visible to and continuously monitored by our Group Executive and Board of Directors. We employ the NIST cyber security framework as the basis for identifying, assessing, measuring, monitoring, controlling and responding to cyber security risks. Our risk management process, aligned to National Grid's ERM framework, covers all IT and Operational Technology (OT) assets, including systems and data, whether these assets belong to the Company or third parties. Risk is assessed at multiple levels within the Company, including first line business assessment, second line assurance (including controls testing) and third line independent reviews. In addition to comprehensive internal assessment and audit programmes, we engage various external third parties and cyber security firms in support of our cyber security risk management. This combination provides verification and validation of our approach, as well as specialised expertise for specific regulatory requirements and technologies. Further assurance is provided through risk assessments, penetration tests, adversary simulation, incident response exercises, and compromise assessments. We also maintain an independent Supply Chain Risk Management (SCRM) function responsible for identifying and overseeing cyber security risks associated with threats from our use of third-party service providers. Controls implemented by SCRM are designed specifically to help mitigate the risk profile of the supplier and includes consideration of their degree of access to National Grid's systems, and the classification of data they process for National Grid. To date, there have been no cyber security incidents that have materially affected the Company's business strategy, results of operations or financial condition. We acknowledge that the global cyber security risk environment for critical infrastructure providers is extremely challenging and dynamic.

Cyber security governance

The Board prioritises the mitigation of cyber security risk through National Grid's ERM framework. Responsibility for oversight lies with the Board and is delegated to the Audit & Risk Committee. Governance includes regular reviews and approvals of the status of the risk and provides oversight of National Grid's cyber security risk management practices, including disclosure of material cyber security incidents, as well as the general obligation to ensure the proper risk oversight structure of cyber.

National Grid's Chief Information and Digital Officer (CIDO) and Chief Information Security Officer (CISO) regularly provides reports to the Audit & Risk Committee and hold additional briefings to the Board at least once per year. The Audit & Risk Committee and Board work collaboratively to ensure oversight with the proper focus of each respective Board Committee.

Cyber risk reporting includes, among other things, current and emerging cyber security threats to National Grid and relevant sectors, the status of key risk indicators, controls, the results of any relevant internal or external assessments, any key incidents escalated to management during the prior and current reporting period and the status of cyber security improvement programmes. At the executive and management level, the CIDO is the owner of the cyber security Principal Risk, and the CISO has primary responsibility for the development, operation and maintenance of National Grid's cyber security programme. Under the CISO's oversight, National Grid's cyber security team implements and provides governance and functional oversight for cyber security services, controls and processes. Cyber security processes include escalation of certain risks and incidents, including those that originate or occur at third parties, to legal and other executive leaders as appropriate, based on the severity of any such risk or incident.

Emerging risks

We consider emerging risks throughout the year to ensure we understand potential future material impacts on our risk profile and implement appropriate monitoring and responses accordingly. They are assessed in terms of potential impact and timeframe.

Emerging risk reviews are reported at least bi-annually to the Group Executive Ethics, Risk and Compliance Committee, Audit & Risk Committee, and the Board.

Our top three emerging risks at the time of reporting are:

Emerging risk	Impact on strategy	Velocity
		Immediate < 3 years / Short term 3–5 years* / Medium term 5–10 years
Geopolitical tensions (business or supply chain disruption)		
Artificial intelligence (strategic opportunities or disruption)		
Affordability (customer affordability issues)		

* We continuously monitor our short-term emerging risks to ensure we respond to changes in our risk assessments appropriately.

Responsible Business review

Delivering our Responsible Business Charter

This year, we have made good progress on the emissions reductions where we have full control, ensuring our workforce feels welcome and empowered, and health and safety. We have exceeded our target on developing skills in the communities we serve. There has been limited progress on emissions reductions where we have less control, partly due to our increased investment in energy infrastructure, although this will ultimately reduce future emissions in our jurisdictions. Our support to help vulnerable households manage energy costs continues; however, we recognise we can do more to meet the needs of our customers.

For the first time, we are integrating our annual progress update against our Responsible Business Charter (RBC) commitments into our Annual Report and Accounts.

Our RBC details our approach to being a responsible business and the commitments we have made. It focuses on three core pillars: our environment, our customers and communities, and our people. This is supported by our Responsible Business fundamentals to ensure we're operating responsibly.

This progress update is supported by further content on our website, where there are more details on our Responsible Business activities and stories from across our business.

All 2024/25 Responsible Business metrics can be found in the Responsible Business data tables on our website.

Responsible Business: website

Responsible Business: data tables

Responsible Business: Charter

Our environment p44

Our customers and communities p48

A review of our Responsible Business progress in 2024/25

Responsible Business is important to us and all of our stakeholders, including our shareholders. We have an important role to play so that our networks serving our customers and communities deliver clean, secure and affordable energy. It's the right thing to do for our people and business, our customers and the future of the planet.

Over the past year, we have had to navigate a complex landscape driven by significant geopolitical and macroeconomic challenges. The importance of energy security and affordability have come into sharper focus. We have maintained our attention on being a responsible business while delivering for our customers, communities, colleagues, regulators and investors.

The biggest impact we have on the environment is investing in our networks so they can transport cleaner forms of energy safely and reliably to homes and businesses, reducing emissions across the UK and the US Northeast.

We plan to invest c.£60 billion in our networks in the five-year period from April 2024 to March 2029, of which 85% is expected to be classified as green investment[1]. This will deliver significant increases in network capacity to connect much more low carbon power generation and storage, support load growth and the electrification of heat and transport.

We continue to work on reducing our own direct impact on the environment. This year, we have reduced SF_6 emissions from our assets, increased the number of EVs in our light duty fleet and continued to reduce the operational emissions from our gas distribution networks in the US Northeast.

Despite this activity, our Scope 1 and 2 GHG emissions have increased in the past year by 8%. We signalled in our second Climate Transition Plan (CTP), published in May 2024, that progress would not be linear.

This increase is due to increased generation from our Long Island generation facilities that burn oil and gas. These units are contracted to the Long Island Power Authority (LIPA) and they control when and how much they run to maintain reliable and secure supplies. These assets experienced an increase in generation this year and National Grid fulfilled a temporary surge in demand. This was due to unplanned maintenance outages at other power plants and the reduced availability of third party transmission lines, both of which are out of our control.

Our Scope 3 GHG emissions have also increased by 4% in 2024/25. Emissions from the use of sold gas we deliver to customers has increased. Our increased investment in energy infrastructure requires greater procurement of goods and services and this increases our Scope 3 emissions. We will continue to identify opportunities to reduce supply chain emissions and decouple our growth in spend from this growth in emissions.

As we look ahead, we are seeing increasing energy demand and growing concern about affordability and security of supply. There is also slower progress on the policies and regulatory frameworks needed to meet our emissions reduction targets. It is a growing risk that balancing these challenges will slow down the pace of decarbonisation in places where we operate and reduce the likelihood of meeting our targets on time.

We will continue to build the networks of the future across the UK and in the US Northeast. We will work closely with policymakers and regulators to shape policies that support our targets and with our supply chain to help achieve emissions reduction targets in our construction projects.

To enable the energy transition, we know we need to manage our impact on our customers and communities and support them where we can. This year, we have launched a £13.8 million Grid for Good energy affordability fund. The fund will run for three years to financially support charities and organisations to assist vulnerable households with energy costs.

Safety is paramount at National Grid; we continue to make strong progress under our Stand Up For Safety campaign, as project work scales up to deliver against our investments. Our Group safety reporting system is driving continuous improvements and data insights.

To deliver on our commitments we need to build tomorrow's workforce today. We are committed to creating a work environment where people are treated fairly and where everyone feels respected, valued and empowered to reach their full potential. Our Grid:Voice survey shows an 80% employee engagement and 71% of colleagues feel 'Safe to Say'.

The following sections highlight the progress made in the last year against our RBC and where there is more to do. We believe that, by working with our stakeholders, we can continue to make progress towards delivering a secure, affordable and clean energy future.

1. Aligned to EU Taxonomy, directly invested into the decarbonisation of energy networks.

Our people p51

Our Responsible Business fundamentals p55

Responsible Business review continued

Our environment

UN Sustainable Development Goals

Taking action on our environmental impact

We are delivering new network infrastructure and upgrading our existing networks to help deliver a secure, affordable and clean energy future for our customers and communities while working hard to reduce our impact on the environment.

We have set Group science-based targets (SBTs), validated by the Science-Based Targets initiative (SBTi), to hold ourselves to account for reducing our emissions. Our second CTP, published in May 2024, outlines our roadmap to achieve net zero by 2050.

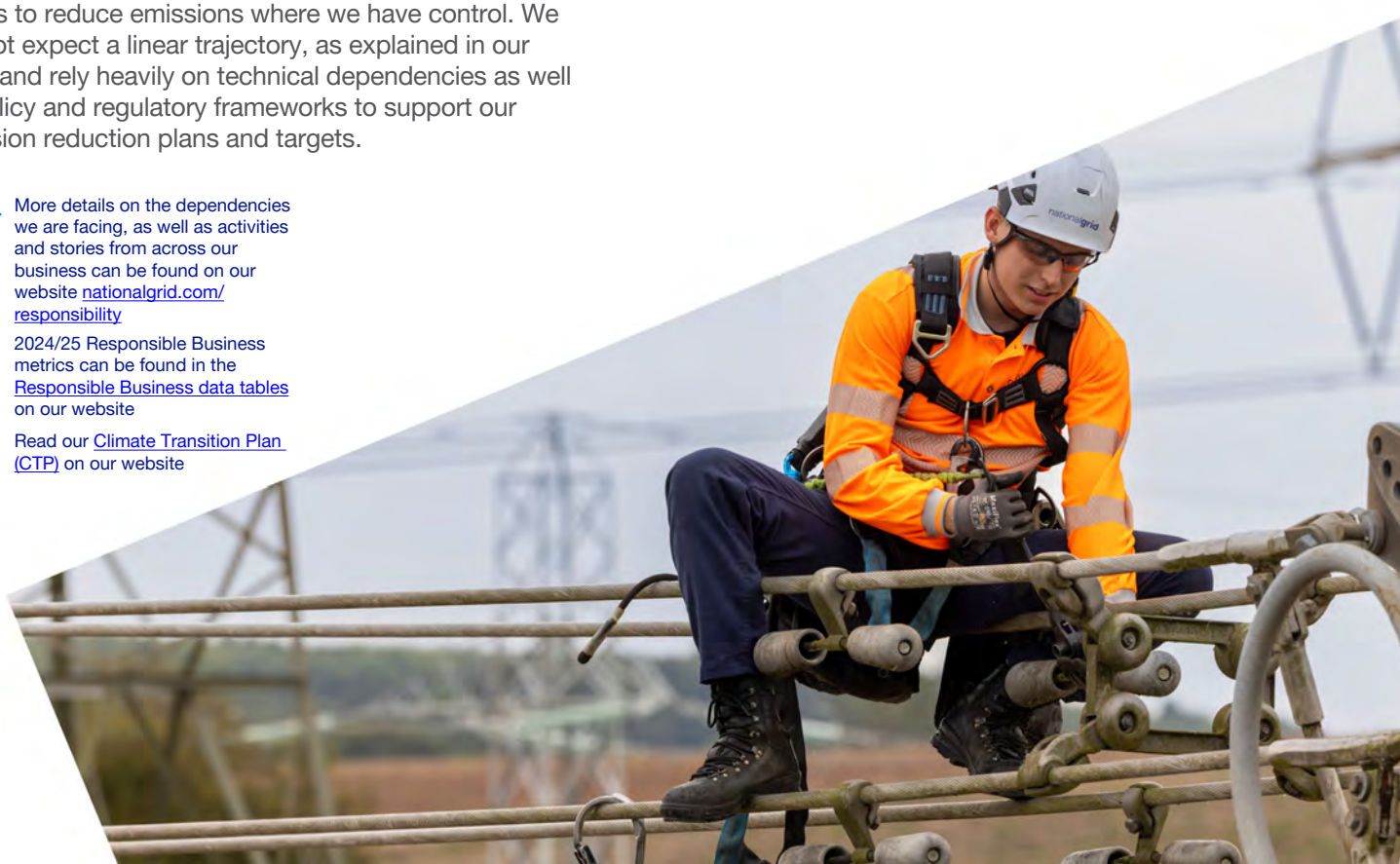
In the last year, our emissions have risen, often due to factors outside of our direct control and despite our efforts to reduce emissions where we have control. We did not expect a linear trajectory, as explained in our CTP, and rely heavily on technical dependencies as well as policy and regulatory frameworks to support our emission reduction plans and targets.

On nature, in the UK we have restored 10% of the natural environment on our managed land and will continue to make improvements, in the US we have made progress protecting the natural environment. We remain committed to using resources responsibly, with asset refurbishment centres in the UK and our investment recovery centre in the US minimising waste.

More details on the dependencies we are facing, as well as activities and stories from across our business can be found on our website nationalgrid.com/responsibility

2024/25 Responsible Business metrics can be found in the Responsible Business data tables on our website

Read our Climate Transition Plan (CTP) on our website



We committed to

Achieve net zero by 2050 for Scope 1, 2 and 3 GHG emissions

We have continued to play our part reducing emissions, as outlined in our CTP, but have seen a rise in GHG emissions over the past year.

Scope 1 and 2 GHG emissions for 2024/25 were 7,422 $ktCO_2e$, outside of our range set out in the CTP, a decrease of 4.4% against our 2018/19 baseline.

Progress to target[1,2] %	Target: 2030/31
4.4	60

This year has been an exceptional year for emissions from our fossil fuel generation plants. These assets have operated more than expected to meet increased demand requirements on Long Island. This is due to unplanned outages at third-party generators and transmission lines, outside of National Grid's control. This contractual obligation with LIPA has led to the increase in our Scope 1 emissions, outside of the upper range set out in our CTP, demonstrating the non-linear trajectory of meeting our emissions targets.

Scope 1 emissions where we have greater direct control (i.e. excluding emissions from generation) have fallen from the baseline year. This is supported by our leak-prone pipe replacements, interventions to reduce SF_6 leakage and replacing our vehicles with EVs.

Our Scope 2 emissions have increased this year. These emissions are primarily made up of electricity line losses which are calculated using the average carbon intensity of electricity in the regions where we operate, as published by the UK Government and the US Environmental Protection Agency (EPA). We know that electricity carbon intensity in the UK is reducing and 72% of our overall Scope 2 emissions are in the UK. In the US, we have deployed dynamic line rating technology to improve the efficiency of our power lines in New York.

However, looking ahead, emissions from line losses are impacted by external factors such as demand growth and the amount of renewables connected to the network. If the economies where we operate see a slowdown in the pace of decarbonisation this will in turn slow the pace of emissions reductions from line losses. More detail can be found in our CTP.

Below is an update on our near-term GHG emissions reduction sub-targets for Scope 1 and 2[1,2], from a 2018/19 baseline, as required by SBTi.

- Reduce the carbon intensity of our power generation (Scope 1 GHG emissions) per MWh by 90% by 2030/31, and by 92% by 2033/34 : (37)%
- Reduce absolute Scope 1 and 2 GHG emissions (excluding generation) by 50% by 2030/31 : (15)%

22% of our light-duty vehicles are EVs.

Progress to target %	Target: 2030/31
22	100

We are making progress against our EV target to move to a 100% electric fleet for our light-duty vehicles. This year, we have added 476 EVs to our commercial fleets, bringing our total to 1016 EVs, 22% of our total number of light-duty vehicles.

We continue to ramp up our efforts to electrify our light-duty vehicles; however, this is vulnerable to supply chain disruptions and delays regarding the availability of EVs, as well as the implementation of charging infrastructure.

We have reduced SF_6 emissions from our operations by 36%.

Progress to target %	Target: 2030/31
36	50

Work continues on reducing SF_6 emissions caused by emerging leaks, resulting in the significant progress of 15% emission reductions, 36% against our 2018/19 baseline. The majority (~80%) of the SF_6 we use on our networks is in UK ET.

We are also continuing our work with partners on innovation projects to develop alternative gases to SF_6. UK ET were recently awarded £8.5 million by Ofgem's Strategic Innovation Fund to develop a long-term strategy to reduce SF_6 dependency, in consultation with industry partners.

We have reduced absolute energy consumption in our flagship offices by 38%.

Progress to target %	Target: 2030/31
20	38

We have reduced energy consumption in our flagship offices by 38% against our 2019/20 baseline, exceeding our 20% target.

We adapt to the changing uses of our workspaces, while optimising heating, ventilation, air conditioning and lighting systems to continue to meet the needs of our colleagues.

Our Scope 3 emissions (excluding sold electricity) for 2024/25 were 25,566 $ktCO_2e$, representing a 5.8% increase against our 2018/19 baseline.

Progress to target[3] %	Target: 2033/34
(5.8)	37.5

The majority, 72%, of our Scope 3 emissions (excluding sold electricity) are from the use of sold gas we deliver to our customers. We have seen an increase in these emissions due to colder temperatures when compared to last year. As we look ahead, New York and Massachusetts remain focused on their ambitious climate targets but are having to balance these with increasing public concern about affordability and reliability. There is a growing risk that finding the correct balance slows down the pace of policy and regulatory changes we need to enable us to make the necessary investments to reduce emissions from the gas we sell.

Emissions within our supply chain represent 18% of our Scope 3 emissions (excluding sold electricity) and this is principally where we have seen a rise. This is driven by increased spend on goods and services (including capital expenditure) associated with the construction of new energy infrastructure as a result of our increased capital investment.

The scale and scope of our construction activities pose challenges for reducing our Scope 3 emissions from purchased goods and services. This is because substantial quantities of construction materials we use have significant carbon footprints, such as steel and concrete. Due to limited availability, higher costs and potential regulatory barriers, it is difficult to source more sustainable alternatives or implement low-carbon construction methods. We'll continue to identify opportunities to reduce supply chain emissions and decouple spend growth from emissions growth.

Below is an update on our near-term GHG emissions reduction sub-targets for Scope 3, from a 2018/19 baseline, as required by SBTi.

- Reduce the carbon intensity of power generation and sold electricity (Scope 1 and Scope 3 GHG emissions) by 86% by 2033/34[2] : (18)%
- Reduce absolute GHG emissions from gas sold by third parties by 37.5% by 2033/34[3,4] : (11)%

1. Includes Scope 2 location-based emissions only.
2. Near-term targets approved by Science Based Targets initiative (SBTi) and aligned to the Paris Agreement and a 1.5ºC pathway.
3. Near-term targets approved by SBTi and aligned to a well below 2ºC pathway.
4. Third party sold gas, a US-only emission, are downstream emissions associated with the combustion of natural gas delivered through our network but sold by a company other than National Grid. This differs from Scope 3 Cat. 11 GHG Protocol guidance, which otherwise advises to consider only the end use of goods sold by the reporting company itself.

Responsible Business review continued
Our environment

We continue to engage with our suppliers. 56% of our UK suppliers[1] have committed to set SBTs. 43% of our US suppliers[1] have established a plan for setting SBTs.

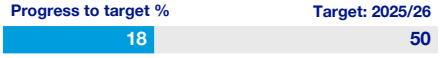
We continue to collaborate with key suppliers who contribute significantly to the emissions associated with the goods and services we procure. We are pleased with our progress against these ambitious targets, despite not meeting our target to date. This target is currently under review.

We are reporting progress against an updated list of carbon strategic suppliers as a result of a change in our methodology for calculating emissions of our purchased goods and services.

Our SBT engagement strategy focuses on communication channels, monitoring and reporting, governance, assurance, and building skills and capabilities. We are using the accredited resources and training materials available through our partnership with the Supply Chain Sustainability School to enhance our global suppliers' sustainability skills.

We recognise that, similar to ourselves, our suppliers have many dependencies that are outside of their control, such as a lack of SBT pathways for certain sectors. We will continue to work closely with these suppliers and report transparently on any challenges impacting our RBC targets.

We have reduced air travel emissions by 18% from our 2019/20 baseline.



This year, absolute emissions from business air travel are consistent with the previous year at 9 $ktCO_2e$, a 18% reduction from our baseline. As a transatlantic business it will be challenging to meet our ambitious target. We try to balance the need for our teams to meet and collaborate with the use of technology to enable virtual meetings where possible.

In this specific area, through our travel partner, Agiito, we participate in the Trees4Travel programme investing in tree planting initiatives to responsibly offset our air travel emissions. Further details on offsetting can be found on page 75.

We are committed to

Protecting our natural environment

In the UK we are committed to restoring the land we manage. We use a natural capital approach to measure the impact of improvements we make on the non-operational land at our own sites based on financial value estimations. Due to significant differences in the conditions of habitats and levels of biodiversity present in the landscape, in the US, our efforts focus more on the preservation of the natural lands that we own.

In the UK we have restored the natural environment by 10% on the land we manage.

A natural capital approach allows us to demonstrate gains for the environment through ecosystem service benefits, to help measure changes to land management or biodiversity. This is only driven by activities in our UK ET business.

Our partnership agreements deliver enhancements to the land we manage such as restoring ancient woodlands and wetlands, planting trees and hedgerows, and creating wildflower meadows, as well as enabling local communities to access nature.

We have continued our ongoing support to our UK environmental education centres at Bishops Wood, Skelton Grange, West Boldon, Amersham and Iver. Environmental charity organisations at these centres provide educational activities to visitors, showing how nature can thrive alongside critical national infrastructure.

In UK ED, our nature focus is primarily on improving our operational sites to provide biodiversity uplift. We have supported 700 acres of woodland management in our West Midlands license area through the Heart of England Forest Partnership.

In the US we have preserved 20,358 hectares on the land we manage.

Our preservation efforts focus on our integrated vegetation management (IVM) programmes, which promotes desirable, stable, low-growing plant communities that will resist invasion by tall-growing tree species along our transmission lines. Our IVM programmes improve the environment by reducing the need for excessive tree cutting, reducing the risk of forest fires, decreasing populations of invasive species and increasing diversity of natural species.

As a part of our nature strategy, we aim to ensure that our infrastructure projects protect critical habitats. We have undertaken several initiatives in the US to preserve habitats and landscapes, including rare, threatened and endangered species protection.

1. Weighted by GHG emissions.

We are

Investing in the decarbonisation of the future of energy

We invested £7.7 billion in green infrastructure and projects.

Progress to target %	Target: 2028/29
£7.7bn	£51bn

We understand the role we need to play in enabling and accelerating the move to a cleaner energy future. Network investment is vital for connecting the new low carbon power generation and storage needed in the coming decade to accommodate the expected rises in electricity demand by 2035, almost 50% across the UK and 25% in our US jurisdictions. We expect to invest approximately £51 billion in green infrastructure and projects in the five-year period from April 2024 to March 2029.

As we delivered another record year of capital investment, we also reached a higher proportion of green capital expenditure, aligning with EU Taxonomy principles for sustainable investment. In 2024/25 around 81% (£7.7 billion) of our Group's capex aligned to the principles, compared with 78% (£6.0 billion) in the previous year. Where investment is not classed as green we are maintaining our network assets to deliver for our customers.

Under our new Green Financing Framework 2025, National Grid plc and its subsidiaries are able to issue Green Financing Instruments to fund our efforts towards a cleaner energy system. See our latest Green Financing Report on our website, which details the issuance of green bonds totalling €1.5 billion in 2024/25, along with the allocation of proceeds and their environmental impact.

We continue to make good progress on our early ASTI investments in the UK. Construction has commenced on six projects, as well as procurement and mobilisation of supply chain partnerships and public engagement and consultations. In the US, progress on the 'Upstate Upgrade' in New York has continued, delivering a modernised, stronger and cleaner energy network and generating new jobs.

These infrastructure investments support our network jurisdictions in achieving net zero goals. In 2024/25, we connected 3,016 MW of renewable capacity to our networks across the UK and US.

We are committed to

Using resources responsibly

We manage our environmental impact with a focus on pollution, waste and water use.

We have various projects that create waste, such as cleaning up former gas plant sites, retiring old fossil assets and leak-prone equipment, building grid infrastructure and supporting various renewable energy projects. We endeavour to ensure that our waste is correctly disposed of with appropriate environmental permits and compliant with regulatory standards in the applicable regions.

The different categories of waste are summarised in our data tables, linked on page 42. Some waste produced is classed as 'hazardous waste'. This arises from the removal of contaminated land during commercial property activity and the disposal of oil and polychlorinated biphenyl (PCB) or lead-contaminated materials.

Alongside managing our waste responsibly, we also recycle, refurbish and reuse materials at asset refurbishment and investment recovery facilities in the UK and US.

Our water use relates almost entirely to water used for generation cooling purposes. Abstracted water is not altered other than being slightly warmed by the process. Water discharge temperatures are closely monitored and follow applicable regulations. This year, 1,134 million cubic metres were withdrawn. Of this total, over 99% relates to the use of seawater for cooling generation assets in the US. All this abstracted water is returned to the sea at the permitted temperature limit.

We are

Adapting to a changing climate

We take action on our climate change risks and opportunities and our investment in climate change adaptation activities.

Most climate hazards are projected to increase in frequency in the future, with high temperatures and coastal and river flooding of particular concern to the areas in which we operate. Our approach to climate resilience, and addressing risks arising from global warming impacts, is outlined in our Task Force on Climate-related Financial Disclosures (TCFD) report on pages 59 – 77. In addition, our EU Taxonomy report details our climate change adaptation expenditure.

81%

2024/25 green capital expenditure

Aligned to EU Taxonomy, directly invested into the decarbonisation of energy networks.

3,016 MW

renewable capacity connected in 2024/25

Our customer and communities

UN Sustainable Development Goals

Meeting the needs of our customers and communities

We are focused on building the necessary infrastructure across the UK and US Northeast while assisting our customers on affordability and building skills in our communities.

We continue to provide assistance to our customers and communities to help manage the costs of the energy transition.

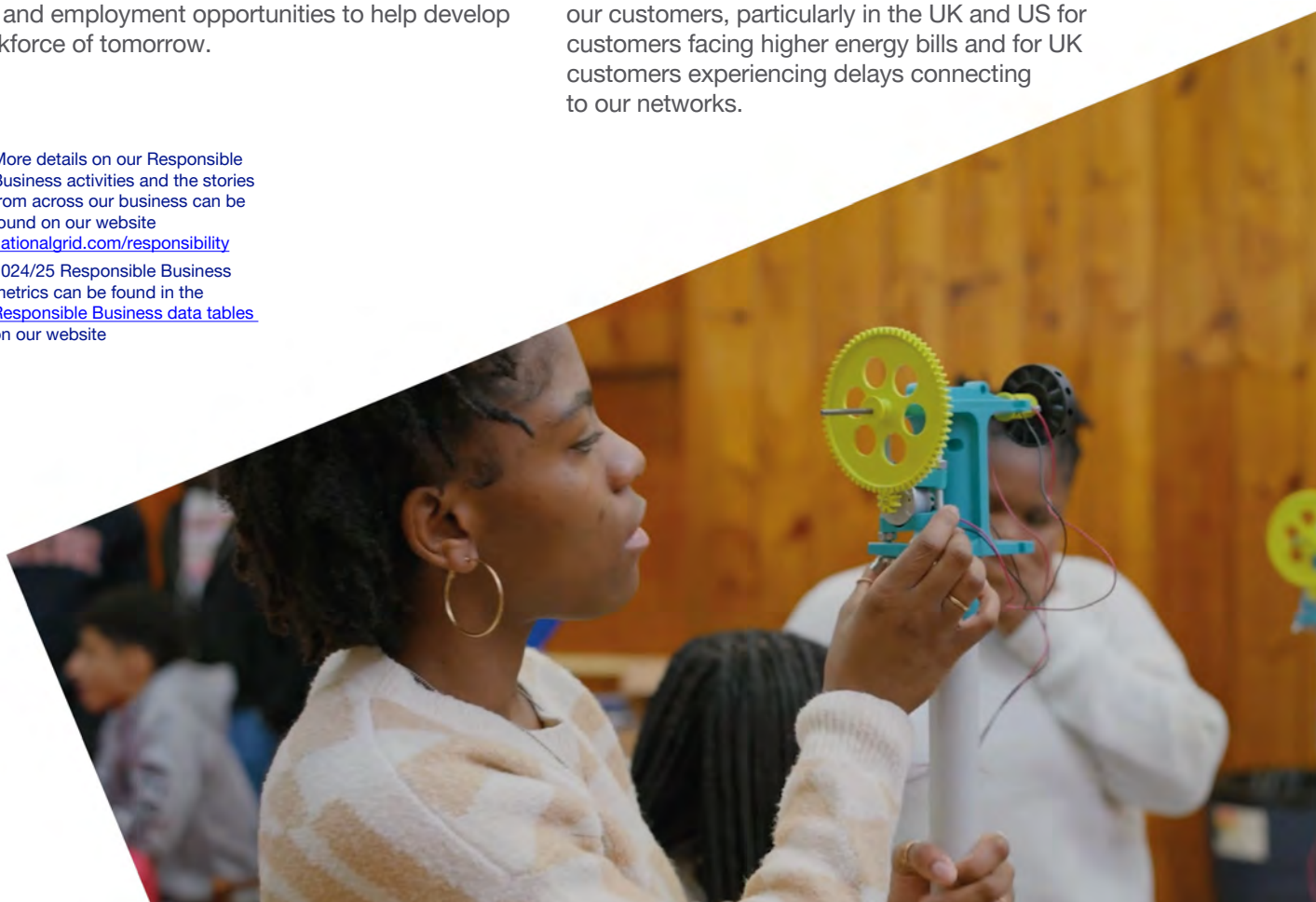
Our skills development programmes are providing people from disadvantaged communities access to training and employment opportunities to help develop the workforce of tomorrow.

Our colleagues are directly helping the communities we serve through volunteering events and projects to inspire positive change, create positive local impact, strengthen communities, and make a difference.

We acknowledge the need for further support to our customers, particularly in the UK and US for customers facing higher energy bills and for UK customers experiencing delays connecting to our networks.

More details on our Responsible Business activities and the stories from across our business can be found on our website nationalgrid.com/responsibility

2024/25 Responsible Business metrics can be found in the Responsible Business data tables on our website



We are committed to

Supporting an affordable energy transition

We have established the Grid for Good Energy Affordability Fund for future assistance.

Our communities still need our help. National Grid remains committed to ongoing support for those that cannot meet energy costs and has established the new £13.8 million Grid for Good Energy Affordability Fund for future assistance.

This continues our community support in the way that our previous three-year energy support fund had, in assisting some of the most vulnerable households and businesses struggling with energy costs. We worked with key charity partners in the UK and US to help provide emergency financial relief, fund energy efficiency measures, provide advisory services for households, support energy bill assistance, and emergency food support programmes for low-to-moderate-income customers. This support fund benefited 259,884 households across our UK footprint alone.

The Grid for Good Energy Affordability Fund will run for three years in the UK and US in order to continue financial support to charities and organisations who assist vulnerable households with energy advice, emergency funding and energy efficiency measures.

More details on how our funding is supporting charities and organisations to provide relief to vulnerable households can be found on our website.

In the last year, the increased cost of gas as part of overall global increases has driven up customer bills, particularly in our US jurisdictions. Looking forward, we remain focused on the ambitious climate targets in New York and Massachusetts, but we acknowledge that there is more we can do to support our customers in relation to bills, in addition to our financial community support.

£13.8m

2025 Grid for Good Energy Affordability Fund

29,654

people positively impacted with meaningful skills development in 2024/25

We committed to

Accelerate social mobility in the communities we serve

We have provided 29,654 people with meaningful skills development.

Progress to target (people)

	Target: 2030/31
45,000	60,384

We continue to contribute to the acceleration of social mobility in the communities we serve by developing new and long-standing partnerships with registered charities, not-for-profit organisations, social enterprises, educators and our supply chain.

With these organisations, we have created skills and employability pathways. Our work is focused on two primary objectives: to provide upskilling and to create employment opportunities across our sector.

This year, 29,654 people have been positively impacted, made up of 5,132 in the UK and 24,522 in the US. Since 2021, we have positively impacted the lives of 60,384 people, exceeding our commitment of 45,000 people. 94 people have secured employment in National Grid alone this year.

We ranked 42nd out of the top 75 employers in the 2024 UK Social Mobility Index (SMI), demonstrating our commitment in employer-led social mobility. We continue to focus on progression culture and data collection as a result of feedback from this index.

We are

Engaging directly in our communities through volunteering

Across the UK and US we have delivered 60,511 volunteering hours to support our communities.

Progress to target (hours)

	Target: 2030/31
239,991	500,000

We have helped more colleagues across the UK and US to feel directly connected to our communities, giving them an opportunity to make a difference. We work with many partner organisations to identify and manage opportunities for colleagues to volunteer their time in local communities.

Across the US, we recorded 35,274 volunteering hours. In the UK, we recorded 25,237 volunteering hours.

Colleagues this year have volunteered their time, helping to deliver community events and logged 60,511 volunteering hours, bringing our total to 239,991 volunteering hours since 2021.

Case studies on our volunteering engagement can be found on our website.

Responsible Business review continued
Our customers and communities

We act

On the feedback we receive from our customers on the service we provide

Across the UK and US we serve millions of households and partner with thousands of businesses. We are committed to delivering secure and clean energy as affordably as possible, maximising the capacity of our assets and ensuring our customers benefit from an efficient and reliable network.

We recognise the limited progress across the business, especially in the US, on customer satisfaction due to bill increases as well as delays in connecting to our network. We are listening to feedback and taking steps to address these issues where possible.

US customer satisfaction

In 2024/25, 58.4% of our residential and commercial customers trust us to provide the advice needed to make good energy decisions. Perceptions are higher in New York, 61.1%, than New England, 53.9%, but customers in both regions faced high inflation and a long, unseasonably cold winter, causing impacts on affordability and negatively affecting our customers' sense of value.

We recognise that we need to do more and we are committed to raising awareness of financial assistance and other services that help manage and save on energy bills. We are expanding our energy efficiency and outreach programmes with an increased focus on mitigating peak period bills, and addressing the energy burden facing our most vulnerable customers. We are doing this with expanded language translation.

This year, following customer feedback, we have updated our customer-facing mobile app to improve the way customers can self-serve and manage their account. Our teams are dedicated to enhancing business processes, adopting the latest technology and undergoing training to drive improvements. We hope this will make it easier for our customers to interact with us, and in turn will help to improve satisfaction and trust.

We have also started to deploy Advanced Metering Infrastructure (AMI) technology across New York and Massachusetts, giving customers greater visibility of their energy use.

Specifically in Massachusetts, 40% of funding from the new statewide 2025 three-year energy efficiency plan will focus on programming, the opt-in implementation of a residential heat pump rate with lower charges, deferring recovery of some gas delivery charges. Further, in September 2025 implementing larger rate discounts for low-income electric customers.

In New York, we are providing energy bill credits and funding an initiative to help overcome barriers that prevent the installation of energy efficiency improvements. Our latest multi-year rate plans will be implemented on a levelised basis to reduce rate volatility to customers over the duration of the plan.

UK ED customer satisfaction

In UK ED, we have delivered a high level of customer satisfaction for 2024/25 with a score of 8.98 out of 10.

We investigate areas of good practice across our licence areas with the aim of providing solutions that can be applied across the business. We continue to undertake customer service training. We have customer engagement group forums and have established mechanisms to learn from the activities of other distribution network operators, to help ensure we are making the right decisions for our customers. We are confident that these actions will result in year-on-year improvements and achievement of our target.

UK ET customer satisfaction

In UK ET, our customer satisfaction score in 2024/25 is 6.5 out of 10. We follow the Quality of Connections Incentive, which we anticipated to be challenging this year due to the rapidly growing connections pipeline and its impact on connection dates. Despite this being largely outside of UK ET's direct control, we have seen an impact in our overall score as expected. We are working closely with others across the industry to address the challenges caused by the current connections pipeline.

As this measure of customer satisfaction consists of elements, including regulatory rules, which are outside of our control, we are also focusing our efforts on where we can drive value for our customers. For example, we have looked at how we are servicing the needs of customers who have established projects that are delivering against agreed milestones and are in the development or delivery stages of work.

As well as focusing on driving value for our customers, we are enabling broader societal economic benefits. For example, we are in the process of delivering a project to connect the largest EV battery manufacturing facility in the UK, contributing to almost half of the projected battery manufacturing capacity required for the UK automotive sector by the early 2030s and creating thousands of jobs.

NGV customer satisfaction

NGV has conducted customer satisfaction surveys (CSAT) across its business units for the second year, 2024/25, achieving good scores overall.

Our UK subsea electricity interconnectors have scored the following: IFA, IFA2 and Viking, 86%, BritNed, 87% and Nemo, 92%, while Grain LNG has scored 86%. The US Northeast scored 8 out of 10, with feedback of solid communication and cooperative, competent teams and points of contact.

Our people

UN Sustainable Development Goals

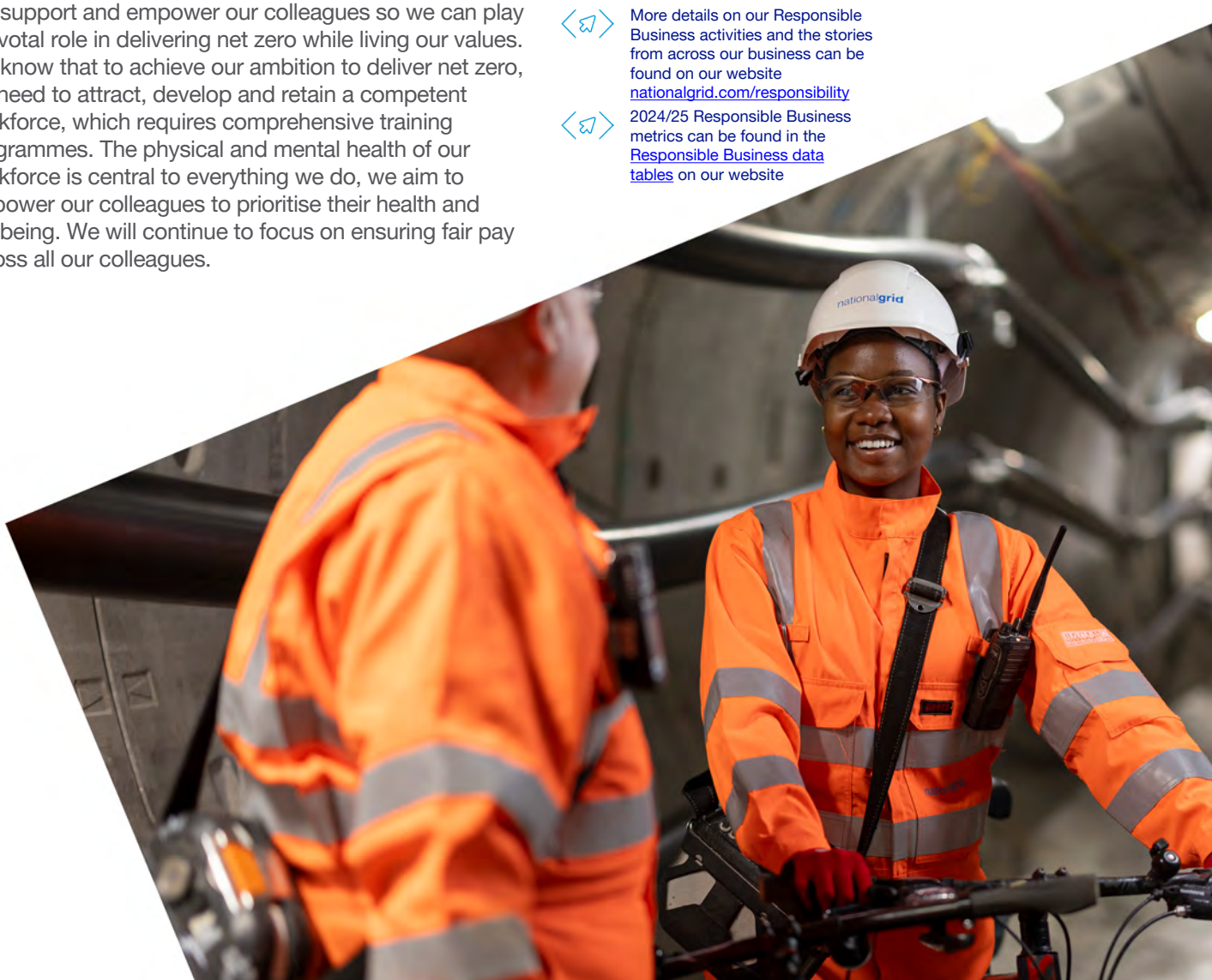
Investing in a workforce where all can thrive

Our 31,645 colleagues across the UK and US are the driving force behind our business. We invest in attracting and retaining a workforce where all feel welcome and able to do their best work.

We support and empower our colleagues so we can play a pivotal role in delivering net zero while living our values. We know that to achieve our ambition to deliver net zero, we need to attract, develop and retain a competent workforce, which requires comprehensive training programmes. The physical and mental health of our workforce is central to everything we do, we aim to empower our colleagues to prioritise their health and wellbeing. We will continue to focus on ensuring fair pay across all our colleagues.

More details on our Responsible Business activities and the stories from across our business can be found on our website nationalgrid.com/responsibility

2024/25 Responsible Business metrics can be found in the Responsible Business data tables on our website



Responsible Business review continued
Our people

We are

Investing in our people and building the skills needed to deliver the clean energy future

Our new talent programmes continue to grow.

As our workforce increases, we need to consider the skills needed to deliver on our clean energy future and help our colleagues learn and grow with us to tackle the challenges ahead. Attracting, developing and retaining a qualified and competent workforce requires training programmes that are robust, comprehensive, in line with local regulations and that create a career path built on safety and competence.

Our UK graduate scheme follows three distinct pathways aimed at enhancing graduates' capabilities while emphasising leadership development for our graduate population. This year we welcomed 161 UK graduates.

In the US, 75 graduates joined our comprehensive 12-month development programme which includes a four-week orientation travelling around our principal operating locations learning about our business. The new coaching mechanism we use called EZRA Focus supports graduates as they complete their development programmes and make the key career transition into their first role.

This is part of our commitment to progress and retain our early careers talent pipeline. In the US, we continue to have a strong Gridtern Programme, welcoming 172 Gridterns on summer internships in 2024.

Across ET and ED in the UK, our apprenticeship programme is crucial in building the country's workforce of the future, with young people driving innovation and progress. This year we have had 276 apprentices start programmes to develop their skills through practical work and academic study.

Further details on our development programmes can be found on our careers website.

In addition to developing new talent, we offer development solutions to our colleagues via external providers such as:

- LinkedIn Learning, with over 9,300 on-demand development courses available;
- MindGym, an external learning provider specialising in psychology and behavioural science;
- Team Effectiveness sessions designed to foster cohesion and positive collaboration among teams;
- We have partnered with EZRA which has built executive coaching for the digital age – with EZRAx. This virtual coaching programme empowers our senior leaders to learn, develop and grow; and
- Digital coaching through BetterUp to empower growth.

We have also expanded our coaching offer to include specialist coaching. All leaders and colleagues have the opportunity to access a select pool of coaches skilled in supporting individuals to recognise their unique contributions and navigate their development, while at the same time having access to the wealth of additional resources and support that BetterUp offers.

We aim to actively identify and develop our future senior leaders through a variety of programmes designed specifically for this purpose:

- Future Leaders Programme
- Managerial Supervisory Training
- Enterprise Leadership Advantage Programme
- Next Generation.

We know that if we are to achieve our ambition to deliver net zero, we need to attract, hire and retain people from a wide array of backgrounds, who have different experiences and perspectives. We owe it to our colleagues, customers and stakeholders to be clear on our stance against discrimination. Our policy ensures that individuals identifying as having a disability receive fair consideration for all vacancies, with reasonable accommodations and additional resources provided whenever feasible. We are dedicated to equal opportunities in recruitment, training, promotion and career development for all our colleagues, including those with disabilities.

We have streamlined our recruitment processes, investing in HR technology and implementing a strategic sourcing structure to drive proactive sourcing, creating a best-in-industry candidate experience and creating recruitment practices aimed at helping us build a strong future workforce.

Currently, 39% of our jobs are filled by internal promotions and moves, demonstrating our commitment to growing our colleagues internally. To deliver the energy transition, we also need new skills and capabilities, which means increasing external hiring. We aim to understand the skills, experience and roles we will need in the future by using workforce planning data to map our requirements. We are working to design strategies that focus on sourcing and engaging with relevant talent to search for the right colleagues before we need them.

We are committed to

A workplace where all colleagues can thrive

We are continuing to make progress in providing an inclusive culture for our colleagues.

We believe strong business results are enabled by having a workforce with multiple perspectives and skills, and a culture where everyone can do their best work. We aspire to do our part in ensuring that, one day, everyone sees their place in shaping the energy future in equal measure.

This year, 16.8% of our management population are ethnically diverse, a decrease of 0.8% from 2023/24. Women now comprise 35.5% of our management population.

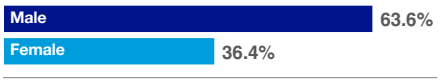
We have seen year-on-year growth in female and ethnically diverse new talent. The number of female hires in new talent programmes has increased to 32.2%% in 2024/25, from 31.6% in 2023/24. In addition, ethnically diverse new talent has risen to 41.2% in 2024/25, from 32.3% in 2023/24.

Gender demographic as at 31 March 2025[1]

Our Board[2]

11

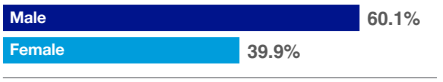
Male **7** Female **4**



Senior management[3]

158

Male **95** Female **63**



Whole company[3]

31,645

Male **23,932** Female **7,713**

1. Companies Act 2006 disclosure. We have included information relating to subsidiary directors, in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. 'Senior management' is defined as those managers who are at the same level as, or one level below, the Group Executive Committee. It also includes those who are Directors of subsidiaries where we have a majority interest, or who have responsibility for planning, directing or controlling the activities of the Group, or a strategically significant part of the Group, and are employees of the Group.
2. 'Board' refers to members as defined on the Company website.
3. In scope are active, permanent employees. Out of scope are non-employees, temporary staff and interns.

We are committed to

Creating an inclusive culture, where it is safe to speak up and where our colleagues' voices are heard and understood by our Group Executive and Board

Creating an inclusive culture through awareness and education remains a priority, particularly through partnering with our leadership who are fundamental in driving our culture.

Our global learning curriculum proactively invites all people managers to participate in inclusive educational opportunities.

Our Employee Resource Groups (ERGs) play a vital role at National Grid. They are open to all employees, not just those with a particular characteristic. We are proud that 31% of our workforce, around 9,725 colleagues, are members of at least one ERG. ERGs create a sense of community and promote a culture of belonging by offering support and development opportunities to colleagues. We believe this in turn promotes employee engagement and performance.

We carry out two annual engagement surveys to provide the Group Executive and Board with further insight and understanding of our culture and engagement.

Throughout the year we were recognised for numerous industry best practices, including being named in Times Top 50 Employers for Gender Equality, Top 25 Organisations driving Ethnicity Inclusion, 42nd out of the top 75 employers in the 2024 UK Social Mobility Index (SMI), The Equality 100 Award: Leader in LGBTQ+ Workplace Equality Distinction by the Human Rights Campaign Foundation. In 2024 National Grid took part in the Workforce Disclosure Initiative for the seventh consecutive year.

We were awarded a disclosure score of 85% compared to the sector average of 62% with a special mention for workforce action and value chain data.

Further details on our culture can be found on our website.

80%

Employee engagement index in 2024/25

71%

'Safe to say' in Grid:Voice in 2024/25

Responsible Business review continued
Our people

We are committed to

Leading the industry on colleague health and wellbeing

Our employee wellbeing index is 77%.

Progress to target % **Target: 2030/31**

77 81

The physical and mental health of our workforce is central to everything we do, from our wellbeing champions to mental health support. We aim to empower our colleagues to prioritise their health and wellbeing through healthy habits and by accessing available resources when needed through our intranet site, print communications and presentations. By doing so, we aim to foster an environment where everyone can thrive together.

In 2024, we continued to carry out our Thriving Together health and wellness ambition. We introduced 'behavioural aspirations' to empower colleagues and leaders to build a thriving workplace culture. These aspirations include awareness and utilisation of supportive resources, role modelling healthy behaviours, and proactive management of team health and wellbeing. The Health & Wellbeing Business Management System standard has been updated to enhance our wellness culture. To support our business units, a standard for musculoskeletal injury risk management was developed.

In the US, we experienced increases in Virgin Pulse wellbeing platform enrolment by management and union colleagues, by 2% and 1%, respectively. Enrolment and engagement foster healthy habits and improve health. Also in the US, Employee Assistance Program (EAP) utilisation increased by 16% since 2023. In the UK, we see a 35% increase in our Thrive platform engagement, and a 5% increase in EAP.

We are committed to

Ensuring all colleagues receive fair and equitable pay

We are continuing to make progress on our gender and ethnicity pay gap.

In the UK, we remain an accredited Living Wage Foundation employer, which demonstrates that we go beyond the Living Wage requirements, voluntarily paying our trainees the Living Wage. We undertake a Living Wage review each year to ensure continued alignment. Our commitment to our direct colleagues extends to our contractors, whom we commit to also pay at least these rates.

In addition to fair pay, we provide a range of competitive benefits to our colleagues that go beyond statutory minimums.

In the US, colleagues are paid above the statutory minimum.

When making remuneration decisions for our Executive Directors and other senior leaders, our Remuneration Committee takes account of the remuneration arrangements and outcomes for the wider workforce.

We review gender and ethnicity pay gaps annually and these are reported one year in arrears in accordance with UK legal requirements on gender pay gap reporting. With sustained focus over many years, our UK base gender pay gap continues to be minimal and we have also shown progress with pay and incentive gaps for ethnically diverse colleagues.

We will continue to focus on ensuring fair pay across all our colleagues.

Our gender pay gap disclosure can be found on our website.

Mean gender pay gap 2023/24

UK **1.3%** 2022/23 1.8%

US **4.8%** 2022/23 3.6%

Mean ethnicity pay gap 2023/24

UK **-2.9%** 2022/23 -2.2%

US **3.6%** 2022/23 2.0%

Mean gender incentive gap 2023/24

UK **-14.4%** 2022/23 -1.3%

US **-24.4%** 2022/23 -29.4%

Mean ethnicity incentive gap 2023/24

UK **51.7%** 2022/23 55.7%

US **-3.4%** 2022/23 -2.2%

+35%
Thrive Mental Health website engagement in the UK

+16%
EAP utilisation in the US

Responsible Business fundamentals

UN Sustainable Development Goals

Operating a responsible business

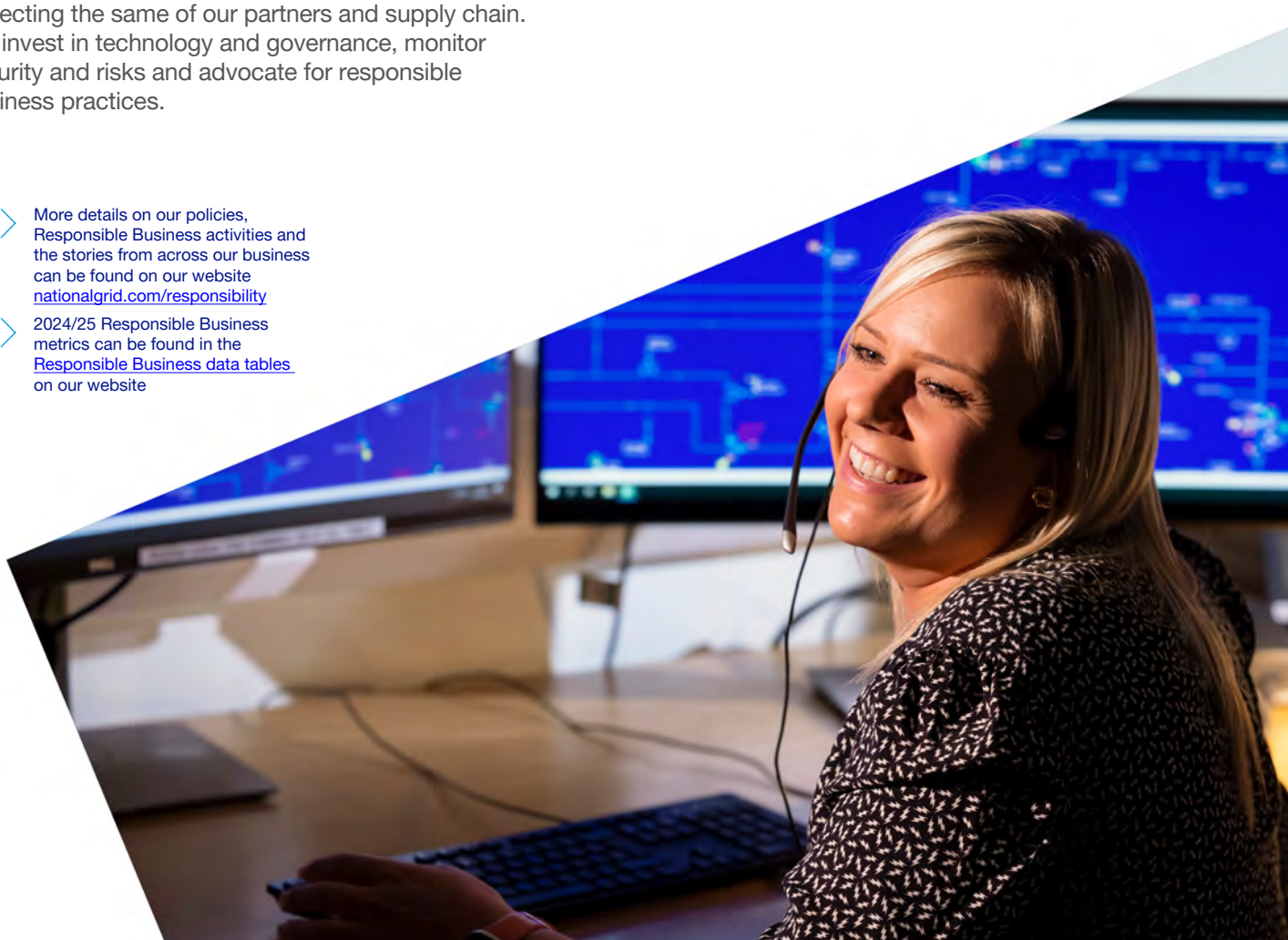
Every day, we safely, securely and reliably connect millions of people to energy, prioritise resilience and operate responsibly.

We aim to continue to deliver on what is expected of us and to be a compliant and ethical business in everything we do. We seek to do this by ensuring safe and reliable operations, living our values, while influencing and expecting the same of our partners and supply chain. We invest in technology and governance, monitor security and risks and advocate for responsible business practices.

Our Responsible Business fundamentals are the foundation of our RBC pillars. Within this section, we cover activities that are essential to operating our business the right way.

More details on our policies, Responsible Business activities and the stories from across our business can be found on our website nationalgrid.com/responsibility

2024/25 Responsible Business metrics can be found in the Responsible Business data tables on our website



Responsible Business review continued

Responsible Business fundamentals

We are committed to

Safely, reliably and efficiently connecting millions of people to the energy they use

Health and safety

The health and safety of all our colleagues remains paramount. We require our people to Stand up for Safety and demonstrate the company-wide principles of Safe to Say, Safe Choices, Safe to Stop and Safe to Learn.

We endeavour to mitigate risks and eradicate injuries to our workforce, supported by our safety management processes and Group safety reporting system.

There have been no fatalities in 2024/25.

Lost time injuries (LTIs)

We have recorded a Group lost time injury frequency rate (LTIFR) of 0.10 this year, compared to 0.08 in the prior year against our Group target of 0.10 or less, per 100,000 hours worked (this includes contractors working on behalf of National Grid). Despite meeting our Group target, we have seen an overall increase over the year, primarily driven by an increase in incidents such as trips, falls and manual handling injuries.

Injuries to members of the public

This year, there have been two incidents resulting in injuries to members of the public which are attributable to our assets, people or work. These occurred in UK ED and UK ET.

Reliability and resilience

Despite major weather events over the past year, we have maintained reliability at over 99.9% across our networks. Details per business unit can be found on page 21.

We are committed to building resilience through our business continuity programme.

The recent fire at our UK ET North Hyde substation is currently under investigation, further details can be found on pages 5 and 25.

Further detail on resilience in our strategy can be found in our TCFD disclosure on page 59.

Efficiency for our customers

We provide support through initiatives to our customers to help them to take control, conserve energy and save on their bills.

In the UK, our transmission network cost decreased from £24.49 in 2023/24 to £19.23 in 2024/25 (excluding ESO). The contribution of distribution costs increased from £104.01 to £132.18.

In the US, our total average electric customer bill across our jurisdictions in 2024/25 has increased since last year to $1,975.38, $1,396.68 for low income customers.

Our total average gas customer bill across our jurisdictions in 2024/25 has also increased to $1,663.34, $954.49 for low income customers. We recognise the need for further support in the US, particularly for customers facing higher energy bills and are raising awareness of financial assistance and services to help manage and save on energy bills, more of which are detailed on page 50.

Further information on how we operate safely and efficiently can be found on page 17.

We are committed to

Influencing our supply chain to operate responsibly

Suppliers must adhere to our Supplier Code of Conduct which includes commitments to the real Living Wage, compliance with the Conflict Minerals Rule and the establishment of environmental strategies and targets.

We are providing greater transparency and accessibility in our sourcing system through our new procurement sustainability tool. Aligned to the Global Industry Classification Standards (GICS) and National Grid's Category Tree, the tool triggers a sustainability heatmap by pulling out bespoke questions to embed into sourcing events.

We are a partner of the Supply Chain Sustainability School in both the UK and US, enhancing the skills of our priority suppliers. We have also partnered with the Sustainable Supply Chain Alliance (SSCA), which consists of utilities and suppliers and aims to promote sustainability best practices.

We are

Fair to our suppliers and are committed to paying them promptly

We recognise that timely payment is crucial for the financial health and operational stability of our suppliers. We adhere to the agreed payment terms set out in contracts or purchase orders and our finance team works diligently to ensure that all invoices are processed efficiently.

In the UK, we are a signatory of the Prompt Payment Code and we also encourage our suppliers to adopt the principles of this code.

We are committed to

Delivering against our Human Rights Policy

Human rights are integral to our Code of Ethics. This maintains our reputation as an ethical company that stakeholders want to do business with and colleagues want to work for.

We have a separate Human Rights Policy to hold ourselves accountable to respect the rights of our workforce, our value chain and those impacted by our operations while providing a safe, secure and inclusive work environment. We also publish an annual Modern Slavery Statement, outlining our approach to mitigating the risk of modern slavery in our business and supply chain.

Further details of our human rights and modern slavery disclosures can be found on page 277. Details of these policies can be found in our Responsible Business reporting centre on our website.

We are committed to

Being a compliant and ethical business in everything we do

We are committed to maintaining high standards of compliance and ethical conduct. We have established rigorous internal incident categories and associated reporting to drive the right behaviour, identify and monitor themes and trends, and facilitate learning.

A breach of the Code of Ethics can have different outcomes depending on the severity and detrimental impact to people and our organisation and may result in disciplinary actions up to and including dismissal, in line with our disciplinary procedures.

Following the implementation of the Workers Protection Act 2024, we have reviewed and updated our Respect at Work policy, Grievance policy, Code of Ethics and Supplier Code of Conduct to ensure sexual harassment in the workplace is included. Communications across the business have taken place to highlight our expectations and how colleagues can 'speak up' and report concerns.

We have a communication and training programme which aims to promote a strong ethical culture and is backed by mandatory e-learning for colleagues to understand and apply our Code of Ethics. We have a zero-tolerance stance on fraud, bribery and corruption of any kind and we regard the potential for bribery and corruption as a significant risk to the business. We have established policies and governance in place that set and monitor our approach to preventing financial crimes, fraud, bribery and corruption, including our Code of Ethics.

To ensure compliance with the UK Bribery Act 2010 and other relevant legislation, we undertake a fraud and bribery risk assessment across the Company on an annual basis. This identifies higher-risk areas such as system access controls, supplier fraud and potential conflicts of interest. We make sure adequate policies – such as our Anti-Financial Crimes Policy, which applies to all colleagues and those working on our behalf – and procedures are in place to address them.

Ethics, compliance and business conduct is discussed quarterly at the Ethics, Risk & Compliance Committee (ERCC) and twice a year at Audit & Risk Committee. Serious issues that meet our escalation criteria are reported in line with our escalation process through the Chief Legal Officer & Chief Compliance Officer, Audit & Risk Committee and the Board as appropriate. All cases are investigated promptly and, where appropriate, acted upon, including ensuring any lessons learnt are communicated across the business.

Whistleblowing

We operate confidential internal and external 'Speak-up' helplines that are always available, in all the regions where we operate for individuals to raise concerns about breaches of the Code of Ethics. This is supported by our 'Speak-up' policy which sets out how we will protect anonymity, support and protect whistleblowers and our zero-tolerance approach towards any form of retaliation. Whistleblowing is regularly discussed in the ERCC locally and at the Audit & Risk Committee at Group level, as per page 112.

Artificial intelligence

We use artificial intelligence (AI) to solve problems and gain insights for ourselves, our customers, society, and the environment. We recognise the importance of developing and using AI in a responsible manner. Our BMS Data Standard is reinforced by dedicated Responsible AI policy and controls, due diligence assessments of both ourselves and external partners, and an AI Governance Council. We continually review and update our approach in line with regulatory, sustainability, and technological advancements.

We are committed to

Investing in developing technologies and innovations

National Grid Partners (NGP) has invested c. $500 million in new technology companies since its creation in 2018.

This year, investments have ranged from carbon capture technology, dynamic line rating technology and superconducting power lines, to AI systems and design software.

Further details on technological change can be found on page 13.

Find out more about our innovative projects and investments on our NGP website ngpartners.com/portfolio.

We continue to

Ensure we have appropriate governance in place to deliver on our Responsible Business commitments

With the support of our Board and five sub-committees we are provided with strategic direction and structure to deliver sustainable shareholder value.

For further information on the Board and Committees please refer to pages 98 – 120.

We are

Ensuring security and risks, cyber and physical, are appropriately monitored

We are prioritising cyber security, data protection and responsible AI through the implementation of effective solutions which manage vulnerabilities, ensure compliance with regulatory requirements, and fulfil reporting obligations. We enforce data protection controls to comply with relevant privacy laws and standards, such as use of strong passwords, regular software updates and providing colleague training on best practices.

To minimise security incidents, protect customer data and ensure the ethical use of AI, we keep up to date with the latest trends and technologies, collaborate with industry and government, and share information and best practices.

Please see our Operational Principal Risk on page 38 for further information.

We are committed to

Working with stakeholders and the wider industry to promote Responsible Business topics and advocate for action

Details on stakeholder engagement at National Grid can be found on pages 22 – 24.

International engagement

At COP29 in November 2024, we partnered with the UK Government, We Mean Business Coalition and Climate Action, among other UK, US and international organisations, to participate in 64 organised events and countless discussions regarding the energy transition.

Our focus was on sharing knowledge and ideas to develop reliable and clean power systems, discussing challenges and opportunities on supply chains, and demonstrating the important role innovation can play in optimising our infrastructure.

As part of our wider international engagement this year, we shared our expertise in managing energy networks with intermittent renewable energy and collaborated with other countries through initiatives such as the Green Grids Initiative, the Energy Transition Council and Mission Innovation. Over the last year we have shared knowledge and experiences directly with 10 countries, including China, Vietnam and Singapore, to support the energy transition internationally. This year, we were also a major participant in New York Climate Week and London Climate Action Week.

Responsible political lobbying

National Grid is committed to responsible lobbying and engagement with our elected leaders across all jurisdictions in which we operate. We engage in a manner appropriate to the jurisdiction, despite variations in lobbying definitions across these geographies.

Our lobbying and engagement is aligned with the 1.5°C global warming ambition of the Paris Agreement.

We have global corporate policies on political contributions, responsible political lobbying, employment of former public officials and secondment of employees into public bodies, all accessible on our website. Our guidelines include clear principles, an integrated management approach and Board accountability and oversight.

Full details of our political donations and expenditure can be found on page 278.

Trade associations

We are a member of various trade associations where we share our knowledge, expertise and insight to inform the work of respective bodies.

We conducted a trade association review in March 2024 where we reviewed the alignment of our 35 trade associations across the UK, US and Europe with key criteria, as well as setting out National Grid's involvement and relationship with each organisation.

Full details on our trade association review can be found on our website.

Transparent reporting

Transparent and public reporting is an integral part of being a responsible business. We remain committed to reporting our activities, commitments, and performance in a transparent manner, including our sustainability data and performance.

Our approach

To determine which responsible business issues are important to our business and essential for us to embed in our strategy, we undertook a double materiality assessment in 2022. We identified six topics that encompass the most significant aspects for our business and align with the concerns of our stakeholders. These focus areas represent opportunities for us to make a positive impact on pressing societal challenges, including those outlined in the UN Sustainable Development Goals (UN SDGs). There are four key SDGs that link to our commitments; SDG 5, 7, 8 and 13.

Further details on our material topics and most recent double materiality assessment, as well as our work against the UN SDGs can be found on our website.

We recognise the need to adapt to changes and remain proactive in addressing emerging challenges and opportunities. We are committed to continuously evolving our approach and striving for improvement to maintain robust performance on Responsible Business.

How we assess performance

Responsible Business is conducted in accordance with widely recognised standards and frameworks.

Our performance and disclosures undergo evaluation by reputable sustainability indices and external organisations. This external evaluation provides valuable insights and helps us assess our sustainability performance against industry benchmarks and expectations.

2024/25 Responsible Business performance rating

The Directors are responsible for reporting our Responsible Business (RB) data as at 31 March 2025, in accordance with the reporting criteria as set out in Our Reporting Methodology document. Our key RBC and performance metrics are detailed in this section, while the complete set of metrics can be found in our Responsible Business data tables.

Scope of Responsible Business reporting

Our Responsible Business reporting covers our Group. Our businesses report in line with the financial year (1 April – 31 March), and our Responsible Business metrics have been calculated on this basis, unless stated otherwise. All metrics include the results of the Company and its wholly owned subsidiaries. Joint ventures that do not fall under National Grid's operational control have been excluded from this report. The main changes to our operations over the past two years include:

- Viking Link (VL), our subsea interconnector linking the electricity systems of the UK and Denmark, became operational in December 2023. We included VL in our 'Interconnector capacity' metric for 2023/24, as it was operational by 31 March. It was not included in some other RB metrics in 2023/24 due to it being non-operational for the majority of the period; however, 2024/25 will be the first period in which VL will be included in all relevant RB performance metrics.
- On 1 October 2024, the National Energy System Operator (NESO), was launched under UK Government ownership following separation of ESO and National Grid. For 2024/25 full year reporting, ESO RB data is excluded as per our reporting methodology.
- In May 2024 we announced our intention to sell our National Grid Renewables and Grain LNG businesses. In line with our RB reporting methodology for disposals, these operations continue to be included within our RB metrics and will be removed from our reporting from the start of the reporting year that they leave the Group.

For further details please refer to our Our Reporting Methodology document.

Assurance

We engaged Deloitte LLP to undertake an independent limited assurance engagement using the International Standard on Assurance Engagements (ISAE) 3000 (Revised): 'Assurance Engagements Other than Audits and Review of Historical Financing Information' and ISAE 3410 'Assurance Engagements on Greenhouse Gas Statements.'

The Board of Directors of National Grid plc has reviewed and approved the ARA and Responsible Business data tables for the 12-month reporting period ended as of 31 March 2025. The Board of Directors confirms that the information provided is accurate and in line with the mandatory requirements and selected information has been independently assured by Deloitte.

Deloitte has provided an unqualified opinion in relation to the metrics that are identified with the symbol ⟨⟩ on pages 18 – 21 and 77 and in the Responsible Business data tables. Prior year externally assured data by PricewaterhouseCoopers LLP (PwC) are identified with the symbol ⟨⟩. This Responsible Business review includes many externally assured metrics, though they are not separately marked with the symbol. All RB metrics in the data tables not covered by Deloitte or PwC have been assured by our internal second-line Risk and Controls team.

Each year we reassess our assurance scope to ensure that we obtain external assurance for our most material metrics. We intend to evolve our assurance approach in line with market developments and we will actively explore opportunities to incorporate more rigour into our approach in future years. Non-financial information, particularly GHG quantification, is subject to more inherent limitations than financial information. It is important to read this report in the context of Deloitte's full limited assurance opinion and our reporting methodology.

Reporting centre

Beyond our Responsible Business review and TCFD statement in this report we also produce supplementary reports aligning to established sustainability reporting standards:

- Responsible Business data tables
- EU Taxonomy
- Green Financing Report
- SASB
- GRI

Our Responsible Business reporting centre consolidates our suite of documents, policies and our commitment to reporting.

For more information visit our Responsible Business Reporting Centre at **nationalgrid.com/responsibility**

Task Force on Climate-related Financial Disclosures (TCFD)

Understanding the potential impacts of climate change

At National Grid, we recognise that addressing climate change is the defining challenge of the 21st century and the energy transition is accelerating at pace. Our networks and operations are crucial to transforming the energy system in the jurisdictions where we operate. We are supportive of the Paris Agreement's long-term goal to keep the rise in global average temperature by 2100 to well below 2ºC above pre-industrial levels, and to pursue efforts to limit the increase to 1.5ºC.

We have supported the recommendations of the TCFD since its initial publication. The framework helps us understand the impact of climate change on our operations and has benefited us directly by: shaping our governance structure to effectively oversee risks and opportunities; aligning our business strategy to identify and seize transitional opportunities, including our significant step up in asset growth; developing values of sustainability in our corporate culture; and embedding climate change into our risk management framework, which has engaged our lines of defence to manage the associated risks.

We fully comply with FCA Listing Rule 6.6.6(8)R and align our climate-related financial disclosures with the TCFD's four pillars - governance, strategy, risk management, and metrics and targets, with 11 recommended disclosures under these pillars. Additionally, we meet the climate-related financial disclosure requirements outlined in sections 414CA and 414CB of the Companies Act 2006.

We published our second CTP in May 2024, which sets out the strategic action plans and mechanisms to realise our net zero commitments.

Task Force on Climate-related Financial Disclosures (TCFD) continued

01 Governance

The Board sets and leads the Group's climate-related strategy and goals and has oversight of the climate-related risks and opportunities.

National Grid has five strategic priorities, as set out on pages 14-15, one of which is to enable the energy transition for all. Responding to climate change and the transition to net zero is therefore at the heart of our strategy. The Board delegates elements of its responsibility to its various Committees, although retains ultimate responsibility in setting the Group's climate-related strategy and goals.

Members of the Board bring a variety of skills and experience, including expertise in delivering sustainability and climate change strategies. Its members have the requisite expertise in climate change and sustainability to effectively support the Group's strategy. This determination is based on an evaluation of their background and experience, particularly in the energy sector, executive roles, and expertise in sustainability and climate change, including related risks and opportunities. Specifically, several Board members, including Martha Wyrsch and Earl Shipp, have relevant experience in these areas. Martha brings extensive knowledge and experience around climate-related issues through her previous experience as CEO of a major international gas transmission business and in leading the growth and development of the renewable energy business of Vestas in the US. Earl Shipp, Chair of the Safety & Sustainability Committee, through his extensive career in the chemicals industry and his experience as a member of the U.S. Federal Reserves Energy Advisory Committee, brings to the Board knowledge of environmental, sustainability and climate-related issues. Other Board members including Jonathan Silver and Anne Robinson bring additional climate-related experience from previous roles. See pages 99-102 for information on the individual experience of Board members and page 111 for the specific skills attributed to the Board, including sustainability and climate change.

The Board received four updates from the Chair of the Safety & Sustainability Committee in the year to provide an overview of matters discussed at its Committee meetings, including progress against goals and targets addressing climate-related issues. The Board receives a Chief Executive and business update report at each meeting which includes quarterly reporting of climate change metrics such as GHG emission performance versus targets.

The Safety & Sustainability Committee met four times during the financial year where it discussed climate-related risks and opportunities. In addition to these formal meetings, a regular dialogue was maintained between the members of the Committee and senior management to enact the Group's climate-related strategy.

In 2023/24 the Safety & Sustainability Committee took into consideration the adoption of 1.5°C aligned near-term science-based targets and the 2040 net zero target date recommended by the SBTi, considering the potential effect of the targets on near and long-term strategy and all stakeholders. After taking into consideration the lack of a SBTi gas sector specific pathway and the requirement for companies classed as electric utilities to be net zero by 2040, it was agreed that the Group was unable to align to the SBTi long-term net zero standard. The Committee agreed the updated near-term science-based targets and a longer-term target to reach net zero by 2050, these targets were reflected in the Group's second CTP which was recommended to the Board and approved by 99% of shareholders at the July 2024 AGM.

In July 2024, a workforce engagement session with members of the sustainability team took place where they discussed the Group's climate transition plan and external reporting approach.

In September 2024, the Safety & Sustainability Committee and the Audit & Risk Committee held a joint session to review progress on the Group's sustainability reporting and disclosure strategy, including plans for future reasonable assurance of Scope 1 and 2 GHG emissions reporting. To support this, the Board approved the appointment of Deloitte for external ESG assurance, adopting a single firm approach for both ESG assurance and financial audits. Future joint sessions will be held where it is beneficial to align and facilitate collaboration between the two committees.

The Board considered climate-related themes across several sessions at its strategy focused offsite in February 2025, including considering the Group scenarios which looked at the Groups's pathway to achieving its strategic priorities and consideration of the pathway to net zero and associated climate-related targets. The People & Governance Committee reviewed the composition of the Board and its committees in the year, applying a Board skills matrix to ensure there is an appropriate balance of skills and competencies, including climate change matters (see page 111).

In February 2025, the Audit & Risk Committee, in carrying out its risk oversight duties, undertook a risk deep dive session on climate change mitigation to understand its impact on the Group's strategy.

The remit of the Board and its Committees under our governance framework, as well as the number of times they meet and the climate-related issues that were discussed through the year, are set out on pages 96-121. Terms of Reference for the Board and its Committees are available on our website nationalgrid.com/about-us/corporate-information/corporate-governance.

For more details visit our
Climate Transition plan

Board level

Safety & Sustainability Committee (four scheduled meetings in 2024/25)

Responsible for assessing and monitoring our environmental sustainability strategy and performance, overseeing progress against our net zero aims and considering potential climate change risks and opportunities.

Audit & Risk Committee (five scheduled meetings in 2024/25)

Oversight of our Responsible Business performance reporting, TCFD disclosures and reporting in line with leading ESG frameworks and the progress of our ESG control and assurance framework.

Remuneration Committee (four scheduled meetings in 2024/25)

Considers and approves whether and how ESG targets, including reductions in the Group's direct Scope 1 emissions and the enablement of a net zero transition (Scope 2 and 3 emissions and strategic initiatives) are incorporated into our incentive arrangements.

People & Governance Committee (three scheduled meetings in 2024/25)

Is updated on the leadership skills and capabilities needed in the business to deliver our net zero ambitions and set the strategy for attraction and retention.

Finance Committee (three scheduled meetings in 2024/25)

Considers the financial impact of climate factors on our credit metrics and relevant considerations with regards to debt and equity investors, pension and insurance strategy.

Informing **Reporting**

Executive level

Safety, Health & Sustainability Committee

Reviews and manages Group-wide environment tracking/monitoring and the related decisions.

Reputation & Stakeholder Management Executive Committee

Assesses the broader external context and provides strategic oversight for external engagement, including climate.

Ethics, Risk & Compliance Committee

Oversees the implementation of the Group's risk management and compliance framework and assessment of climate-related principal risks.

Policy & Regulation Committee

Agrees and provides strategic oversight of the Group's climate-related public policy priorities and positions.

Investment Committee

Has delegated authority to improve investment decisions, including and not limited to those related to ASTI and NY upstate upgrades and acquisition and divestment decisions.

Informing **Reporting**

Management level

Sustainability Steering Group

Provides oversight of the integration of Responsible Business into National Grid.

ESG Steering Group

Provides strategic oversight and alignment on ESG activities, including climate.

Sustainability Implementation Group

Ensures that our RBC commitments and principles are executed and implemented consistently across the Group.

Business unit Green Financing Committees

Provides governance of green financing.

Finance ESG and Group Sustainability teams

These teams develop the Group's sustainability reporting strategy, ensuring credible and reliable data, including TCFD disclosures.

Informing **Reporting**

Business unit level

Supports the implementation of the Group's Responsible Business Charter, our CTP and climate change risks and opportunities.

Task Force on Climate-related Financial Disclosures (TCFD) continued

Management's role

The Board delegates to management the responsibility for asset investment and maintenance planning, implementation of the net zero strategy and overseeing the development and achievement of commitments and targets in the RBC, including targets related to delivering our CTP. Management is also responsible on a day-to-day basis for the management of climate-related risks and opportunities faced by the Group and for delivering the roadmaps to achieve the net zero strategy set by the Board.

Sustainability-focused roles are embedded across the Group to ensure that in addition to the top-down focus, there is also a bottom-up approach to addressing climate-related issues.

Our Chief Sustainability Officer heads a team of subject matter experts who lead the implementation of the RBC across the Group by working closely with business units to ensure their strategy and operations align with our decarbonisation and climate resilience targets. The Sustainability and Strategy team sets the Group's sustainability strategy, modelling potential climate scenarios and developing glidepaths that align to GHG emission reduction targets. In addition, they refreshed and published the Group's second CTP in 2024 which incorporates the Group's SBTi targets and seeks to better align with the framework prescribed by the UK's Transition Plan Taskforce (TPT) published in October 2023 and the sector guidance published in November 2023.

Additionally, the team leads the Supply Chain Climate Strategy Steering Group, which brings together SMEs across the business units, Procurement and Finance to provide oversight and progress against our sustainable supply chain objectives, including reporting improvements, decarbonisation levers and supplier engagement.

Climate adaption and mitigation activities to address our physical risks are embedded into our core business processes. The Chief Engineer's Office leads the development of climate adaptation frameworks across the Group to ensure there is a consistent approach to assess the vulnerability of our energy assets and to guide strategic investment planning to ensure network resilience. Further delegation is given to our core operational businesses, including business unit Presidents who are accountable for delivering the net zero roadmaps for their businesses. Corporate Affairs, Group Finance, Sustainability, Safety & Health and People teams support the businesses in achieving their net zero pathways.

The Group Finance function continues to build out its sustainability capabilities through its ESG Centre of Excellence (CoE), Investor Relations and Group Treasury teams. The ESG CoE team are responsible for setting the Group sustainability voluntary and mandatory reporting strategy and ensuring credible and reliable internal and external reporting of sustainability data, tracking the Group's GHG metrics against our targets, developing controls for Scope 1 and 2 GHG emissions, managing external assurance and coordinating ESG rating agency submissions.

The Investor Relations and Treasury teams are responsible for attracting green investment and engaging with debt and equity investors to articulate our climate strategy and how we are managing our climate-related risks and opportunities and engaging with, and supporting, suppliers on their decarbonisation journey. In June, we successfully completed the £7 billion equity raise, one of the largest ever Rights Issues by a UK listed company, underpinning our commitment to deliver our five-year, c.£60 billion investment plan at pace.

How management is informed about climate-related issues

Climate-related issues are flagged via the Enterprise Risk Management (ERM) process described in the Risk section and as set out on pages 34-41. Through our Enterprise Performance Management (EPM) framework, we complete monthly business review processes where more granular targets are embedded in business unit performance contracts. In addition, we engage in regular discussions with regulators, policymakers and other key stakeholders, which helps inform management on key horizon risks.

Other relevant forums

We outline the key Group Executive Committees responsible for monitoring and driving our sustainability performance and managing climate-specific risks and opportunities. Our key management committees are described in more detail below.

The Sustainability Steering Group, chaired by the Chief Sustainability Officer, provides oversight of the integration of Responsible Business into National Grid, including the development of climate targets and future strategy.

The ESG Steering Group brings together senior leaders from Group Finance, Sustainability, Corporate Affairs and Group Legal to provide strategic oversight and alignment on ESG activities including climate, particularly ahead of formal governance meetings, and to discuss insights on latest external ESG trends and potential strategic implications for the Group.

The Sustainability Implementation Group, led by our Responsible Business team, brings together the Sustainability team and representatives from each business unit to ensure that the commitments and principles in our RBC are executed and implemented consistently across the Group. The Sustainability Implementation Group monitors progress against the agreed Responsible Business commitments, including GHG emission reduction commitments, and ensures related topics and issues are reviewed and, where necessary, escalated to the Sustainability Steering Committee.

The business unit Green Financing Committees, chaired by the Group Treasurer, provide governance over our Green Financing Programme that aims to attract funding for the capital investments required to deliver our transition plan. They also approve the publication of our Green Financing Report, which provides an analysis of how we utilised the proceeds from our portfolio of green bonds and their environmental impact. This year the Group issued a ~€1.5 billion green bond and has published a revised Green Financing Framework to incorporate the latest best practice and standards.

Engaging on policy interventions

Advocating for policy changes to enable the energy transition is crucial in fulfilling our net zero commitment, as it establishes the necessary structures and circumstances for reducing emissions and enabling more ambitious action towards a secure, affordable and clean energy future. Over the course of the year we have worked closely with policymakers to navigate the energy transition and leveraged our expertise in energy delivery systems to engage on the goals and political interventions of the jurisdictions in which we operate. A key part of making this a fair transition is the role we play in facilitating the wider decarbonisation of the economy. We believe the role of energy networks is vital to enable the transition to a clean energy future. For more details see our Principles for a Fair Transition document on our website.

See **page 57** for more details on international engagement, responsible political lobbying and trade associations

02 Strategy

Our efforts to understand climate-related risks and opportunities inform our strategic decisions, including our announcement last year to refocus on energy networks and drive unprecedented levels of investment.

We are well positioned to take advantage of the significant growth opportunities from the transition to net zero, by enabling the transportation and distribution of clean energy to homes and businesses in the regions where we operate. This requires a fundamental upgrade of our electricity and gas networks at a pace and scale not seen for several decades. We are delivering these upgrades today across all our jurisdictions.

We are also well prepared to mitigate the physical and transition risks associated with climate change. We use scenario planning to explore distinct possible futures, illuminating the opportunities and risks for us in each. This allows us to test the robustness of our business strategy to a range of potential outcomes and prepare for likely impacts on our business.

In this section, we summarise how we are capitalising on the main climate-related opportunity facing our business: the growth in electricity networks required to support the transition to net zero. We then outline how we use scenario modelling to assess climate-related risks and opportunities, providing a summary of our core scenarios. In the following section, we take a more detailed look at our risks and opportunities.

Investing to enable the transition to net zero

We continue to focus our business on electricity, with nearly 80% of Group assets expected to be electric by 2029. In September 2024, we completed the sale of the remaining 20% equity interest in UK Gas Transmission and Metering business, and in October 2024 we completed the sale of the UK Electricity System Operator to the Government.

In May 2024 we announced our intention to sell Grain LNG, our UK LNG asset, and in February 2025 we announced the sale of National Grid Renewables, our US onshore renewables business, to streamline our focus on networks. The National Grid Renewables sale is expected to finalise in the first half of the financial year ending 31 March 2026, subject to required consents and regulatory approvals.

Our five-year financial framework, forecasts c.£60 billion of investment across our energy networks and adjacent businesses in both the UK and US. Of this, £51 billion is directly linked to the decarbonisation of energy networks and is aligned with the principles of the EU Taxonomy for climate change adaptation and mitigation. Our investment across the Group is expecting to grow our asset base by around 10% per year through to 2028/29, focused in our regulated businesses.

In the UK we are leading the largest overhaul of the electricity grid in a generation. We submitted our Electricity Transmission business plan for the RIIO-T3 period from 2026 to 2031 in December 2024. This includes up to £35 billion of investment in expanding network capacity, connecting customers, and ensuring the health and resilience of the network. Our plan is also designed to adapt to an accelerated pathway in line with the Government's Clean Power 2030 ambition. We are clear that success will be dependent on Government and Ofgem taking bold action on community acceptance and planning consent, reform of customer connections and development of supply chain skills.

Our UK ED business is investing £6.7 billion during the ED2 period from 2023 to 2028 to ensure the readiness of the electricity network to unlock the potential for them to decarbonise further and faster. This includes asset replacement, network reinforcement, new connections, facilitating infrastructure for heat pumps, electric vehicles and generation.

In the US, well-developed energy transition scenarios have enabled us to submit credible rate case filings outlining the investments needed to deliver the energy transition. In New England, we submitted our Electric Sector Modernization Plan, outlining the critical investments needed in the electricity distribution system over the next five years of $2 billion. The proposed investments in the Future Grid Plan align with feedback from customers and communities as part of an extensive engagement process in advance of this submission.

As part of our five-year capital investment framework to 2028/29 we expect to invest around £17 billion and £11 billion in our New York and New England regulated businesses respectively. In New York, we are making significant progress on the $4 billion upstate upgrade programme, which includes modernising the grid to meet the increasing demand for more reliable and renewable energy sources. We are also building support for the use of alternatives to geological natural gas in our gas network. These activities further enhance our role in delivering the energy transition, while helping to ensure energy security and sustainable affordability in the regions we operate in.

Our NGV business has planned capital investment of around £1 billion out to 2028/29, including the necessary maintenance investment across our operational interconnectors. In December 2023, our newest interconnector, Viking Link, became operational. This addition brings our total portfolio of six interconnectors to 7.8 GW of capacity, representing approximately 80% of the UK interconnector market.

In seeking to achieve our net zero target and support decarbonisation, we will leverage our strong financial position and investment-grade credit ratings to finance key investments for net zero energy distribution. Following the successful £7 billion Rights Issue in 2024/25, our balance sheet, backed by valuable assets and strong credit ratings, is flexible and well positioned for growth. We secure funding through borrowing and shareholder investments, adhering to regulatory rules, and closely monitor the financial health of our UK and US operations to maintain appropriate gearing ratios.

As we embark on a new growth phase, we have refined our strategy to focus on networks that will enable economic growth and the transition to net zero. Our updated strategic priorities support our CTP. Within our CTP we have identified necessary policy and regulatory support for future investments aimed at decarbonising the energy sector and reducing our emissions. Achieving our emissions reduction goals will be challenging without backing from policymakers and regulators. For our performance details against the CTP (refer to pages 44-47).

Task Force on Climate-related Financial Disclosures (TCFD) continued

Scenario modelling

We use transition and physical scenario modelling to test how robust our Group strategy is to a range of possible futures out to 2050. We also look at the implications of our Group scenarios for our approach to sustainability and our climate target commitments. In relation to our climate targets, our CTP aligns to a 1.5°C scenario.

Transition scenario modelling

Our transition scenarios are tailored to the business environments in the UK and the US. They encompass a range of energy transition outcomes to 2050. Our 'Delayed' scenario represents a world with higher warming levels, where governments, industry and consumers do not pursue the transition at pace. Our 'Balanced Pathway' scenario sees approximately 2°C of warming, with the energy transition progressing at pace but supply chain, policy and cost challenges preventing our jurisdictions from hitting targets.

Our 'Electric Net Zero' scenario sees governments and industry prioritise achieving decarbonisation goals through supportive policies and regulatory reforms, achieving net zero by 2050. The main change from last year is the inclusion of the 'Balanced Pathway 2°C' instead of a second 1.5°C pathway. The 2024 UNEP Emissions Gap Report, which concludes that current Nationally Determined Contributions will lead to a 2.6-2.8°C rise this century, underscores our belief that a 2°C pathway is becoming more likely.

We continually monitor changes in the external environment and update the scenarios as part of our normal risk management process.

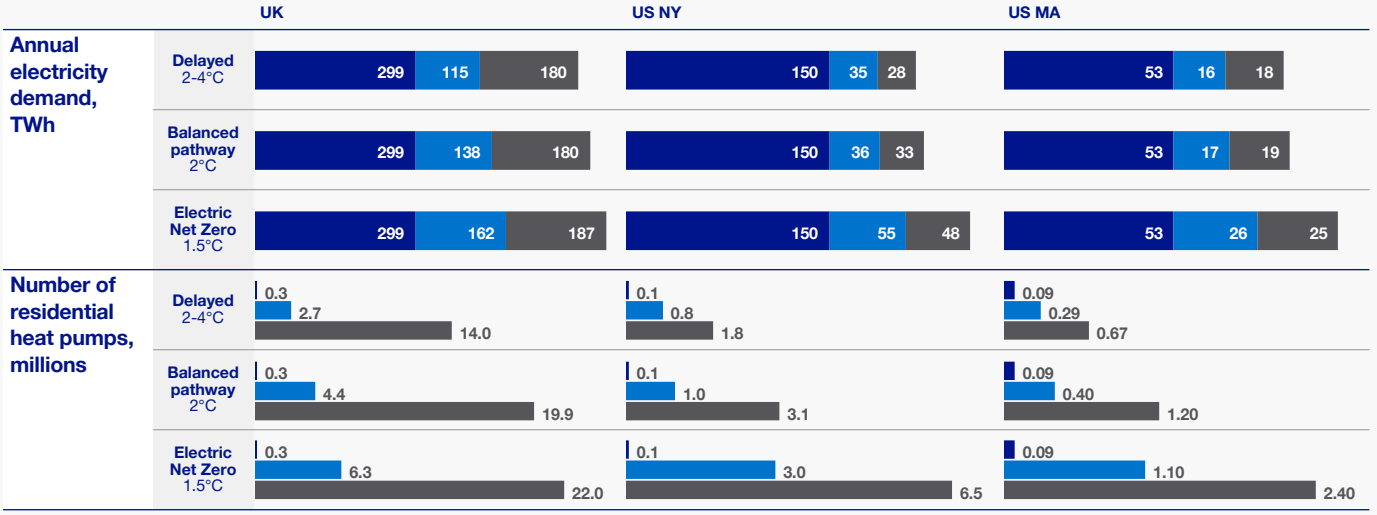
There are limitations to the scope of our modelling, for example, available data across other sectors. We use a wide range of resources and compare our results with external scenarios to mitigate this. While our scenarios are not intended to be predictions of likely future events, they inform our understanding of possible risks and opportunities arising from climate change.

These scenarios, along with our strategic planning and risk management approaches, guide us in the identification of material climate-related risks and opportunities as set out on pages 70 – 74.

Transition scenario descriptions, assumptions and inputs (Climate change by 2100 vs. pre-industrial levels (approximate))

	Delayed 2-4°C	Balanced Pathway 2°C	Electric Net Zero 1.5°C
Description	• Represents a world where governments, industry and consumers do not pursue the transition at pace, meaning our jurisdictions miss climate targets.	• Energy transition drives forward at pace, but ongoing supply chain challenges, policy implementation delays, and short-term financial concerns mean our jurisdictions narrowly miss targets.	• Governments prioritise the achievement of decarbonisation goals through supportive policies and regulatory reforms, new load is met through clean power sources.
UK assumptions	• Decarbonisation progresses but is insufficient to meet net zero in 2050. • Resource nationalism disrupts established trade flows. • Supply chain disruptions and higher material prices. • Policy delays. • Wind and solar deployment continue very slowly with difficult supply chains and limited Government support. • Gas heating dominates, with low uptake of heat pumps as policies have limited impact. • Electric vehicle (EV) uptake stagnates due to cost. • Load growth is met by thermal generation staying online longer. • Reduced opportunities for further interconnection growth beyond what is in the pipeline.	• Decarbonisation progresses but just falls short of 2030 and 2035 targets. • Total energy consumption reduces 25% by 2050. • Electricity demand doubles by 2050, mainly because of electrification of heat and transport, green hydrogen production and data centre expansion. • Wind capacity targets missed by five years. • Heat pump growth restricted to new build houses. Current houses converting off gas heating continues at current rates. • EVs continues to grow at the current rate with the Zero Emissions Vehicles mandate in place. • Gas for power sector still has a role to play in the 2030s beyond the maximum 5% of power generation targeted in CP2030. • Interconnector projects progress at pace.	• Achieves net zero power system by 2035 and economy-wide net zero by 2050. • Energy consumption reduces >30% by 2050, as more efficient electric technology replaces combustion technology. • Electricity demand increases 2.2x fold by 2050. • Near-complete electrification of demand sectors such as heat and transport supported by strong renewable expansion with distributed flexibility, storage, interconnection and some abated gas capacity providing dispatchable supply. • Heat pumps mandated in existing homes as well as sufficient subsidy to support wide-spread adoption. • Widespread EV adoption as policies achieve targets. • Increased collaboration and coordination results in faster adoption of offshore hybrid assets and overall increased interconnectors.
US assumptions	• Achieves ~60% reduction in energy sector emission from 1990 levels. • State subsidies are scaled back, resulting in low uptake of heat pumps. • EV adoption stagnates in the near term driven by fewer federal incentives, although picks up based on cost in the 2030s. • No offshore wind added beyond what is fully permitted and currently under construction. • Some large onshore renewables are added each decade as states continue to pursue renewable targets but a delayed pace.	• Achieves ~70% reduction in energy emission sector vs 95% reduction target by 2050. • Heat pump adoption increases steadily as costs fall, capturing 50% of heat demand by 2050. • Slow adoption of EVs through the 2030s after Federal incentives end in 2025, with full competitiveness and growth upswing by 2035. • No new fossil units or major enhancements to existing plant. • Offshore wind stalls through 2035, then existing lease areas are gradually built out driven by energy needs, given no politically viable alternatives. • Onshore renewables deployment increases steadily but roughly 10 years behind stated policy goals.	• Core energy sectors including road transport, buildings and electricity achieve ~96% reduction in line with state targets. • Nearly complete electrification of heat demand. • Widespread EV adoption in line with policy targets. • Offshore wind picks up in the 2030s becoming the leading source of electricity generation in the region. • Onshore renewables deployment continues to meet the net zero goals.

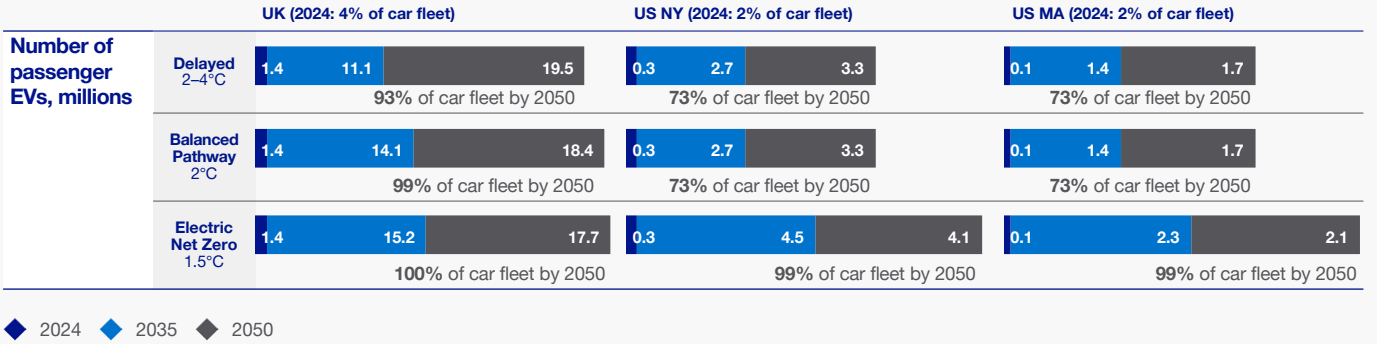
Transition scenario outputs

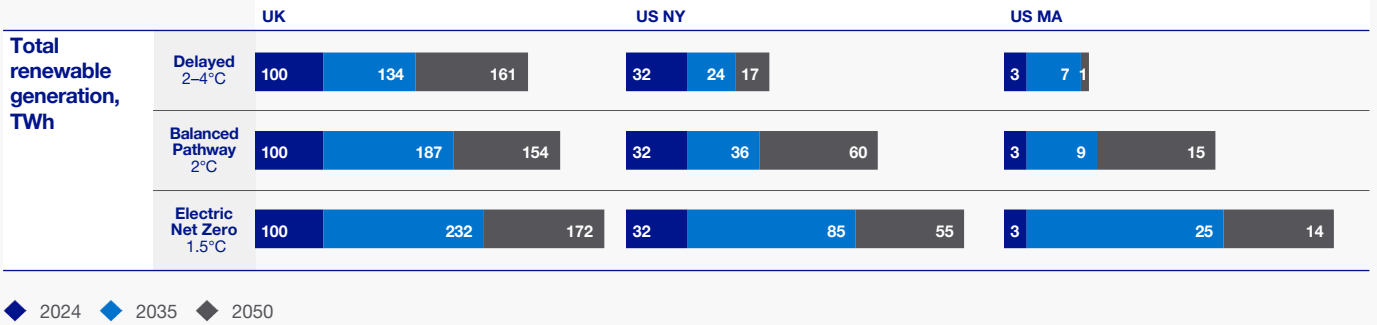


Note: NY refers to New York State, MA to Massachusetts. 2023 numbers added for heat pumps in NY as 2024 data is not yet available.

		US NY			US MA		
		2024	2035	2050	2024	2035	2050
Annual natural gas demand, MMBTU	Delayed 2–4°C	826m	842m (+1.9%)	761m (-7.9%)	270m	284m (+5.2%)	288m (+6.7%)
	Balanced Pathway 2°C	826m	820m (-0.7%)	504m (-39.0%)	270m	276m (+2.2%)	176m (-38.8%)
	Electric Net Zero 1.5°C	826m	477m (-42.3%)	44m (-94.7%)	270m	157m (-41.9%)	23m (-91.5%)

Note: Using 2023 data to estimate 2024 natural gas demand in New York and Massachusetts, as 2024 data is not yet available. Percentages shown depict the percentage change in demand vs 2024.





Task Force on Climate-related Financial Disclosures (TCFD) continued

Changes since last year

This year, we have replaced our 'Hybrid Net Zero' scenario (a 1.5°C and net zero by 2050-aligned pathway, alongside Electric Net Zero), with our 'Balanced Pathway', where the energy transition progresses but falls short of government targets and net zero by 2050.

We now see a 1.5°C trajectory as less likely than in previous years. Our updated set of scenarios present a wider range of energy transition outcomes. They reflect governments in the areas we serve seeing economic growth and affordability as key priorities. In some cases they must manage tensions or trade-offs with the short-term costs of the transition.

We have retained our 'Delayed' and 'Electric Net Zero' Scenarios, updating them with new inputs to reflect the latest market, technology and policy trends and settings.

Transition scenario insights

We test the resilience of our business strategy against our transition scenarios, focusing our transition risks on the scenarios associated with lower temperature rises. The transition impact on the Group is most significant in scenarios resulting in a lower degree of warming given the increased action required. The following five transition insights are therefore most relevant to a 1.5°C scenario. As expected, these remain largely consistent with our headline insights from the previous year:

1. Achieving energy transition targets depends on effective reforms to drive clean power deployment and policies that incentivise consumer uptake of low carbon technologies
Policy settings and interventions will be a key enabler of the transition. Our ability to meet our own net zero commitments relies on these. Without adequate policy supports, for example sufficient Contract for Difference (CfD) budgets for renewables or consumer incentives for heat pump uptake, there is a risk our jurisdictions will fall short of policy targets. Successful implementation of key enabling policies like connections and planning reforms in the UK, and permitting reform in the US, will be a necessary precondition for our jurisdictions to accelerate in line with targets.

2. Electricity use and share of final demand will increase driven by consumer electrification and large load growth (e.g. data centres)
In the UK, we expect electricity demand to increase almost 50% by 2035 and more than double by 2050. In our states in the US, we expect an increase of around 25% by 2035 and approximately 50% by 2050. The demand increase arises from the electrification of heat, transport, and large loads such as data centres.

The role of data centres is rapidly changing, and we are updating our modelling capability to improve our understanding of this area and the extent to which energy efficiency may mitigate the sharp increases expected in some scenarios. Overall, the share of final demand will drive additional growth and investment in our electricity network while resulting in lower demand for our gas network.

3. Energy supply structure will continue to shift
There will be a global shift to power generation from renewable and low carbon sources. We are seeing a resurgence of interest in nuclear, including next generation technologies like small modular reactors, although they are not yet cost competitive.

4. Pathways will adapt to global and local realities
Both the UK and US elected new governments in 2024, leading to energy policy changes. The US Federal Government is focused on achieving economic growth and security through energy abundance, with a focus on natural gas and energy infrastructure, and has paused offshore wind leasing, while our States continue to pursue climate targets and policies.

In the UK, the Government is pursuing an accelerated power sector decarbonisation agenda, with an ambitious role for offshore wind (including a target of 50 GW by 2030). We expect different energy transition pathways in different jurisdictions.

5. CTP achievement will be challenging in slower scenarios

Each scenario is different, and in some we will not be able to meet our targets. It is important to recognise that the non-delivery of, or delay in, policy, regulation and other dependencies on which achieving our targets are contingent, will impact our capability to achieve our targets.

None of the transition scenarios tested threaten the Group's resilience, and we are well positioned to adapt our portfolio to maximise the opportunities of the energy transition, with no significant risk of a material adjustment to the carrying amounts of assets and liabilities in the next annual reporting period.

Further detail on the transition risks and opportunities identified in our scenario analysis, including estimated qualitative and quantitative impacts where applicable, can be found on **pages 70 – 74.**

Physical scenario modelling

We use Group-wide climate scenarios to directly assess our vulnerability to climate change. These scenarios consider society's progress toward limiting global temperature increases against pre-industrial levels, benchmarking against an average increase of 1.5°C, in keeping with the Paris Agreement. We have modelled the way in which our business could be directly impacted as a result of increasing physical climate impacts, including extreme weather events and chronic changes in weather patterns. For physical risks, we review climate hazards which we believe would have the most significant impact and are most likely to occur within our territories.

Descriptions, assumption and inputs

The climate hazard data is sourced from the relevant national climate assessments in the US (CMIP5) and in the UK (UKCP18). Scenario data is modelled using the IPCC's Representative Concentration Pathway (RCP) scenarios of RCP8.5 (4°C) and RCP4.5 (2°C). The modelling covers decade timeframes; 2030s, 2040s, 2050s and 2070s, with comparison to a baseline of 1981–2010 in the UK and 1976–2005 in the US.

Climate projections are inherently uncertain and are not meant to be construed as predictions of future climate. These uncertainties arise from incomplete understanding of earth's systems, natural variability, model limitations, and observational errors. Despite these uncertainties, this should not delay actions to mitigate or adapt to climate change.

Physical insights

The climate hazards most significant to us are summarised below.

Flooding

Definition	Vulnerability
Coastal flooding River flooding	Risk of power failure, accelerated asset corrosion, debris damage, equipment submersion and water infiltration, soil erosion

Cold weather

Definition	Vulnerability
Low temperatures Freeze thaws	Ice accretion overloading overhead lines, structural failure

Warm weather

Definition	Vulnerability
High temperatures Heatwaves	Risk of power failure, equipment overheating, warmer air temperatures contributing toward accelerated ageing, reduced capacity of transmission and distribution lines

High winds

Definition	Vulnerability
High winds	Structural failure to overhead lines due to extreme wind exceeding design standard and vegetation contact

Outputs

Most hazards are projected to increase in frequency in the future, with high temperatures and coastal and river flooding of particular concern across consistent areas of our operations. In most cases the level of risk is greater in a 4°C scenario than a 2°C scenario.

We have progressed our physical risk analysis and asset vulnerability to inform our strategic planning and investment choices. Our internal Climate Change Risk Tool (CCRT), which has a dedicated geospatial capability, is enabling us to create bespoke physical risk assessments for each business based on the specific asset and hazard data that is material to their operations, while still retaining a Group strategic view of our overall business.

Our risk assessment shows the risk to most of our existing asset portfolio although the CCRT does not currently include NGED and NGV UK's assets. We continue to align this with data relating to our new infrastructure investments and our material acquisitions and disposals so that our cumulative picture of risk will begin to change. The outputs are used in the Group-level Climate Vulnerability Assessment (CVA).

Wildfires have been an impactful climate hazard in areas around the world such as the western United States. While the risk of major wildfires spreading is lower in National Grid's service territory, we have taken steps to improve situational awareness and refine operating procedures in the event of a wildfire in our territories in the UK and US. Additional assessments are planned and underway to better understand potential vulnerabilities and develop mitigations.

Task Force on Climate-related Financial Disclosures (TCFD) continued

Climate Vulnerability Assessment (CVA)

Using the CCRT outputs and insights, we also conduct a Group-wide CVA which considers the impacts of climate change on our assets over the next several decades. Understanding changing climate conditions and the risk to our assets ensures appropriate mitigation efforts are considered to protect existing assets and build climate resiliency into future assets.

The typical lifespan of our assets is often 50 years or more, so future climate hazards need to be considered during the planning process to avoid premature asset repair or replacement. For example, the location of a proposed new substation may not be in a coastal flood prone area today, but climate model projections may indicate that it will be in 10 years. Understanding the future climate hazards allows us to make informed design decisions and update hardening programmes to protect our Group's assets and improve reliability for customers.

Our CVA began in December 2022, led by a steering group of senior leaders from each of our businesses, and a working group with business representatives from our engineering, resilience and policy teams. We use the outputs of the CCRT as a basis for this assessment where possible.

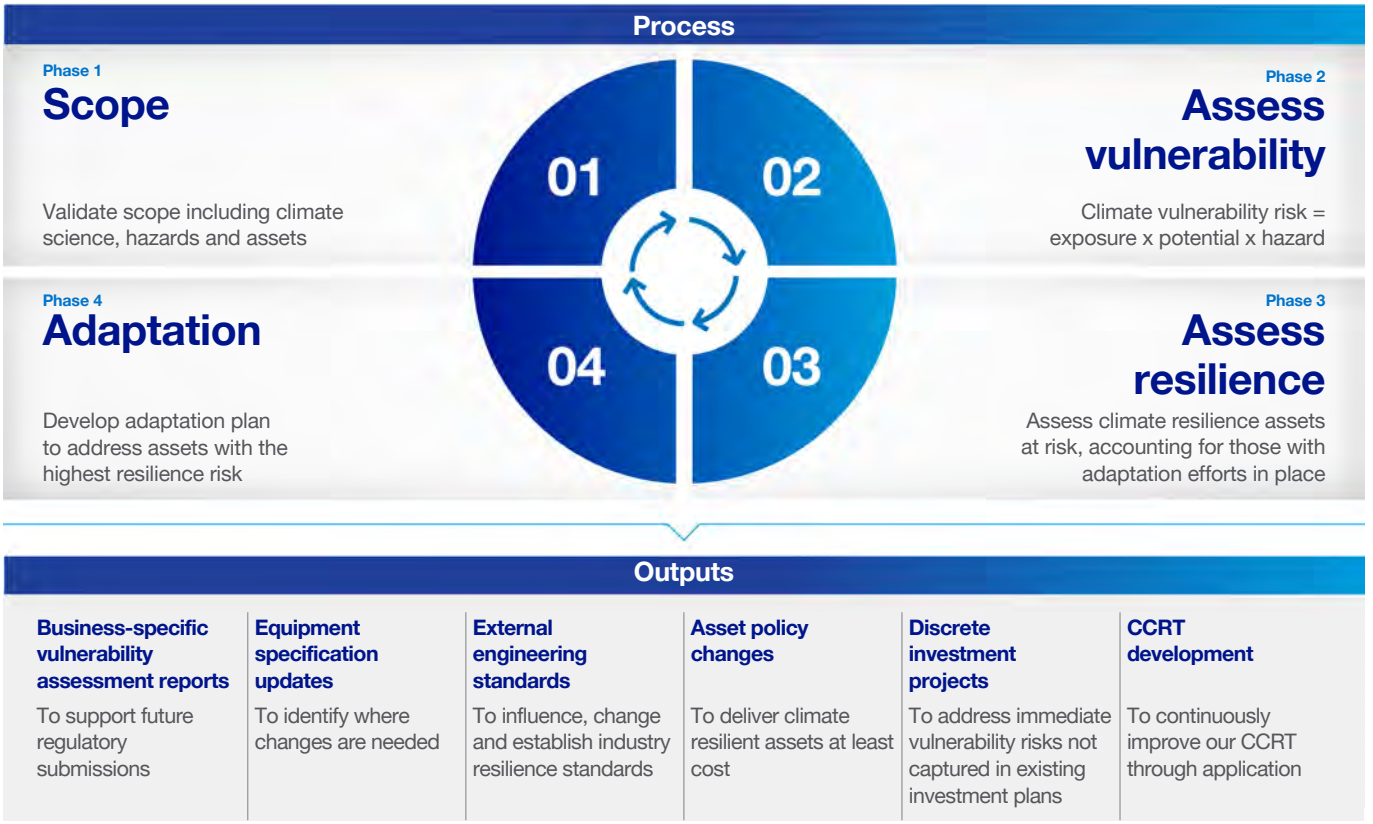
It is a phased programme of activity which will deliver an adaptation plan to address assets with the highest resilience risk. Sharing best practice with other energy utilities informs our approach and the ongoing development of our industry-leading CCRT. Our tool was recognised by the Centre for Climate and Energy Solution (C2ES) for climate change innovation.

Our CVA is a risk-based approach where each business unit identifies critical assets which are physically vulnerable to climate hazards. The process accounts for existing adaptation plans such as storm hardening programmes and leverages the latest climate science. Adaptations will be local and developed by each business unit to inform standard updates, future capital investments and industry alignment.

The actions taken by the Group in order to ensure we predict and respond to a significant disruption of energy supply because of climate change and storms are described further on page 38.

In addition to the Group-wide assessment, each business unit conducts climate resilience or adaptation assessments per their regulatory requirements, which are discussed further on page 74.

CVA process methodology and outputs



03 Risk management

Climate change has been integrated into our Enterprise Risk Management (ERM) processes for several years

Climate change and ERM

Climate change is a key risk factor for the Group and we have integrated it into our ERM process. Our ERM framework and process consider the physical and transition risks associated with climate change, as well as the potential impact of these risks on our business operations, financial performance, and reputation. For more information on our ERM framework and process, which remains consistent with the prior year (refer to page 34).

For our climate change Group Principal Risks (GPRs) there are two distinct elements:

1. Climate change (mitigation GPR): The standalone mitigation risk is aligned to our strategic objective 'Enable the energy transition for all', with a focus on delivering clean, decarbonised energy to meet our net zero goals (refer to page 36).

2. Significant disruption of energy (adaptation GPR): The adaptation, or physical risk activity, absorbed within the control framework associated with the 'Significant disruption of energy' risk, has helped ensure we continue to deliver energy reliably for our customers, with a focus on resilience (refer to page 38).

This allows us to have greater oversight, focus and adoption of two distinct and proportionate control frameworks in line with the new Group risk appetite – mitigating downside risk, and maximising opportunities, where applicable.

In addition to the two main GPRs above, other GPRs influenced by climate-related transition and physical risks include 'Upstream supply' and 'Major capital programmes' which are more pronounced in a 1.5°C scenario and require proactive measures. The risk of a 'Significant safety or environmental event' is partly linked to physical climate risks, necessitating strict safety and environmental practices. Acute physical risks are currently occurring and are anticipated to increase in frequency and severity, with significant risks projected over a longer horizon, particularly in a 4°C scenario.

We continue to develop our risk and opportunity horizon scanning to assess critical trends in the energy transition. With input from our senior stakeholders and external risk experts, key indicators and metrics are measured monthly against thresholds and analysed against our current strategy and business plans. Emerging risks are managed under our risk management framework with results reviewed by senior leadership (refer to page 41).

Integration of the climate risk management process into our overall risk management framework

Consistent with the Group's overall approach to risk management and internal control, climate change risk management activities take place through all levels of our organisation. We deploy an industry good practice 'Three Lines' model to deliver our risk management and internal control activities which is described further on page 34.

Group's Risk Taxonomy

The Group's Risk Taxonomy supports all levels of the business to categorise any climate change risk into one of our four taxonomy groups: strategic, operational, financial, and compliance. Sub-categories beneath these four groups allow the business to select a more granular taxonomy grouping with an assigned risk appetite. All GPRs are considered the most important risks and we do not prioritise.

Despite external risk pressures, our risk exposure specific to our climate-related risks is largely unchanged with the majority of our risks operating within risk appetite. The climate-related risks align directly with two primary risk categories – strategic and operational.

How we manage and monitor our climate-related risks

As part of our risk management process, we have assigned key controls to manage both our climate change mitigation and adaptation risks. The controls for our climate change mitigation GPR are in line with our strategy and regulatory frameworks and are also reflected throughout other relevant risks, for example: regulatory outcomes; political and societal expectations; and significant disruption of energy. The key overarching mitigation controls involve tracking progress against targets, identifying changes that could trigger additional transition risks, and implementing procedures and proposed solutions to overcome them. Our key climate change adaptation controls include the following:

- **Fit for Future of Electricity Strategy:** A corporate strategy that considers the steps to ensure our business remains resilient in the future, such as enhancing design standards, and investments on asset hardening and flood protection.
- **Engineers Governance forums:** Group Chief Engineer and engineering duty holders sharing guidance and data on key topics such as resilience.
- **Resilience and Asset Management Business Management Standard (BMS):** Sets out minimum requirements and a framework for resilience capability and managing asset risk to ensure each business unit is prepared for the next disruptive event.
- **Establishment of the Business Resilience and Crisis Management organisation:** Reporting to the Group Risk Officer and Group Legal, this team is focused on building resilience to all threats and hazards. This includes the development of crisis management and business continuity plans, training, and exercises to help align and coordinate our response to severe weather and other crisis events; while also leveraging innovative technologies to improve our intelligence, looking strategically at evolving risks associated with climate change. We are also expanding our network of external stakeholders to identify and leverage industry thought leadership and play an active role in shaping new policies and regulations.

Assessing our Climate-related financial risks and opportunities

Our Group risks are rated on a scale of 1 to 5 across three categories: financial, reputation and likelihood. The financial ratings correlate to financial bandings from low to high and our reputational impact categories scale from 'internal' to 'international'. This approach is consistent with our Group Principal Risks and the Principal Risk stress testing conducted as part of our Viability Statement on page 93. Then the overall indicative risk score is calculated by multiplying likelihood (see below for scaling details) by the greater of financial or reputational impact score. For our TCFD disclosures we then expand on this internal analysis of impact, timeframe and likelihood for each risk and opportunity to overlay additional market data and input from subject matter experts across the Group.

Task Force on Climate-related Financial Disclosures (TCFD) continued

Our material climate-related risks and opportunities

Time horizons and probability

Guided by our scenario modelling, strategic planning, and risk management approaches articulated above, the climate-related risks and opportunities that pose a financially material impact to the Group are detailed below, along with our basis of measuring and responding strategically to each. We have only reported risks and opportunities that are financially material.

Time horizons

The timeframes we have used to assess the climate-related risks and opportunities are:

Short	Medium	Long
up to one year	**from two to ten years**	**ten years plus**
In line with our annual planning and shorter-term budget processes.	Reflects our strategic business planning process period.	Aligns with our longer-term emerging risk assessment timelines, up to the date of our net zero commitment.

These time horizons largely align with our planning and forecasting processes timelines, with some buffers to reflect the regularity of updating scenarios.

Likelihood

Our 'likelihood' assessment is an indicative estimate of the probability for material financial impacts with reference to the following categorisation:

We use our ERM risk assessment scoring scale to categorise the likelihood of our climate change risks and opportunities.

1. Transition Risk

Demand for natural gas is expected to reduce in the long term

Risk/opportunity

Policy and Legal

There is an important future role for gas in our US jurisdictions, including the gas assets we own and operate today. In the long term, our energy networks will need to decarbonise to achieve net zero targets. The future role of gas will depend on economic, technological, legal, policy, and regulatory developments.

Over the next decade, demand for natural gas in our US jurisdictions will remain strong, driven by affordability and economic development priorities of our stakeholders and customers. In the longer term, pathways toward net zero targets assume significant electrification, including heating, which would increase electric load and reduce gas demand. This has a bearing on the useful economic lives (UELs) and elements of our gas network assets.

Business units potentially affected:

NY and NE

Asset group(s) potentially affected:

Gas Distribution and Generation

Timeframe (term):

Likelihood:

Measurement indicators:

- Gas UEL sensitivities
- GHG emissions
- CTP

Potential impact

Heat pump adoption is a good indicator of electrification trends, and therefore likely future demand for gas. In September 2024, National Grid reviewed heat pump adoption. We found that it lags state targets and is driven almost entirely by subsidies. Massachusetts has installed 90,384 heat pumps towards a 2030 target of 500,000, while New York has installed around 58,937 against a target of one to two million homes.

Frequent cold weather events in parts of NY and MA are also driving continued use of the gas network. For example, in January 2025, MA experienced a cold snap during which demand for gas heating was so high that multiple peak-serving LNG storage assets were needed. This spike in demand brought high heating bills and affordability concerns, particularly for low-income customers, into sharp focus. In response, the MA Department of Environmental Protection directed the programme administrators to cut $500m from the three year budget for the statewide plan to accelerate the pace of heat pump adoption. As extreme cold weather events are likely to reoccur in the future, continued use of the gas network is more likely as some customers adopt partial heat pumps and retain gas connections as backup.

Besides heat pump adoption, substantial investments into the electric network would be required to reduce gas reliance. In New York, scenarios meeting 2050 emission targets project residential bill increases significantly, while in Massachusetts, peak electric load is expected to rise from 4.9 GW today to 10.7 GW by 2050 if state electrification goals are achieved. Full electrification scenarios appear unlikely due to high costs, customers opting for gas, and existing challenges on the electric infrastructure to support increasing load in the short term.

We have performed sensitivity analysis to assess the impact on our Group financial results of shortening the UELs of our gas business assets, which for 2050 illustrates an unlikely worst-case scenario. Please refer to note 13 Property Plant and Equipment on page 199 – 201 for more details.

Our response

In assessing the UELs of our gas network assets, we consider a range of different pathways for the future of gas demand. These account for customer behaviour, fuel decarbonisation options, and feasibility and affordability of electrification, as well as the net zero ambitions and our jurisdictions' targets.

Although NY and MA's preferred pathways to achieve net zero is focused on large scale full electrification, safety and reliability of the gas network remains a key priority for National Grid and its regulators, as demonstrated by increased investment in our gas infrastructure and allowed recovery of these investments.

While New York's Climate Leadership and Community Protection Act (CLCPA) and Massachusetts' Clean Energy and Climate Plan (CECP) call for fossil free energy by 2050, we note challenges meeting interim targets.

As stated in the recent KEDNY and KEDLI Rate Order, the NY Public Service Commission has acknowledged that "it is impossible at this time to accurately predict the nature of the Companies' gas business in 2050 and whether any continuing use will be made of the Companies' gas distribution system." Alternative pathways proposed in regulatory proceedings exist, which if taken, would suggest a continued use for gas assets, whether as a backup source during the coldest winter days or a significant heating source using alternative low carbon fuels.

Based on our latest assessment, we continue to believe that these assets retain a crucial role in maintaining security, reliability and affordability of energy beyond 2026.

2. Transition Risk

Uncertainty in the extent of electricity demand growth

Risk/opportunity

Market, Policy and Legal

While we expect electric demand growth in all scenarios, there is uncertainty about the scale of electricity demand growth in the face of potential political (including regulatory and legal mechanisms), technological or societal trends.
For example, the recent boom in interest in generative AI has generated forecasts of significantly increased electric load growth.
The uncertainty about the extent of efficiency improvements limits our ability to predict the exact impact on our networks.

Business units potentially affected:

All

Asset group(s) potentially affected:

Electrical Distribution and Transmission

Timeframe (term):

Likelihood:

Measurement indicators:

- Network reliability
- UK and US power networks
- IFRS 8 capital investments

Potential impact

If we underestimate demand, there is a risk that the transmission and distribution networks we operate in the UK and US may not be adequately prepared to handle the substantial growth in electricity demand necessary to achieve net zero. This shortfall could hinder our ability to meet future energy needs, potentially compromising our sustainability goals and the reliability of our services.

If we overestimate demand, there is a risk that we build surplus assets. This excess can lead to inefficiencies and misallocated resources, ultimately undermining the trust and confidence of both consumers and regulators.

Such a scenario could result in negative perceptions of our ability to accurately forecast and manage demand, potentially damaging our reputation and credibility in the market.

Given this risk would likely materialise over the medium to long term, it is not possible to reliably quantify this risk at this time.

Our response

Clear policy commitments and pathways mitigate uncertainty by providing a focal point for the industry. We maintain close stakeholder relationships across wider industry and government to anticipate the extent of electric demand growth, and influence enabling policy.

We also have internal analytics teams to model different futures with varying electric demand growth.

We use this proprietary analysis, combined with decades of experience in energy infrastructure development, to plan for the future. Where possible, we include flexibility in our plans to allow us to respond to changing needs.

To mitigate the risk of under or overbuild, we work closely with regulators and system planners. In the UK, we have been pushing for a framework for anticipatory investment to ensure we are able to meet new connections and electrification on time and efficiently. Ofgem accepted this in its ED3 framework decision document, and we will now work together on the details. In both the UK and US, we are making no-regret anticipatory investment to meet the demand for connections.

To mitigate overbuild, in UK ED, the DSO governance panel is charged with ensuring all distribution network build is essential and that all other options for deferral (such as flexibility) have been considered first.

In ET, our RIIO-T3 regulatory plan to Ofgem will enable us to respond to changing need.

In the US, we prioritise investment based on current system performance, engineering planning needs, and execution strategy, while continuing to identify and pursue ways to efficiently deliver a secure, affordable and clean energy future, including through the use of energy efficiency, demand response, and other forms of non-wires alternatives.

We regularly measure and report our network reliability across the transmission, distribution and interconnection network (refer to page 21).

Task Force on Climate-related Financial Disclosures (TCFD) continued

3. Transition Risk

There are several factors which affect our ability to deliver our commitments, including supply chain, talent and finance

Risk/opportunity

Reputation and Market

Delivering an unprecedented transformation of the energy system comes with delivery risk. We rely on supply chains, talent, and finance to play our part in this transformation.

If we are unable to deliver the energy networks of the future where they are needed, when they are needed, wider societal decarbonisation goals are jeopardised.

There is also a risk that we fall short of our own stretching GHG emissions targets and commitments. Missing our own targets and commitments risks the credibility we have with our investors, regulators and other stakeholders.

Business units potentially affected:

All

Asset group(s) potentially affected:

Electrical Distribution and Transmission. Gas Distribution.

Timeframe (term):

Likelihood:

Measurement indicators:

- GHG emissions
- Network reliability
- Renewable capacity additions
- Proportion of renewables in energy mix
- EU Taxonomy-aligned capital expenditure
- Customer satisfaction (US)
- Cumulative green bonds on issue
- IFRS 8 capital investments
- Supply chain engagement

Potential impact

Our businesses in the US and UK both depend on, and compete in, a global market for green finance, supply chains and talent.

If we are unable to compete effectively for talent, or purchase equipment in the right timeframes, we could also fail to deliver the major network reinforcement needed.

It is also crucial that we have investable regulatory frameworks with the right return on and of capital. Failure to attract investors could undermine our ability to deliver the necessary investments and result in materially lower financial performance.

Our share price and EPS projections could be impacted due to loss of incentives or incurrence of penalties. It is not possible to reliably measure the impact currently.

It could also damage our relationships with our trusted stakeholders, including our investors, regulators and customers, and potentially position National Grid as an obstacle rather than an enabler in the energy transition. Every sector of the economy, as well as our customers, rely on the energy sector to enable their decarbonisation plans. The ability to connect to our transmission and distribution networks in a timely manner is critical.

Given this risk would likely materialise over the medium to long term, it is not possible to reliably quantify this risk at this time.

Our response

We are focused on working with regulators to get investable frameworks in place in all our jurisdictions.

We embed climate-related targets into our business unit performance management processes with internal reporting of performance against targets. Emissions reduction targets are also embedded into the incentive arrangements and plans for Executive Directors and the Senior Leadership Group (refer to pages 121 to 149).

The Group CTP sets out our revised roadmap to a vision of reaching net zero. We continue to work closely with stakeholders, including regulators, to ensure policy and regulatory frameworks enable and facilitate our net zero plans.

We have a strategic priority to ‘build tomorrow’s workforce today’ to ensure we have the talent we need to deliver the transition. Our focus areas include strong entry level programmes, including graduates, interns and apprentices, as well as development programmes for our senior leaders.

In UK ET, our supply chain task force, launched in April 2024, ensures we are able to deliver infrastructure at pace, and has taken major steps to transform the way we think about our supply chain. Recently, we launched a new regional supply chain model for substations offering suppliers long-term commitments in a more collaborative way of working. This is in addition to our Great Grid Partnership, a collaborative £9bn supply chain framework with seven partners, enabling us to pool resources, skills, insights and experience to deliver our ASTI programme efficiently in this tight supply chain environment. Ofgem also introduced a £4bn Advanced Procurement Mechanism (APM), enabling us to secure critical equipment and services.

We also engage with our top suppliers by emissions to establish action plans and commitments towards a SBT (refer to page 46).

4. Transition Opportunity

Increased demand for electricity, even in our slowest decarbonising scenarios

Risk/opportunity

Market

National Grid is well positioned to capitalise on the significant growth opportunities associated with the increased demand for electricity in the UK and US. As electricity supply grows to meet increasing demand, we will have a central role to play in connecting new sources of energy to end users via our networks.

Products/Services

This transformational period in the energy sector presents a significant opportunity to invest in innovative solutions to decarbonise our network and reap the rewards of those investments as these technologies scale.

Business units potentially affected:

All

Asset group(s) potentially affected:

Electrical Distribution and Transmission, NGV Interconnectors and NGP investments

Timeframe (term):

Likelihood:

Measurement indicators:

- Network efficiency and reliability
- Renewable capacity additions
- Proportion of renewables in energy mix
- EU Taxonomy green capex ratio
- Investment in research and development
- National Grid Partners investment

Potential impact

While the pace and scale of electrification growth depends on a range of factors, the positive trajectory is clear, and so is the corresponding need for growth in electricity networks.

In the UK, the Government has announced its Clean Power 2030 (CP2030) Plan, which will see clean power sources produce at least as much power as Great Britain consumes over the whole year, and at least 95% of Great Britain's generation in 2030. In the US, our states have established targets for clean energy supply and consumer electrification, and our networks will play a key role in facilitating these plans.

Leveraging these opportunities for the Group will significantly enhance capital investment and growth, thereby increasing Group profit and EPS. This is the key driver of our five-year financial framework, forecasting a 6-8% CAGR in underlying EPS to 2028/29, from a 2024/25 baseline.

Within this, NGV has the potential to benefit from significant investment opportunities in both the UK and US, including interconnectors and competitive transmission to transport increasing levels of electricity.

In particular, National Grid is a leader in developing electricity interconnector projects to connect Great Britain with other European countries. By enablling cross-border electricity trade, interconnectors can displace fossil fuel generation in favour of renewable energy, reducing the CO_2e intensity of the energy mix, while generating revenue for National Grid. In addition, interconnection to countries like Norway with flexible controllable generation, enables more effective integration of intermittent renewable generation in GB. The UK Government's CP2030 plan assumes c.12 GW of interconnector capacity will be required, up from just under 10 GW today.

Our response

To maximise these opportunities we are evolving our strategy to focus on networks and streamlining our business. In May 2024, we announced our intention to sell Grain LNG, our UK LNG business, and National Grid Renewables, our US onshore renewables business. We plan to invest around £60 billion from April 2024 to March 2029, including an ambitious £51 billion 'Green Capex' ambition[1], making us one of the FTSE's biggest investors in net zero delivery. This will be split broadly evenly across the UK and US Northeast, with around 80% of the investment expected to be in electricity networks over the five years, continuing the Group's shift towards electric, with nearly 80% of Group assets expected to be electric by 2029.

In ET, we submitted a business plan to Ofgem that will deliver the most significant advancement in the UK's transmission network in a generation. In ED, our January ED3 Framework Consultation Open Letter emphasised the need for a transformative approach to electricity distribution networks to achieve the UK's climate targets.

In New England, the Massachusetts Department of Public Utilities approved our Electric Sector Modernization Plan (ESMP) as a 'strategic plan', which outlines around $2 billion in anticipatory investments in the electrical distribution system. In New York, we began upgrading 1,000 miles of grid to help deliver over 4 GW of more resilient, clean and secure energy.

In NGV, we received regulatory approval for the LionLink (1.8 GW) offshore hybrid asset (OHA), marking a major milestone in connecting the national electricity transmission system and offshore wind farms based in Dutch waters.

Through our corporate venture capital arm, National Grid Partners, we capitalise on this transition opportunity, investing in and helping develop startups at the intersection of energy and emerging technology, allowing National Grid to benefit operationally and strategically as we scale them across our business and industry. Since its 2018 founding, National Grid Partners has invested more than $500 million in over 50 startups and strategic funds, with seven successful exits. More than 80% of the startups in the National Grid Partners portfolio are strategically engaged with National Grid business units to help solve today's challenges and create tomorrow's energy systems.

For example, in New York and Wales, we have deployed dynamic line rating (DLR) technology on our transmission lines in collaboration with our portfolio company, LineVision. The technology provides condition-specific line ratings to our transmission control room, allowing us to maximise the power transmitted on our lines without compromising safety.

1. Aligned to principles of EU Taxonomy, directly invested into the decarbonisation of energy networks.

Task Force on Climate-related Financial Disclosures (TCFD) continued

5. Physical Risk

Increased frequency of extreme weather incidents and changing long-term climate trends

Risk/opportunity

Acute

Our assets are at risk of physical impacts from increased frequency of extreme weather events such as storms and flooding, leading to asset damage and operational risks.

Chronic

Our assets are at risk of physical impacts from changing climate trends in the longer term, including increased frequency and severity of coastal flooding, high temperature, extreme wind, wildfires and low temperature, exposing us to asset damage and operational risks.

Business units potentially affected:

All

Asset group(s) potentially affected:

Electrical Distribution and Transmission. Gas Distribution.

Timeframe (term):

Likelihood:

Measurement indicators:

- Network reliability
- Major storm costs
- CCRT outputs
- Research outputs from innovation projects
- EU Taxonomy climate adaptation capex

Potential impact

Under our US regulatory frameworks and agreements, major storm costs become recoverable in future years once the deferrable criteria are met. This year, we incurred costs due to asset damage and operational interruptions from major storms, totalling £87 million (2023/24: £226 million). More details on our major storm costs can be found on pages 280 - 290 in the 'Other unaudited financial information' section. Allowances for recovering costs from other US weather events are included within the base rates determined at the outset of each rate filing period. In the UK we can recover storm costs over a predetermined threshold through re-opener mechanisms in our price control frameworks, allowing adjustments to allowed revenues to cover unexpected expenses from severe weather events.

At the end of 2023, Niagara Mohawk Power Corporation submitted its Climate Change Resilience Plan (CCRP) to the NYPSC, which assessed the vulnerability of the Company's electric infrastructure to climate-related risks. The plan was approved by the NYPSC in December 2024. The study identified a capital investment of approximately $243 million in resilience programmes over a five-year period (2026-2030), with cumulative investments projected to reach about $566 million by the tenth year (2026-2035) and $1.39 billion by the twentieth year (2026-2045). The revenue requirements for these resilience investments are expected to result in total bill increases of 0.02% in 2025/26 to 0.66% in 2029/30 compared to current rates across all service classes.

In Massachusetts, the Department of Public Utilities (DPU) has requested businesses to submit climate mitigation and adaptation plans outlining their responses to climate change. In response, our Massachusetts Electricity Distribution business published a CVA in February 2025, which will serve as the foundation for a comprehensive resilience plan.

In 2025, all our business units with UK operations have submitted a climate change adaptation report under DEFRA's Adaptation Reporting Power 4.

Insurance premiums could also increase in order to cover such events.

These incidents are likely to increase in line with the increasing likelihoods illustrated by the IPCC, and associated costs are expected to grow accordingly, unless climate adaptation is appropriately implemented.

Our response

Our Climate Vulnerability Steering Committee and working groups conducted a Group-wide CVA for energy-carrying assets. This programme is leveraging our CCRT analysis to identify long-term climate hazard risks to our energy infrastructure. We are utilising our findings to develop tailored climate change adaptation plans across our business, outlining solutions for our high-risk assets and confirming the strategic approach to managing those risks.

From October, the new five-year rate case plan for our Massachusetts electric business took effect, which includes an annual increase of $41.6 million in storm cost recovery within base rates, as well as an additional $18 million through the Storm Fund Replenishment Factor.

In the UK, we have commenced a set of innovation projects to understand the impacts of climate change hazards on our asset performance.

As part of our UK ET T3 business plan, we have committed to implementing a new resilience modelling approach and publishing a Climate Adaptation Strategy by 2026.

We continue to invest in climate adaptation across the Group in the form of storm hardening and flood defences, with a further £57 million (2023/24: £30 million) invested in the year. Such investments should increase our ability to withstand disruptive events, and improve our organisational capability to reduce the magnitude and/or duration of such events.

Net impact

On balance of the different pathways and even under the worst-case scenarios considered, none of the risks identified threaten the resilience of the Group and we are in a strong position to adapt our portfolio to maximise the opportunities of the energy transition. The momentum behind decarbonisation targets makes growth of electrification certain, even in our most pessimistic scenarios, but there are still a wide range of possibilities for the future. We must influence to reduce uncertainty and build in resilience to weather the risks we cannot control.

04 Metrics and targets

As part of our Responsible Business reporting and disclosures, we track and manage our GHG emissions performance and metrics related to material climate change risks and opportunities.

Our overall climate commitment is to become a net zero business across Scope 1, 2 and 3 GHG emissions by 2050, as established in our CTP. Our near-term targets are based on the latest climate science and aligned with our regions' emissions goals. They are approved by the SBTi as aligned to their 1.5°C pathway and the ambition of the Paris Agreement. We believe our long-term net zero target aligns with the key principles of the SBTi's corporate net zero standard; however, we cannot formally validate this due to the absence of a sector pathway for heat and the power sector guidance not accounting for the necessary infrastructure growth for electricity decarbonisation. Having engaged with the SBTi to discuss these issues, we look forward to supporting the standard's future development and will submit our feedback on the SBTi Corporate Net-Zero Standard Version 2.0 Initial Consultation Draft.

The table on page 77 outlines our GHG emission reduction targets, along with an index of the key quantitative measurement indicators used to manage our climate-related financial risks and opportunities. For further information and insights on our performance in reducing our GHG emission, please refer to page 45. We are clear in our CTP that we did not expect emissions reductions to be a linear trajectory and a significant portion of our emissions are outside of our direct control. This section also expands on how achieving our emission reduction targets is dependent on the development and evolution of policy, regulatory frameworks and planning systems which support the decarbonisation of the wider energy sector.

We continually monitor our climate-related metrics and targets to ensure that the data we measure is meaningful, aligns with our strategy, and provides the necessary information for effective performance monitoring and progress demonstration. By integrating these metrics into our financial Enterprise Performance Management (EPM) processes, it allows us to assess GHG reduction performance in the context of wider enterprise performance. Our annual Financial Strategy and Strategic Business Planning cycle includes mechanisms to track business units' plans against our SBTi glidepaths. Our monitoring and reporting processes incorporate internal controls and a team of technical consultants reviewed our CTP publication for accuracy, consistency and any material discrepancies.

All of our GHG emissions are reported on a gross basis. While our focus is on decarbonising our business in line with a 1.5°C reduction pathway, we do not plan to use carbon offsetting to meet our near-term SBTs. However, we do use limited carbon offsets to help our emission reduction efforts. We follow SBTi guidelines and buy high quality carbon credits to offset GHG emissions we cannot reduce further, as per our internal carbon offsetting policy. We use a mix of nature-based, technological and hybrid offsetting projects, ensuring they are permanent and where possible verified by a third party. In 2024, NGET established a cross-functional carbon compensation steering committee to oversee the purchase of high quality carbon credits to meet our regulatory commitment for construction emissions.

The 2022 Long-Term Performance Plan (LTPP), covering the period ending 31 March 2025, is our first to incorporate emissions and energy transformation metrics. These elements of the 2022 LTPP outturned at 89.5% of maximum, driven by achievement of 100% of maximum for Scope 1 emissions and 79.0% of maximum for enablement of energy transformation, both weighted equally. The Scope 1 emissions outturn at maximum was driven by SF6 emission reductions, vehicle fleet emissions and Grain operation emissions reduction. The strong enablement of energy transformation performance was driven by energy efficiency programmes and distribution connections. The 2023, 2024 and 2025 LTPP awards will be measured over their respective three year performance periods and include a 20% weighting on energy transformation measures that includes the reduction of Scope 1 emissions and strategic initiative on energy transformation enablement. For further details on our LTPP awards, please refer to the Directors' Remuneration Report on pages 121 to 149.

In addition to metrics laid out in the following page, we have disclosed the proportion of IFRS revenue, operating expenditure and capital expenditure that align with the principles of the climate change mitigation and adaptation objectives of the EU Taxonomy. Given the climate change mitigation objective's alignment to the principles of the Paris Agreement, the disclosures provide a transparent view of the Group's compatibility with the net zero goals of the jurisdictions we served during the year ended 31 March 2025. For further details see our EU Taxonomy report and Responsible Business data tables on our website.

A significant proportion of our Scope 1 GHG emissions are subject to a traded market carbon price or non-traded cost of carbon through our regulatory price controls. In the UK, Scope 1 GHG emissions at Grain LNG terminal are subject to the UK Emissions Trading Scheme and in the US GHG emissions from our Long Island Power Generation plant are subject to the Regional Greenhouse Gas Initiative. We have a regulatory incentive to reduce SF_6 leaks from our electric equipment, a key component of our Scope 1 GHG emissions in the UK, that utilise a non-traded cost of carbon as part of the incentive calculation.

While we have found the practice useful in terms of increasing our understanding of the carbon impact of the decisions we make, it has not had a significant impact on decision-making to date. Carbon pricing is only one of the tools that we are using to reduce the carbon impact of our business' investment decisions, alongside policy drivers, commitments and carbon reduction methodologies such as the use of a carbon weighting in the competitive tender process for construction projects.

On the next page we include our GHG emissions footprint, a key indicator against our climate-related risks and opportunities.

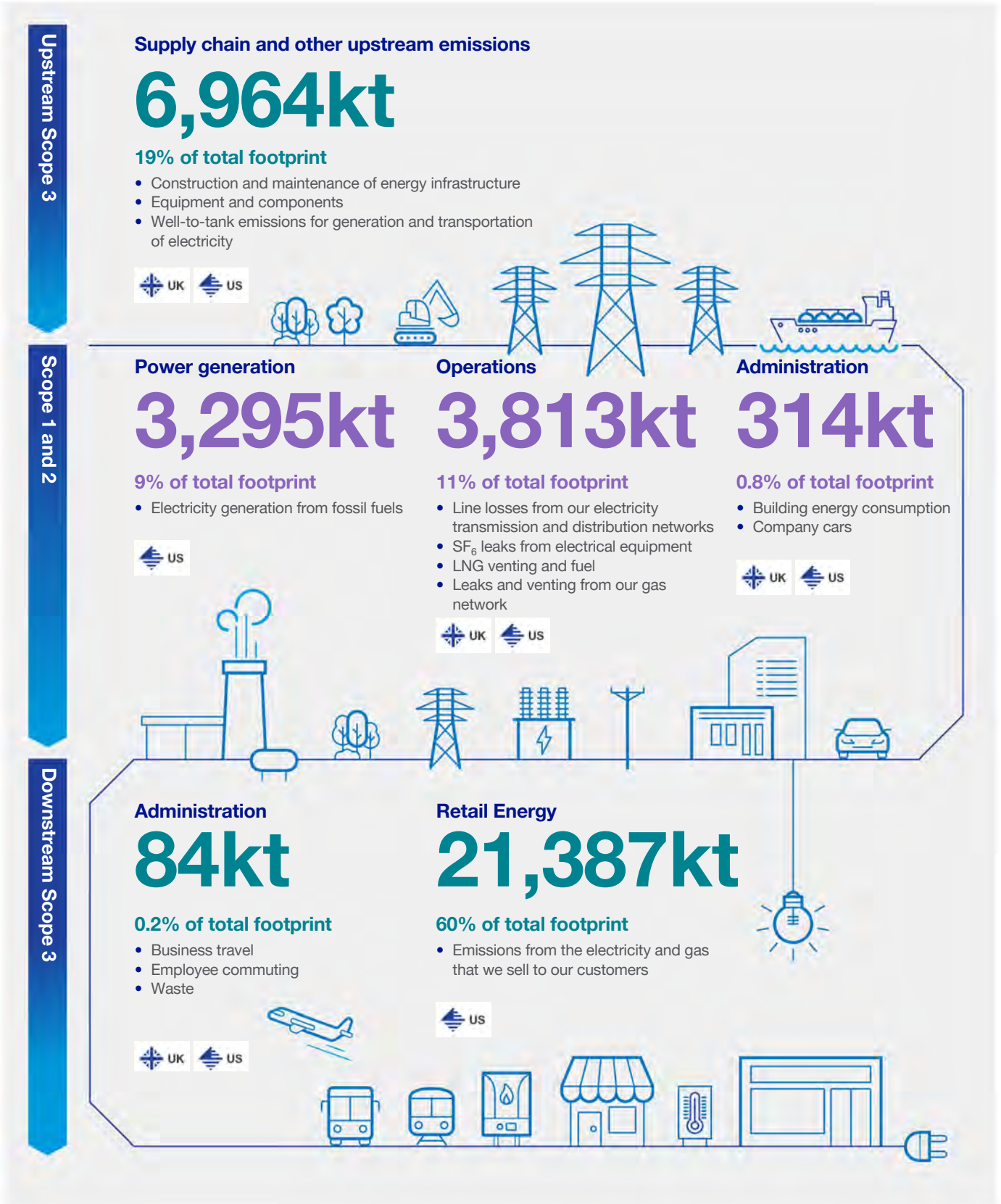
EU Taxonomy report

Responsible Business data tables

Task Force on Climate-related Financial Disclosures (TCFD) continued

Our 2024/25 GHG emissions footprint across direct and indirect sources was 35,857 $ktCO_2e$

Scope 1 GHG emissions are direct emissions from sources owned by National Grid. Scope 2 and 3 GHG emissions are indirect and result from National grid activities from sources we do not own or control.



Index of climate-related quantitative measurement indicators[1]

In the last year our emissions have risen, due to factors outside of our control and despite our efforts to reduce emissions where we have control. Refer to pages 44-47 for further details.

	2024/25	2023/24	2022/23
SBTi validated GHG emissions reduction targets			
Reduce absolute Scope 1 and 2 GHG emissions by 60% by 2030[2,3]	**(4.4)%**	(11.8)%	
Reduce absolute Scope 1 and 2 GHG emissions excluding generation by 50% by 2030[2,3]	**(14.7)%**	(14.4)%	
Reduce the carbon intensity of our power generation (Scope 1 GHG emissions) by 90% by 2030, and by 92% by 2033[3]	**(36.7)%**	(34.7)%	
Reduce the carbon intensity of our power generation and sold electricity (Scope 1 and Scope 3 GHG emissions) by 86% by 2033[3]	**(18.3)%**	(15.4)%	
Reduce absolute GHG emissions for all Scope 3, excluding sold electricity, by 37.5% by 2033[4]	**5.8 %**	0.8%	
Reduce absolute GHG emissions from gas sold by third-parties by 37.5% by 2033[4,5]	**(10.5)%**	(17.6)%	
Key climate-related metrics			
Scope 1 GHG emissions ($ktCO_2e$)	**4,467**	3,988	4,408
Scope 2 GHG emissions ($ktCO_2e$, location based)	**2,955**	2,864	2,876
Total Scope 1 and 2 GHG emissions[2] ($ktCO_2e$)	**7,422**	6,852	7,284
Scope 3 GHG emissions ($ktCO_2e$)	**28,435**	27,384	27,867
Total Scope 1, 2 and 3 GHG emissions[2] (full value chain) ($ktCO_2e$)	**35,857**	34,236	35,151
Intensity ratio: Scope 1 and 2 GHG emissions per million of revenue[2] (tCO_2e/£m)	**427**	345	337
Climate change adaptation capex (EU Taxonomy aligned activities, £m)	**57**	30	31
Climate change mitigation capex (EU Taxonomy aligned activities, £m)	**7,610**	5,962	5,526
Group energy consumption from fossil fuel generation (GWh)	**17,390**	14,375	15,892
Group energy consumption from electricity systems line losses (GWh)	**15,514**	14,519	15,746
Group energy consumption excluding fossil fuel generation and electricity systems line losses (GWh)	**1,916**	2,547	2,835
Total Group energy consumption (GWh)	**34,820**	31,441	34,473
UK energy consumption from electricity systems line losses (GWh)	**10,413**	10,046	10,392
UK energy consumption excluding electricity systems losses (GWh)	**790**	1,297	1,770
Total UK energy consumption (GWh)	**11,203**	11,343	12,162
UK Scope 1 GHG emissions ($ktCO_2e$)	**278**	377	398
UK Scope 2 GHG emissions[2] ($ktCO_2e$)	**2,137**	2,113	2,094
Total UK Scope 1 and 2 GHG emissions[2] ($ktCO_2e$)	**2,415**	2,490	2,492

2024/25 data externally assured by Deloitte. 2023/24 data externally assured by PwC.

1. Refer to our Responsible Business Reporting Methodology on our website for calculation details. Target year 20Yn indicates that the performance will be reported in the financial year that aligns with the year 20Yn/Yn+1. Our methodology outlines the application of the operational control principle from the GHG Protocol across all emissions and environmental metrics. Newly sold or disposed operations will be excluded from our reporting starting from the year they exit the Group. Consequently, National Grid ESO is excluded from our reported GHG emissions boundary. Please refer to note 1. Basis of preparation and recent accounting developments, part D 'Disposal of the UK Electricity System Operator (ESO)' within our notes to the consolidated financial statements for details of our ESO related accounting policies and judgements.
2. Includes Scope 2 location-based emissions only as line losses make up the vast majority of these emissions and we have limited renewable electricity certificates and other contractual instruments in place. 2024/25 excludes National Grid ESO.
3. Near-term target approved by Science Based Targets initiative (SBTi) and aligned to the Paris Agreement and a 1.5°C pathway. GHG targets are against a financial year 2018/19 baseline.
4. Near-term target approved by SBTi and aligned to a well below 2°C pathway. GHG targets are against a financial year 2018/19 baseline.
5. Third-Party Sold Gas, a US-only emission, are downstream emissions associated with the combustion of natural gas delivered through our network but sold by a company other than National Grid. This differs from Scope 3 Cat. 11 GHG Protocol guidance, which otherwise advises to consider only the end use of goods sold by the reporting company itself.

Note: The above data together with our 'Climate change – Scope 1, 2 and 3 emissions' KPIs on page 45 is responsive to the UK Government's Streamlined Energy and Carbon Reporting (SECR) requirements. We have split out our Group energy consumption into constituent parts for greater transparency. Fuels consumed for power generation on behalf of LIPA, the contracting body is shown separately because energy consumption related to power generation can vary greatly year-on-year and is determined by LIPA. Amounts are presented in GWh, with 1 GWh=1,000,000 kWh.

Non-financial and sustainability information statement

This page contains disclosures in compliance with sections 414CA and 414CB of the Companies Act 2006.

The information listed below is incorporated by cross-reference.

Environmental matters	44 – 47 59 – 77
Our employees	18 – 21 51 – 54 106 – 107
Social matters	48 – 50
Human rights	56 277
Anti-corruption and anti-bribery	56 - 57

In addition, other information describing the business relationships, products and services which are likely to cause adverse impacts in relation to the matters above can be found as follows:

Business model	8 – 10
KPIs	18 – 21
Our stakeholders	22 – 24
People & Governance Committee report	110 – 111
TCFD	59 – 77
Risks	34 – 41

Further reading	Environment	Social matters and employees	Anti-corruption and bribery	Human rights
Our policies and due diligence	11 – 17 and 36	11 – 17 and 37	56 - 57	56
Outcomes	18 – 21 and 25 – 33	18 – 21 and 25 – 33		

	CA 2006 requirement	TCFD recommendation
Governance	Section 414CB (2A)(a)	a) Describe the Board's oversight of climate-related risks and opportunities: pages 60 – 61
		b) Describe management's role in assessing and managing climate-related risks and opportunities: pages 61 – 62
Risk Management	Section 414CB (2A)(b)	a) We describe the organisation's processes for identifying and assessing climate-related risks: page 69
		b) We describe the organisation's processes for managing climate related risks: page 69
	Section 414CB (2A)(c)	c) We describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management: pages 69 – 74

	CA 2006 requirement	TCFD recommendation
Strategy	Section 414CB (2A)(d)	a) We describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term: pages 70 – 74
	Section 414CB (2A)(e)	b) We describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning: pages 70 – 74
	Section 414CB (2A)(f)	c) We describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario: pages 63 – 68
Metrics & Targets	Section 414CB (2A)(h)	a) Our metrics used to assess climate-related risks and opportunities in line with our strategy and risk management processes: page 75
	N/A	b) Our Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions and the related risks: pages 45, 75 – 77
	Section 414CB (2A)(g)	c) Our targets used to manage climate-related risks and opportunities and performance against targets: pages 75 and 77

Financial review

A year of strong and consistent performance

Revenue

The vast majority of our revenues are set in accordance with our regulatory agreements (see pages 256 – 261) and are calculated based on a number of factors, including investment in network assets, performance on incentives, allowed returns on equity and cost of debt, and customer satisfaction.

Statutory revenue (%)

UK Electricity Transmission (UK ET)	14%
UK Electricity Distribution (UK ED)	13%
UK Electricity System Operator (ESO)	6%
New England	23%
New York	36%
National Grid Ventures (NGV)	7%
Other activities	1%

Underlying net revenue[1] (%)

UK Electricity Transmission (UK ET)	18%
UK Electricity Distribution (UK ED)	14%
UK Electricity System Operator (ESO)	2%
New England	20%
New York	35%
National Grid Ventures (NGV)	11%
Other activities	– %

Profit and cash flows

Our ability to convert revenue to profit and cash is important. By managing our operations efficiently, safely and for the long term, we generate substantial operating cash flows. Coupled with long-term debt financing, as well as additional capital generated through the Rights Issue and take-up of the shareholder scrip dividend option during periods of higher investment, we are able to invest in growing our asset base and fund our dividends.

Statutory operating profit (%)

UK Electricity Transmission (UK ET)	26%
UK Electricity Distribution (UK ED)	32%
UK Electricity System Operator (ESO)	(4)%
New England	20%
New York	26%
National Grid Ventures (NGV)	–%
Other activities	–%

Underlying operating profit[1] (%)

UK Electricity Transmission (UK ET)	27%
UK Electricity Distribution (UK ED)	22%
UK Electricity System Operator (ESO)	2%
New England	17%
New York	27%
National Grid Ventures (NGV)	7%
Other activities	(2)%

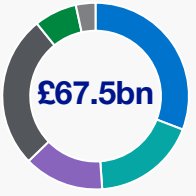
Investment

We invest efficiently in our networks to achieve strong and sustainable growth in our regulated asset base over the long term. We also invest in assets in our non-regulated businesses. We continually assess, monitor and challenge investment decisions so we can continue to run safe, reliable and cost-effective networks.

Capital investment (%)

UK Electricity Transmission (UK ET)	30%
UK Electricity Distribution (UK ED)	14%
UK Electricity System Operator (ESO)	–%
New England	18%
New York	33%
National Grid Ventures (NGV)	4%
Other activities	1%

Total assets (used for asset growth) (%)



UK Electricity Transmission (UK ET)	31%
UK Electricity Distribution (UK ED)	18%
UK Electricity System Operator (ESO)	–%
New England	14%
New York	27%
National Grid Ventures (NGV)	7%
Other activities	3%

1. Non-GAAP alternative performance measures (APMs). For further details and reconciliation to equivalent GAAP measures see 'Other unaudited financial information' on pages 279 – 294.

Financial review continued

Summary of Group financial performance for the year ended 31 March 2025

Statutory EPS[1]
60.0p
2023/24 55.5p
2022/23 68.6p

Underlying EPS[1]
73.3p
2023/24 72.1p
2022/23 68.9p

Group RoE[2]
9.0%
2023/24 10.5%
2022/23 13.4%

Asset growth
9.0%
2023/24 9.7%
2022/23 11.4%

1. From continuing operations. Comparative amounts have been restated to reflect the impact of the bonus element of the Rights Issue
2. Group RoE calculation methodology updated in 2024/25 (see page 295 for further details). Comparative amounts have been restated accordingly.

Financial summary for continuing operations

£m	2024/25	2023/24	Change
Accounting profit			
Gross revenue	**18,378**	19,850	(7%)
Other operating income	**—**	12	(100%)
Operating costs	**(13,444)**	(15,387)	13%
Statutory operating profit	**4,934**	4,475	10%
Net finance costs	**(1,357)**	(1,464)	7%
Share of joint ventures and associates	**73**	37	97%
Tax	**(821)**	(831)	1%
Non-controlling interest	**(3)**	(1)	(200%)
Statutory earnings	**2,826**	2,216	28%
Exceptional items and remeasurements	**(171)**	1,036	n/m
Tax on exceptional items and remeasurements	**(40)**	(152)	74%
Adjusted earnings	**2,615**	3,100	(16%)
Timing and major storm costs[1]	**592**	(689)	n/m
Tax on timing and major storm costs[1]	**(156)**	166	n/m
Deferred tax on underlying profits in NGET and NGED[1]	**401**	302	33%
Underlying earnings[1]	**3,452**	2,879	20%
Statutory EPS[2]	**60.0p**	55.5p	8%
Adjusted EPS[2]	**55.6p**	77.7p	(28%)
Underlying EPS[1,2]	**73.3p**	72.1p	2%
Dividend per share 'rebased'[1,3]	**46.72p**	45.26p	3%
Dividend cover – underlying[1]	**1.6x**	1.2x	27%
Economic profit			
Group financial performance after interest and tax (Group RoE numerator)[1]	**2,602**	2,336	11%
Group RoE[1,4]	**9.0%**	10.5%	-150bps
Capital investment and asset growth			
Capital investment	**9,847**	8,235	20%
Regulated asset growth[1]	**10.5%**	9.1%	140bps
Asset growth[1]	**9.0%**	9.7%	-70bps
Balance sheet strength			
RCF/adjusted net debt (Moody's)[1]	**9.8%**	9.2%	60bps
Net debt (note 29 to the financial statements)	**41,371**	43,607	(5%)
Add: held for sale net debt	**(55)**	(23)	n/m
Net debt (including held for sale)[1]	**41,316**	43,584	(5%)
Group regulatory gearing[1]	**61%**	69%	-800bps

1. Non-GAAP alternative performance measures (APMs) and/or regulatory performance measures (RPMs). For further details see 'Other unaudited financial information' on pages 279 – 294.
2. Comparative amounts have been restated to reflect the impact of the bonus element of the Rights Issue
3. Dividend per share (rebased) calculated by dividing the total dividend paid by the total number of shares in issue following the Rights Issue. The actual dividend per share paid to shareholders in respect of 2023/24 profits was 58.52p (an interim dividend per share of 19.40p and a final dividend per share of 39.12p).
4. Our calculation methodology for Group RoE changed in 2024/25. Comparative amounts have been restated accordingly. See page 291 for details.

Performance management framework

In managing the business, we focus on various non-IFRS alternative performance measures (APMs) and regulatory performance measures (RPMs) which provide meaningful comparisons of performance between years, monitor the strength of the Group's balance sheet and ensure profitability reflects the Group's regulatory economic arrangements. Such APMs and RPMs are supplementary to, and should not be regarded as a substitute for, IFRS measures, which we refer to as statutory results.

Our business performance as set out in our regulatory agreements can differ from accounting under IFRS, principally because our regulators allow for regulatory deferral accounting. Our allowed revenues are set in accordance with our regulatory price controls or rate plans. Statutory IFRS does not allow us to recognise regulatory assets or liabilities (for the difference between collected and allowed regulatory revenues). As a result we use a suite of APMs (defined by us) to help measure and monitor our underlying regulated business performance.

We explain the basis of these measures and, where practicable, reconcile these to statutory IFRS results (i.e. GAAP) in Other unaudited financial information on pages 279 – 294. Our RPMs have been calculated for the total Group (or individual entities where relevant) and these are not based on IFRS measures.

Specifically, we measure the financial performance of the Group from different perspectives:

- **Accounting profit:** In addition to statutory IFRS measures we report adjusted results (i.e. before exceptional items and remeasurements), and underlying results, which further take account of: (i) volumetric and other revenue timing differences arising from our regulatory contracts; (ii) major storm costs (net of in-year allowances and deductibles) which are recoverable in future periods when they exceed a $100 million threshold; and (iii) deferred tax in our UK regulated businesses (NGET and NGED). In doing so, we intend to make the impact of such items clear to users of the financial information in this Annual Report.
- **Economic profit:** Group Return on Equity (RoE) takes account of the regulated value of our assets and of our regulatory economic arrangements to show the returns on shareholder equity.
- **Capital investment and asset growth:** Capital investment comprises our additions to PP&E and intangible assets (excluding acquisitions), equity investments in joint ventures and associates, along with net movements in capex prepayments. Asset growth represents the year-on-year increase in RAV and US rate base in our regulated businesses (referred to as 'regulated asset growth'), plus the increase in net assets (excluding certain balances such as pensions, net debt and deferred taxes) in our non-regulated businesses, but excluding the impact of currency movements.
- **Balance sheet strength:** Maintaining a strong investment grade credit rating allows us to finance our growth ambitions at a competitive rate. Hence, we monitor credit metrics used by the major rating agencies to ensure we are generating sufficient cash flow to service our debts. Group regulatory gearing measures our Group net debt as a proportion of the Group's assets that are used to measure asset growth. This includes balances for businesses classified as held for sale under IFRS.

This balanced range of measures of financial wellbeing informs our dividend policy which, after the rebasing of the 2023/24 dividend per share (DPS) following the Rights Issue, aims to grow annual DPS in line with UK CPIH, thus maintaining the DPS in real terms.

Financial summary for continuing operations

Accounting profit: Statutory IFRS earnings were £2,826 million in 2024/25, £610 million (28%) higher than the prior year. Statutory earnings benefited from pre-tax net exceptional credits of £42 million and pre-tax remeasurement gains of £129 million (2024: pre-tax net exceptional charges of £1,011 million and pre-tax remeasurement losses of £25 million). For details on exceptional items refer to note 5 to the financial statements. Timing swings were £1,420 million adverse year-on-year, with a £505 million net under-recovery in 2024/25 (2024: £915 million net over-recovery), partly offset by £139 million lower major storms. These factors, the net impact of tax on these items and an improvement in underlying business performance meant that statutory EPS for continuing operations of 60.0p was 4.5p higher than the prior year.

Our 'adjusted' results exclude the impacts from exceptional items and remeasurements as explained on page 86. In 2024/25, adjusted earnings from continuing operations were £2,615 million, down £485 million (16%) from the prior year. Adjusted earnings in 2024/25 included a timing net under-recovery after tax of £372 million (2024: £688 million net over-recovery) and major storm costs (after tax) which are excluded from underlying results, of £64 million (2024: £165 million). As a result, adjusted operating profit of £4,765 million was down £697 million (2024: £5,462 million). Adjusted net finance costs of £1,361 million were £118 million lower, benefiting from the Rights Issue proceeds received in June 2024. Share of profits from joint ventures and associates of £75 million were down £26 million due to higher interconnector profits in the prior year. Adjusted tax of £861 million was £122 million lower, driven by lower profits, including in our UK Electricity System Operator business.

Underlying operating profit was up 12% driven by improved performance in: New York (KEDNY and KEDLI and NIMO rate increases and lower environmental costs), New England (higher rates and capital tracker revenues) along with higher allowed revenues in UK Electricity Transmission and UK Electricity Distribution. National Grid Ventures was down from 2023/24, driven by lower revenues on our legacy interconnector fleet, partly offset by a full year of our new Viking interconnector. Other activities were lower principally as a result of fair value movements in NG Partners. Our joint ventures and associates' contribution reduced primarily due to lower auction revenues in BritNed compared with 2023/24. Regulated controllable costs were only 1% higher, with inflation and workload increases being mostly offset by efficiency savings. Depreciation and amortisation were higher than the prior year due to our growing asset base. Net financing costs were lower, benefiting from the Rights Issue proceeds in June 2024. Other interest was favourable year on year driven by higher capitalised interest. Underlying profit after tax increased by 20% and resulted in a 2% increase in underlying EPS to 73.3p.

Economic profit: Our Group RoE for 2024/25 was 9.0%, 150bps lower than the 10.5% achieved in the prior year, impacted by lower gearing (as a result of the Rights Issue) which along with ongoing asset growth has increased the metric denominator.

Capital investment and asset growth: Capital investment of £9,847 million was £1,612 million (20%) higher than 2023/24, driven by increased ASTI and customer connections investment in UK Electricity Transmission, increased capital expenditure in New York, New England and UK Electricity Distribution, partly offset by lower investment in National Grid Ventures. Higher capital investment is partly offset by reduced year-on-year RAV indexation from lower inflation resulting in asset growth of 9.0% (2024: 9.7%).

Balance sheet strength: Net debt decreased from £43.6 billion at March 2024 to £41.4 billion at March 2025, primarily due to the £6.8 billion Rights Issue net proceeds which helped to fund £9.6 billion of investing cash outflows. Regulatory gearing was consequently lower at 61% (2024: 69%) and our calculation of Moody's RCF/adjusted net debt credit metric was 9.8%, an improvement of 60bps compared with 2023/24 and remains above the current rating threshold of 7.0%.

Dividend

The recommended full-year dividend per share of 46.72p is in line with our policy of increasing the prior year dividend (after rebasing this following the Rights Issue) in line with UK CPIH inflation and is covered 1.6 times by underlying EPS.

Financial review continued

Profitability and earnings

In calculating adjusted profit measures, where we consider it is in the interests of users of the financial statements to do so we exclude certain discrete items of income or expense that we consider to be exceptional in nature. The table below reconciles our statutory profit measures for continuing operations, at actual exchange rates, to adjusted and underlying versions. Further information on exceptional items and remeasurements is provided in notes 2, 5 and 6 to the financial statements.

Reconciliation of profit and earnings from continuing operations

	Operating profit			Profit after tax			Earnings per share		
£m	**2024/25**	2023/24	Change	**2024/25**	2023/24	Change	**2024/25**	2023/24	Change
Statutory results	**4,934**	4,475	10%	**2,829**	2,217	28%	**60.0p**	55.5p	8%
Exceptional items	**(42)**	1,011	n/m	**(118)**	852	n/m	**(2.4p)**	21.4p	n/m
Remeasurements	**(127)**	(24)	n/m	**(93)**	32	n/m	**(2.0p)**	0.8p	n/m
Adjusted results	**4,765**	5,462	(13%)	**2,618**	3,101	(16%)	**55.6p**	77.7p	(28%)
Timing	**505**	(915)	n/m	**372**	(688)	n/m	**7.9p**	(18.2p)	n/m
Major storm costs	**87**	226	(62%)	**64**	165	(61%)	**1.3p**	4.4p	(70%)
Deferred tax in NGET and NGED	**—**	—	—%	**401**	302	33%	**8.5p**	8.2p	4%
Underlying results	**5,357**	4,773	12%	**3,455**	2,880	20%	**73.3p**	72.1p	2%

Timing over/(under)-recoveries

In calculating underlying profit, we exclude regulatory revenue timing over- and under-recoveries, major storm costs (defined below) and deferred tax on underlying results of our UK regulated business (NGET and NGED), also defined below. Under the Group's regulatory frameworks, most of the revenues we are allowed to collect each year are governed by regulatory price controls in the UK and rate plans in the US. If more than this allowed level of revenue is collected, an adjustment will be made to future prices to reflect this over-recovery; likewise, if less than this level of revenue is collected, an adjustment will be made to future prices in respect of the under-recovery. These variances between allowed and collected revenues and timing of revenue collections for pass-through costs give rise to 'timing' over- and under-recoveries.

The following table summarises management's estimates of such amounts for the two years ended 31 March 2025 and 31 March 2024 for continuing operations. All amounts are shown on a pre-tax basis and, where appropriate, opening balances are restated for exchange adjustments and to correspond with subsequent regulatory filings and calculations, and are translated at the 2024/25 average exchange rate of $1.266:£1.

£m	**2024/25**	2023/24[1]
Balance at start of year (restated)	**1,029**	39
UK Electricity Transmission	**(151)**	363
UK Electricity Distribution	**407**	(159)
UK Electricity System Operator	**(479)**	800
New England	**61**	(69)
New York	**(343)**	(20)
In-year (under)/over-recovery (continuing)	**(505)**	915
Disposal of UK Electricity System Operator	**(462)**	—
Balance at end of year	**62**	954

1. March 2024 balances restated to correspond with 2023/24 regulatory filings and calculations.

In 2024/25, we experienced timing under-recoveries of £151 million in UK Electricity Transmission, over-recoveries of £407 million in UK Electricity Distribution and the return of prior period over-recoveries of £479 million in UK Electricity System Operator (up to 1 October 2024, the disposal date of that business). During 2023/24, BSUoS collected revenues in UK Electricity System Operator were significantly more than system balancing costs, resulting in a £800 million over-recovery in that year. In our US regulated businesses we experienced over-recoveries of £61 million in New England, and under-recoveries of £343 million in New York. In calculating the post-tax effect of these timing recoveries, we impute a tax rate based on the regional marginal tax rates, consistent with the relative mix of UK and US balances.

Major storm costs (US)

We exclude the impact of major storm costs in the US where the aggregate amount is sufficiently material in any given year. Such costs (net of in-year allowances and deductibles) are recoverable under our rate plans but are expensed as incurred under IFRS. Accordingly, where the aggregate total US major storm costs incurred (net of in-year allowances and deductibles) exceeds $100 million in any given year, we exclude the net costs from underlying earnings. In 2024/25, we incurred deferrable storm costs, which are eligible for future recovery of $110 million (2024: $285 million).

Deferred tax in UK regulated businesses

We exclude deferred tax in our UK regulated businesses (NGET and NGED) in our underlying earnings measure. Tax is generally considered to be a pass-through cost by our UK regulator, with revenue tax allowances linked to the level of cash tax expected to be paid in the year. The UK Government allows 'full expensing' tax relief for qualifying capital expenditure to encourage greater levels of investment from businesses. This results in these businesses paying lower levels of cash tax. IFRS requires us to recognise a total tax charge on current year profits, including deferred tax that will be paid in future periods. To represent underlying profitability more closely aligned to our regulatory agreements we report underlying earnings and underlying EPS excluding the impact of deferred tax in our UK regulated businesses (NGET and NGED).

In 2024/25, we excluded £401 million (2024: £302 million) of deferred tax charges from our underlying results.

Segmental operating profit

The tables below set out operating profit on statutory, adjusted, and underlying bases.

Statutory operating profit

£m	**2024/25**	2023/24	Change
UK Electricity Transmission	**1,277**	1,674	(24%)
UK Electricity Distribution	**1,598**	975	64%
UK Electricity System Operator	**(213)**	382	(156%)
New England	**1,008**	641	57%
New York	**1,269**	362	251%
National Grid Ventures	**5**	558	(99%)
Other activities	**(10)**	(117)	91%
Continuing operations	**4,934**	4,475	10%
Discontinued	**—**	—	—%
Total	**4,934**	4,475	10%

The notation 'n/m' is used throughout this section where the year-on-year percentage change is deemed to be 'not meaningful'.

Statutory operating profit increased in the year, primarily as a result of the non-recurrence of exceptional net charges of £1,011 million in 2023/24 compared with exceptional net gains of £42 million in 2024/25. For details on exceptional items refer to note 5 to the financial statements. This was partly offset by £1,420 million adverse year-on-year movements in timing net over-recoveries, £154 million favourable year-on-year movements in commodity derivative remeasurements, improved underlying performance in UK Electricity Transmission, New York and New England, partially offset by a shorter period of ownership of UK Electricity System Operator, along with lower profits in National Grid Ventures and 'Other activities' than 2023/24.

Adjusted operating profit

£m	2024/25	2023/24	Change
UK Electricity Transmission	**1,277**	1,677	(24%)
UK Electricity Distribution	**1,610**	993	62%
UK Electricity System Operator	**(364)**	880	(141%)
New England	**982**	643	53%
New York	**1,023**	860	19%
National Grid Ventures	**380**	469	(19%)
Other activities	**(143)**	(60)	(138%)
Continuing operations	**4,765**	5,462	(13%)

Underlying operating profit (a non-GAAP measure)

£m	2024/25	2023/24	Change
UK Electricity Transmission	**1,428**	1,314	9%
UK Electricity Distribution	**1,203**	1,152	4%
UK Electricity System Operator	**115**	80	44%
New England	**924**	802	15%
New York	**1,450**	1,016	43%
National Grid Ventures	**380**	469	(19%)
Other activities	**(143)**	(60)	(138%)
Continuing operations	**5,357**	4,773	12%

The reasons for the movements in underlying operating profit are described in the segmental commentaries below. Unless otherwise stated, the discussion of performance in the remainder of this Financial review focuses on underlying results.

UK Electricity Transmission

£m	2024/25	2023/24	Change
Revenue	**2,619**	2,735	(4%)
Operating costs	**(1,342)**	(1,061)	(26%)
Statutory operating profit	**1,277**	1,674	(24%)
Exceptional items	**—**	3	(100%)
Adjusted operating profit	**1,277**	1,677	(24%)
Timing	**151**	(363)	n/m
Underlying operating profit	**1,428**	1,314	9%
Analysed as follows:			
Net revenue	**2,164**	2,510	(14%)
Regulated controllable costs	**(238)**	(248)	4%
Post-retirement benefits	**(55)**	(38)	(45%)
Other operating costs	**(54)**	(26)	(108%)
Depreciation and amortisation	**(540)**	(521)	(4%)
Adjusted operating profit	**1,277**	1,677	(24%)
Timing	**151**	(363)	n/m
Underlying operating profit	**1,428**	1,314	9%

UK Electricity Transmission statutory operating profit was £397 million lower in the year. Timing under-recoveries were £151 million in 2024/25 compared with £363 million over-recoveries in 2023/24. This year-on-year swing is mainly the return of prior period balances (primarily tax allowances), a lower inflation true-up and a lower in-year recovery on volumes and pass-through costs than 2023/24. In the prior year, there were £2 million of exceptional costs related to our cost-efficiency programme and integration costs of £1 million.

UK Electricity Transmission underlying operating profit increased by 9%. Underlying net revenues were £168 million (9%) higher principally from higher totex allowances (including fast money on ASTI spend) and inflationary increases and the non-repeat of the beneficial tax allowance true-up in 2023/24.

Regulated controllable costs including pensions were £7 million (3%) higher from the impact of inflationary and workload increases mostly offset by efficiency savings. Other costs were higher, mainly relating to increased provision for project delivery risk and increased network innovation allowance costs.

The higher depreciation and amortisation principally reflects a higher asset base as a result of continued investment.

UK Electricity Distribution

£m	2024/25	2023/24	Change
Revenue	**2,424**	1,795	35%
Operating costs	**(826)**	(820)	(1%)
Statutory operating profit	**1,598**	975	64%
Exceptional items	**12**	18	(33%)
Adjusted operating profit	**1,610**	993	62%
Timing	**(407)**	159	n/m
Underlying operating profit	**1,203**	1,152	4%
Analysed as follows:			
Net revenue	**2,239**	1,562	43%
Regulated controllable costs	**(281)**	(270)	(4%)
Post-retirement benefits	**(21)**	(20)	(5%)
Other operating costs	**(78)**	(56)	(39%)
Depreciation and amortisation	**(249)**	(223)	(12%)
Adjusted operating profit	**1,610**	993	62%
Timing	**(407)**	159	n/m
Underlying operating profit	**1,203**	1,152	4%

UK Electricity Distribution statutory operating profit was £623 million higher in the year, reflecting the impact of £566 million favourable year-on-year timing movements. Timing over-recoveries of £407 million in 2024/25 were mainly due to inflation true-ups and the recovery of prior period balances. This compares with a timing under-recovery of £159 million in the prior year.

In 2024/25 there were £12 million of exceptional costs related to our major transformation programme compared with £18 million of exceptional integration costs in 2023/24.

UK Electricity Distribution underlying operating profit increased by £51 million (4%). Underlying net revenues were £111 million higher than the prior year due to the impact of higher inflation and higher engineering recharges and incentive revenues.

Regulated controllable costs including pensions were £12 million (4%) higher than the prior year from the impact of workload increases, combined with investment in capability build and inflationary increases, partly offset by efficiencies achieved. Other costs were £22 million higher as a result of the disruption from Storm Darragh (categorised as a 1 in 20 years storm event) and increased engineering recharges.

Depreciation and amortisation increased compared with the prior year due to the increasing asset base.

Financial review continued

UK Electricity System Operator

£m	2024/25	2023/24	Change
Revenue	**1,029**	3,788	(73%)
Operating costs	**(1,242)**	(3,406)	64%
Statutory operating (loss)/profit	**(213)**	382	(156%)
Exceptional items	**(151)**	498	n/m
Adjusted operating (loss)/profit	**(364)**	880	(141%)
Timing	**479**	(800)	n/m
Underlying operating profit	**115**	80	44%
Analysed as follows:			
Net revenue	**(188)**	1,183	(116%)
Controllable costs	**(159)**	(212)	25%
Post-retirement benefits	**(10)**	(21)	52%
Other operating costs	**(7)**	(9)	22%
Depreciation and amortisation	**—**	(61)	100%
Adjusted operating (loss)/profit	**(364)**	880	(141%)
Timing	**479**	(800)	n/m
Underlying operating profit	**115**	80	44%

UK Electricity System Operator was purchased by the UK Government on 1 October 2024 and had been classified as 'held for sale' since October 2023. Based on the scale and pass-through nature of the UK Electricity System Operator, it was not considered to be a separate major line of business and hence, did not meet the definition of a discontinued operation under IFRS 5. The year-on-year performance is driven by two significant factors: (i) a net £800 million over-collection of revenues during 2023/24 (and the consequential partial return of these over-recovered balances during 2024/25); and (ii) a shorter ownership period, with only six months' contribution in 2024/25.

UK Electricity System Operator statutory operating profit decreased by £595 million in the year as a result of adverse year-on-year timing swings (net of provisions for regulatory liabilities recognised under IFRS). In 2023/24 a £498 million exceptional provision was made for the return of the estimated remaining balance of over-collected revenues at the expected date of disposal (at that time, expected to be June 2024). This provision was partially reversed in 2024/25 generating an exceptional credit of £151 million in the current year. Under IFRS a regulatory liability is not usually recognised on balance sheet for the return of such over-recoveries, however due to the intended disposal of this business during 2024/25, a liability was recognised given these amounts were expected to be settled through the planned sale process as opposed to reduced future revenues. The remaining £347 million exceptional provision at the disposal date was reflected in the reported gain on disposal of this business.

During 2024/25, UK Electricity System Operator had a timing under-recovery of £479 million arising from the return of prior period balances (2024: £800 million net over-recovery). The 2023/24 over-recovery was the result of higher revenues collected through the BSUoS fixed price charges compared with total system balancing costs incurred during that year. At the disposal date, the impact of the residual net over-recovered position was assessed when calculating the overall net disposal proceeds.

UK Electricity System Operator underlying operating profit increased by £35 million. Underlying net revenue was £92 million lower, partly offset by lower costs mainly driven by the shorter ownership period in 2024/25. Depreciation and amortisation was £61 million lower, representing depreciation being charged for only the first seven months of the prior year, prior to classification as 'held for sale'.

New England

£m	2024/25	2023/24	Change
Revenue	**4,306**	3,948	9 %
Operating costs	**(3,298)**	(3,307)	— %
Statutory operating profit	**1,008**	641	57%
Exceptional items	**3**	17	n/m
Remeasurements	**(29)**	(15)	n/m
Adjusted operating profit	**982**	643	53%
Timing	**(61)**	69	n/m
Major storm costs	**3**	90	(97%)
Underlying operating profit	**924**	802	15%
Analysed as follows:			
Net revenue	**2,648**	2,295	15%
Regulated controllable costs	**(706)**	(701)	(1%)
Post-retirement benefits	**(21)**	(7)	(200%)
Bad debt expense	**(62)**	(79)	22%
Other operating costs	**(408)**	(445)	8%
Depreciation and amortisation	**(469)**	(420)	(12%)
Adjusted operating profit	**982**	643	53%
Timing	**(61)**	69	n/m
Major storm costs	**3**	90	(97%)
Underlying operating profit	**924**	802	15%

New England's statutory operating profit increased by £367 million, principally as a result of improved underlying operating profit and lower major storm costs, along with the impact of £130 million favourable year-on-year timing movements. Timing over-recoveries of £61 million in 2024/25 are mainly due to phasing of energy efficiency programme spend and the collection of previous under-recovery of commodity costs. This compares with a timing under-recovery of £69 million in the prior year. Exceptional items included £7 million of charges related to our major transformation programme and a £4 million gain related to environmental provision movements. In 2023/24, there were £11 million of exceptional items related to the disposal of the Narragansett Electric Company and £6 million related to our cost efficiency programme. Commodity remeasurements were £14 million favourable to the prior year.

New England's underlying operating profit increased by £122 million (15%) or £124 million (16%) on a constant currency basis. Underlying net revenue was £223 million higher driven by the benefits of rate case increases in Massachusetts Gas and Massachusetts Electric, higher capital tracker revenue and higher wholesale network revenues. New England controllable costs increased by £5 million as a result of additional workload and inflation, which were largely offset by efficiency savings. Bad debt expense decreased by £17 million as a result of higher accounts receivable cash recoveries. Depreciation and amortisation increased as a result of higher investment. Other costs (on an underlying basis) were higher due to higher investment-related expenses and higher property taxes, both driven by the growth in asset base.

New York

£m	2024/25	2023/24	Change
Revenue	**6,689**	6,094	10%
Operating costs	**(5,420)**	(5,732)	5%
Statutory operating profit	**1,269**	362	251%
Exceptional items	**(133)**	506	n/m
Remeasurements	**(113)**	(8)	n/m
Adjusted operating profit	**1,023**	860	19%
Timing	**343**	20	n/m
Major storm costs	**84**	136	(38%)
Underlying operating profit	**1,450**	1,016	43%
Analysed as follows:			
Net revenue	**4,202**	4,037	4%
Regulated controllable costs	**(1,049)**	(1,057)	1%
Post-retirement benefits	**(33)**	(21)	n/m
Bad debt expense	**(141)**	(96)	(47%)
Other operating costs	**(1,225)**	(1,345)	9%
Depreciation and amortisation	**(731)**	(658)	(11%)
Adjusted operating profit	**1,023**	860	19%
Timing	**343**	20	n/m
Major storm costs	**84**	136	(38%)
Underlying operating profit	**1,450**	1,016	43%

New York statutory operating profit increased by £907 million, principally as a result of £434 million higher underlying operating profit, £52 million lower major storms costs, £105 million higher commodity remeasurements gains and £639 million lower exceptional charges. Exceptional items included £9 million of charges related to our major transformation programme and a £142 million credit related to environmental provision movements (2024: £496 million cost). In 2023/24 we incurred £10 million of exceptional charges as part of our cost efficiency programme. These factors were partly offset by timing under-recoveries of £343 million in 2024/25 compared with timing under-recoveries of £20 million in 2023/24. The change in timing was primarily driven by lower auction sale prices on transmission wheeling, the return of prior period transmission wheeling over-collections, greater commodity under-recovery due to weather-driven gas bill volumes and KEDNY and KEDLI rates levelisation relating to new rates in 2024/25. These were partly offset by an over-recovery of energy efficiency programme costs in 2024/25.

New York underlying operating profit increased by £434 million (43%), driven by higher net underlying revenues which increased by £488 million (12%) principally driven by increased rates in KEDNY and KEDLI under the new rate plan along with higher NIMO revenues related to a capex tracker for incremental investment. Regulated controllable costs were £8 million lower year-on-year, with increased workload and the impact of inflation being offset by efficiency savings. Bad debt expense increased by £45 million driven by increased receivables, in line with revenue increases. Depreciation and amortisation increased due to the growth in assets. Other costs (on an underlying basis) decreased due to lower environmental costs (net benefit in 2024/25 compared with net charge in 2023/24 related to inflation impacts across multiple sites), partially offset by higher property taxes, driven by increasing asset base.

National Grid Ventures

£m	2024/25	2023/24	Change
Revenue	**1,397**	1,389	1%
Operating costs	**(1,220)**	(665)	(83%)
Depreciation and amortisation	**(173)**	(166)	(4%)
Statutory operating profit	**5**	558	(99%)
Exceptional items	**360**	(89)	n/m
Remeasurements	**15**	—	n/a
Adjusted/underlying operating profit	**380**	469	(19%)

National Grid Ventures' statutory operating profit reduced by £553 million, principally as a result of a £303 million impairment of Community Offshore Wind (COSW) investment, along with £57 million of exceptional transaction and separation costs for the planned disposal of National Grid Renewables and £15 million of commodity remeasurement losses all recognised in 2024/25. This compared with £89 million of net exceptional gains in 2023/24, consisting of £92 million of property damage insurance proceeds for the IFA1 fire, net of £3 million of exceptional charges related to our prior cost efficiency programme.

National Grid Ventures' underlying operating profit was £89 million lower than 2023/24. In the UK, interconnector profits decreased versus the prior year primarily as a result of lower interconnector revenues as market spreads returned to more historically normal conditions. On 30 September 2024, our Grain LNG business in the UK and our National Grid Renewables business in the US were reclassified as 'held for sale' with depreciation ceasing from that date onwards. In the US, profit was lower, primarily as a consequence of fewer renewable projects being sold to our Emerald joint venture.

Other activities

£m	2024/25	2023/24	Change
Statutory operating (loss)/profit	**(10)**	(117)	92%
Exceptional items	**(133)**	57	n/m
Adjusted operating (loss)/profit	**(143)**	(60)	(138%)
Analysed as follows:			
Property	**54**	30	80%
Corporate and Other activities	**(197)**	(90)	(119%)
Adjusted operating (loss)/profit	**(143)**	(60)	(138%)

Other activities' statutory operating loss of £10 million (2024: £117 million loss) includes a net exceptional gain of £133 million, consisting of a £187 million exceptional gain on disposal of the UK Electricity System Operator, net of £46 million of exceptional charges related to our major transformation programme and £8 million of exceptional transaction and separation costs incurred by our corporate function related to the planned disposal of our Grain LNG business. The prior year included £11 million of exceptional transaction, separation and integration costs related to the separation and disposal of UK Gas Transmission and the integration of National Grid Electricity Distribution and £46 million of exceptional charges as part of our cost efficiency programme.

Other activities' underlying operating loss was £143 million (including corporate costs) in 2024/25 compared with £60 million loss in 2023/24. This increase mainly relates to £69 million higher fair value losses within our NG Partners portfolio, £24 million lower insurance captive profits combined with £12 million higher corporate centre costs, partially offset by higher UK property sales in the year.

Financial review continued

Exceptional items and remeasurements in operating profit – continuing

In 2024/25, we classified a number of items as exceptional, which has the net impact of increasing our statutory operating profit by £42 million (2024: £1,011 million decrease) compared with our adjusted and underlying operating profit measures. These items comprise of an exceptional credit of £146 million in 2024/25 related to a decrease in our environmental provisions (2024: £496 million charge); a £151 million provision release (2024: £498 million provision charge) in UK Electricity System Operator for estimated timing over-recoveries returned prior to its disposal on 1 October 2024; a gain of £187 million on the disposal of the UK Electricity System Operator; a £303 million impairment of our investment in COSW; transaction, separation and integration costs of £65 million (2024: £44 million) and no insurance recoveries in the current year (2024: £92 million). Our 'Evolution' cost efficiency programme was completed in 2023/24 with £65m of exceptional costs in that year. For further details see note 5 to the financial statements. In 2024/25, we embarked on a new four-year major transformation programme designed to implement our 'pureplay networks business' strategy, incurring £74 million of exceptional costs. The expected future costs for this programme are anticipated to be around £200 million.

We also exclude certain unrealised gains and losses on mark-to-market financial instruments ('remeasurements') from adjusted and underlying profit. In 2024/25, net remeasurement gains on commodity contract derivatives (i.e. 'mark-to-market' movements on derivatives used to hedge the cost of buying wholesale gas and electricity on behalf of US customers and derivatives in our UK interconnectors business) were £127 million, compared with net remeasurement losses of £24 million in 2023/24.

Financing costs and taxation – continuing

Net finance costs

Statutory net finance costs of £1,357 million were down from £1,464 million in 2023/24 and included derivative remeasurement gains of £4 million (2024: £15 million gains). Underlying net finance costs for the year were 8% lower than last year at £1,361 million. The Rights Issue raised net proceeds of £6.8 billion in June 2024, resulting in lower average net debt than the prior year. The beneficial impact of this was partly offset by outflows for higher levels of capital investment and higher interest rates on new borrowings resulting in a net £80 million reduction in net debt related finance costs. Other interest was favourable year on year reflecting higher capitalised interest partly offset by higher discount unwind on provisions. The effective interest rate for continuing operations of 4.1% is 10bps lower than the prior year rate.

Joint ventures and associates

The Group's share of net profits from joint ventures and associates on a statutory basis increased to £73 million (2024: £37 million). This was net of derivative remeasurement losses of £2 million (2024: £64 million) in our NG Renewables joint venture. This investment was reclassified to held for sale on 30 September 2024, with no profits being recognised from that date onwards. On an adjusted basis, the share of net profits from joint ventures and associates decreased by £26 million compared with 2023/24, mostly reflecting lower BritNed revenues driven by lower auction prices.

Tax

The statutory tax charge for continuing operations was £821 million (2024: £831 million) including the impact of tax on exceptional items and remeasurements of £40 million credit (2024: £152 million credit). The adjusted tax charge for continuing operations was £861 million (2024: £983 million), resulting in an adjusted effective tax rate for continuing operations (excluding profits from joint ventures and associates) of 25.3% (2024: 24.7%).

The underlying tax charge for the year (a non-GAAP measure) was £616 million (2024: £515 million). The underlying effective tax rate (excluding joint ventures and associates) of 15.4% was 20bps lower than last year (2024: 15.6%). This is mainly due to increased investment in NGET leading to a lower underlying tax charge, partly offset by the change in geographic profit mix. The Group's tax strategy is detailed later in this review.

Discontinued operations

On 26 September 2024, we completed the sale of our residual 20% interest in National Gas Transmission for proceeds of £686 million, resulting in a gain on disposal after transaction costs of £25 million. The Group has not applied equity accounting in relation to this asset held for sale since 31 January 2023 (the date of sale of our 60% interest) resulting in no profits being recognised from that date onwards.

Capital investment and asset growth

Capital investment

Capital investment comprises capital expenditure in critical energy infrastructure, equity investments, equity funding contributions to joint ventures and associates, and net movements in capital expenditure-related prepayments to secure delivery of future capital investment projects.

	At actual exchange rates			At constant currency		
£m	**2024/25**	2023/24	Change	**2024/25**	2023/24	Change
UK Electricity Transmission	**2,999**	1,912	57%	**2,999**	1,912	57%
UK Electricity Distribution	**1,426**	1,247	14%	**1,426**	1,247	14%
UK Electricity System Operator	**–**	85	(100%)	**–**	85	(100%)
New England	**1,751**	1,673	5%	**1,751**	1,668	5%
New York	**3,289**	2,654	24%	**3,289**	2,645	24%
National Grid Ventures	**378**	662	(43)%	**378**	661	(43)%
Other activities	**4**	2	100 %	**4**	2	100 %
Total Group	**9,847**	8,235	20%	**9,847**	8,220	20%

UK Electricity Transmission investment increased by £1,087 million compared with 2023/24 due to increased expenditure on ASTI projects (including EGL1, EGL2, Yorkshire GREEN and North London reinforcement projects) and additional spend in customer connections, increased overhead line work, asset operations investment and IT-related capital projects.

UK Electricity Distribution increased by £179 million primarily due to additional asset replacement and refurbishment, growth in connections and higher reinforcement works.

New England, capital investment increased by £78 million primarily due to higher electric capital investment driven by asset conditioning and Advanced Metering Infrastructure (AMI) spend.

New York, capital investment was £635 million higher primarily due to a step up in gas capital investment in KEDNY and KEDLI following increases approved in the rate case (mains replacement and other mandated works) and along with higher electric investment in NIMO driven by the Climate Leadership and Community Protection Act programme spend, in addition to higher AMI investment.

Capital investment in National Grid Ventures was £284 million lower after completing the build of Viking Link in 2023/24 and with lower contributions from NG Renewables and Grain LNG (spend post reclassification to 'held for sale' is not included within capital investment).

UK Electricity System Operator has no reported capital investment since being classified as held for sale during 2023/24.

Asset growth and regulated asset growth (non-GAAP measures)

A key part of our investor proposition is growth in our regulated asset base. The regulated asset base is a regulatory construct, representing the invested capital on which we are authorised to earn a cash return. By investing efficiently in our networks, we add to our regulatory asset base over the long term and this in turn contributes to delivering shareholder value. Our regulated asset base comprises our regulatory asset value (RAV) in the UK, plus our rate base in the US (our regulated asset growth). We also invest in related activities that are not subject to network regulation and this further contributes to asset growth.

In total, asset growth in 2024/25 was 9.0% (2024: 9.7%). Asset growth tracks the overall increase in assets (excluding foreign exchange movements and the impact of significant increases or decreases from business acquisition or disposal transactions) using a combination of UK RAV and US rate base for our regulated businesses, and IFRS balances for our non-regulated businesses. Asset growth excludes the impact of the reduction in RAV as a result of the disposal of our UK Electricity System Operator business during 2024/25. A detailed calculation of asset growth is provided on pages 294.

In terms of asset growth by business sector, UK RAV growth was 9.8% (2024: 7.3%) driven by increased 'slow money' additions, partly offset by lower RAV indexation (lower year end CPIH inflation), along with higher RAV depreciation. US rate base grew strongly by 11.5% (2024: 11.5%), with continued high levels of capital expenditure (as measured under US GAAP) and more assets coming into service during the year resulting in increased rate base at 31 March 2025. On a combined basis, the increase in our UK RAV and US rate base (at constant currency) produced 'regulated asset growth' of 10.5% (2024: 9.1%).

Non-regulated businesses' growth was (2.1)% (2024: 14.4%) mainly as a result of lower ongoing investment in National Grid Ventures and the impact of asset write-downs.

Cash flow, net debt and funding

Net debt is the aggregate of cash and cash equivalents, borrowings, current financial and other investments and derivatives (excluding commodity contract derivatives) as disclosed in note 29 to the financial statements. 'Adjusted net debt' used for the RCF/adjusted net debt calculation is principally adjusted for pension deficits and hybrid debt instruments. For a full reconciliation see page 287. The following table summarises the Group's cash flow for the year, reconciling this to the change in net debt.

Summary cash flow statement

£m	2024/25	2023/24	Change
Cash generated from continuing operations	**6,991**	7,281	(4%)
Purchase of intangibles, PP&E, investments in JVs and acquisition of financial investments (net of disposals)[1]	**(9,713)**	(7,588)	(28%)
Dividends from JVs and associates	**126**	176	(28%)
Business net cash outflow from continuing operations	**(2,596)**	(131)	n/m
Net interest paid	**(1,588)**	(1,479)	(7%)
Net tax paid	**(183)**	(342)	46%
Cash dividends paid	**(1,529)**	(1,718)	11%
Other cash movements	**11**	16	(31%)
Net cash outflow (continuing)	**(5,885)**	(3,654)	(61%)
Disposals of subsidiaries and associates[2]	**1,263**	681	85%
Discontinued operations	**22**	102	(78%)
Rights Issue (net of costs)	**6,839**	—	n/m
Other, including net financing raised/(repaid) in year	**(1,474)**	3,298	n/m
Increase/(decrease) in cash and cash equivalents	**765**	427	79%
Reconciliation to movement in net debt			
Increase/(decrease) in cash and cash equivalents	**765**	427	79%
Less: other net cash flows from investing and financing transactions	**1,474**	(3,298)	n/m
Net debt reclassified to held for sale	**(55)**	(23)	n/m
Impact of foreign exchange movements on opening net debt	**528**	466	13%
Other non-cash movements	**(476)**	(206)	n/m
(Increase)/decrease in net debt	**2,236**	(2,634)	n/m
Net debt at start of year	**(43,607)**	(40,973)	(6%)
Net debt at end of year	**(41,371)**	(43,607)	5%

1. Net of disposals and also net of £143 million exceptional insurance recoveries in 2023/24.
2. Cash proceeds of £577 million for ESO (which is net of the balance of cash and cash equivalents disposed) and £686 million (2024: £681 million) for our 20% remaining interest in National Gas Transmission. The total consideration received for the disposal of ESO was £673 million.

Cash flow generated from continuing operations was £7.0 billion, £290 million lower than last year, mainly due to adverse timing movements (primarily in UK Electricity System Operator related to the return of BSUoS revenue over-recoveries which occurred in 2023/24). This impact was substantially offset by higher revenues in our retained regulated businesses compared with 2023/24, along with lower provisions and exceptional outflows. Cash expended on investment activities increased as a result of continued growth in our regulated businesses including a significant step-up of cash capital investment in UK Electricity Transmission which was £1.0 billion higher than the prior year, along with higher investment in New York, New England and UK Electricity Distribution. The £9.7 billion outflow in 2024/25 includes ongoing cash investment in Grain LNG, UK Electricity System Operator and National Grid Renewables, subsequent to these businesses being reclassified as held for sale. The prior year £7.6 billion outflow is net of insurance recoveries related to the rebuild of the IFA1 interconnector in the UK.

Financial review continued

Net interest paid increased mainly as a result of the timing of cash interest payments (accrued interest movements), partly offset by a lower average level of net debt which benefited from a net £6.8 billion inflow from the Rights Issue proceeds (net of transaction costs). The Group made net tax payments of £183 million (2024: £342 million) for continuing operations during 2024/25. This decrease mainly related to lower taxable profits driven by over-recovered revenues in the prior year in the UK Electricity System Operator business.

The lower cash dividend reflected the higher weighted average scrip uptake of 31% in the current year (2024: 18%), partly offset by the annual inflationary increase on a dividend per share basis (after rebasing for the impact of the Rights Issue).

In 2024/25, we completed the sale of our UK Electricity System Operator business to the UK Government for proceeds of £673 million (including £45 million from completion adjustments received after 31 March 2025). We also sold our final 20% interest in National Gas Transmission for proceeds of £686 million. In 2023/24 we reduced our interest in National Gas Transmission from 40% to 20% interest for proceeds of £681 million and received a dividend payment of £102 million in discontinued operations.

During the year we raised net £6.8 billion (net of transaction costs) of equity financing by means of a Rights Issue. This helped reduce overall Group regulatory gearing and will help finance capital investment across the Group during future years. In addition, we also raised £3.2 billion of new long-term senior debt to refinance maturing debt and to fund a portion of our significant capital programme.

Other cash movements principally relate to net financing inflows or outflows to maintain our cash balances at an appropriate level in accordance with the Group liquidity policy, but do not have an impact on the Group's net debt. Other non-cash movements which do impact net debt, primarily reflect changes in the sterling–dollar exchange rate, accretions on index-linked debt, lease additions and other derivative fair value movements, offset by the amortisation of fair value adjustments on acquired debt.

As at 14 May 2025, we have £7.8 billion of undrawn committed facilities available for general corporate purposes, all of which have expiry dates beyond May 2026. National Grid's balance sheet remains robust, with strong overall investment grade ratings from Moody's, Standard & Poor's (S&P) and Fitch.

The Board has considered the Group's ability to finance normal operations as well as funding a significant capital programme. This includes stress testing of the Group's finances under a 'reasonable worst-case' scenario, assessing the timing of the sale of businesses held for sale and the further levers at the Board's discretion to ensure our businesses are adequately financed. As a result, the Board has concluded that the Group will have adequate resources to do so.

Financial position

The following table sets out a condensed version of the Group's IFRS balance sheet.

Summary balance sheet

£m	31 March 2025	31 March 2024	Change
Goodwill and intangibles	**13,096**	13,160	—%
Property, plant and equipment	**74,091**	68,907	8%
Assets and liabilities held for sale	**2,194**	349	529%
Other net liabilities	**(805)**	106	(859%)
Tax balances	**(8,246)**	(7,728)	(7%)
Net pension assets	**1,916**	1,814	6%
Provisions	**(3,049)**	(3,109)	2%
Net debt	**(41,371)**	(43,607)	5%
Net assets	**37,826**	29,892	27%

Goodwill and intangibles reduced mainly as a result of changes in exchange rates and reclassifications to held for sale. Property, plant and equipment increased mainly as a result of the continuing capital investment programme offset by exchange rate movements and reclassifications to held for sale. Assets held for sale at 31 March 2025 comprised our UK Grain LNG business and our US National Grid Renewables business and at 31 March 2024 comprised the retained 20% minority interest in National Gas Transmission and all of the UK Electricity System Operator business, both of which were fully divested during 2024/25. Tax balances increased principally from accelerated tax depreciation due to ongoing capital investment, movements in other net temporary differences and the impact of exchange rate movements. Net pension assets increased as a result of increased employer contributions into other post-retirement benefit schemes, a decrease in liabilities primarily from higher discount rates and exchange rate movements. Provisions were reduced principally as a result of decreases in US environmental charges and the impact of the discount unwind. Other movements are largely explained by net working capital inflows and changes in the sterling–dollar exchange rate.

Regulatory gearing (a non-GAAP measure), is calculated as net debt as a proportion of total regulatory asset value and other business invested capital, reduced significantly in the year to 61% as at 31 March 2025. This was lower than the previous year-end level of 69% with benefits from the £6.8 billion Rights Issue net proceeds, £1.3 billion of proceeds from sales of businesses (UK Electricity System Operator and the final 20% interest in National Gas Transmission), partly offset with a £1.4 billion adverse swing in timing under/over-recoveries. Taking into account the benefit of our hybrid debt, adjusted gearing as at 31 March 2025 was 61% (2024: 67%), with the current overall Group credit rating of BBB+/Baa1 (S&P/Moody's).

Retained cash flow as a proportion of adjusted net debt was 9.8%, up 60bps from 2023/24 and above the long-term average level of 7.0% indicated by Moody's, as consistent with maintaining our current Group rating.

Off-balance sheet items

There were no significant off-balance sheet items other than the commitments and contingencies detailed in note 30 to the financial statements. In accordance with IFRS, regulatory assets and regulatory liabilities are not recognised on the balance sheet. Further information in respect of certain of the Group's energy purchase contracts and commodity price risk is disclosed in note 32(f) to the financial statements.

Economic returns (non-GAAP measures)

A principal way in which we measure our performance in generating value for shareholders is to divide regulated financial performance by regulatory equity, to produce RoE.

As explained on page 288, regulated financial performance adjusts reported operating profit to reflect the impact of the Group's various regulatory economic arrangements in the UK and US. In order to show underlying performance, we calculate RoE measures excluding exceptional items of income or expenditure.

Group RoE is used to measure our performance in generating value for our shareholders by dividing regulated and non-regulated financial performance, after interest and tax, by our measure of equity investment in all our businesses, including the regulated businesses, NGV and other activities and joint ventures. This metric's calculation methodology was updated during 2024/25 with comparative amounts restated accordingly. For further details please see page 291.

Regulated businesses' RoEs are measures of how the businesses are performing compared with the assumptions and allowances set by our regulators. US jurisdictional and UK entity regulated returns are calculated using the capital structure assumed within their respective regulatory arrangements and, in the case of the UK, assuming inflation of 2% CPIH under RIIO-2. As these assumptions differ between the UK and the US, RoE measures are not directly comparable between the two geographies. In our performance measures, we compare achieved RoEs to the level assumed when setting base rate and revenue allowances in each jurisdiction.

Return on Equity 'RoE' (non-GAAP measures)

%	2024/25	2023/24	Change
UK Electricity Transmission	**8.3%**	8.0%	30bps
UK Electricity Distribution	**7.9%**	8.5%	-60bps
New England	**9.1%**	9.2%	-10bps
New York	**8.7%**	8.5%	20bps
Group RoE[1]	**9.0%**	10.5%	-150bps

1. Our calculation methodology for Group RoE changed in 2024/25. Comparative amounts have been restated accordingly. See page 291 for details.

In 2024/25, UK Electricity Transmission achieved operational returns of 8.3%, delivering 100bps of outperformance under RIIO-T2, mainly from totex performance related to savings on capital delivery (2024: 8.0% achieved return, or 100bps above the allowed base return). UK Electricity Distribution achieved an operational return of 7.9% in 2024/25, including 20bps outperformance, mostly consisting of non-totex performance incentives. Outperformance was impacted by the costs associated with Storm Darragh and the adverse impact of the RIIO-ED2 Real Price Effect (RPE) mechanism, where lower than anticipated allowances due to reductions in commodity indices have not tracked actual costs incurred (2024: 8.5% achieved return, or 110bps above the allowed base return).

New England's achieved return of 9.1% was 92% of the allowed return in 2024/25 compared with an achieved return of 9.2% in 2023/24. New York's achieved return of 8.7% was 94% of the allowed return in 2024/25 compared with an achieved return of 8.5% in 2023/24. The quoted returns for New England and New York represent the weighted average return across operating companies within each jurisdiction.

Overall Group RoE, which incorporates NGV, property, corporate and other activities, and financing and tax performance, was 9.0% in 2024/25 compared with 10.5% achieved in 2023/24. This decrease was principally due to the impact of the Rights Issue proceeds increasing the equity denominator by means of reducing Group gearing.

Tax transparency

As a responsible taxpayer, we have voluntarily included additional tax disclosures, which we believe are of significant interest to many of our stakeholders. For information on the Company's activities, please see page 2, and for a definition of discontinued operations, please see note 10 to the financial statements.

Tax strategy

National Grid is a responsible taxpayer. Our approach to tax is consistent with the Group's broader commitments to doing business responsibly and upholding the highest ethical standards. This includes managing our tax affairs, as we recognise that our tax contribution supports public services and the wider economy. We endeavour to manage our tax affairs so that we pay and collect the right amount of tax, at the right time, in accordance with the tax laws in all the territories in which we operate. We will claim valid tax reliefs and incentives where these are applicable to our business operations, but only where they are widely accepted through the relevant tax legislation such as those established by government to promote investment, employment and economic growth. We do not have operations in tax havens or low-tax jurisdictions without commercial purpose.

We have a strong governance framework and our internal control and risk management framework helps us manage risks, including tax risk, appropriately. We take a conservative approach to tax risk. However, there is no prescriptive level or pre-defined limit to the amount of acceptable tax risk.

Our financial statements have been audited. The figures in the tax transparency disclosures in the Annual Report and Accounts have been taken from our financial systems, which are subject to our internal control framework.

We act with openness and honesty when engaging with relevant tax authorities and seek to work with tax authorities on a real-time basis. We engage proactively in developments of external tax policy and engage with relevant bodies where appropriate. Ultimate responsibility and oversight of our tax strategy and governance rests with the Finance Committee, with executive management delegated to our Chief Financial Officer who oversees and approves the tax strategy on an annual basis. For more detailed information, please refer to our published tax strategy on our website.

Financial review continued

Country-by-country reporting summary

We have disclosed in the table below data showing the scale of our activities in each of the countries we operate in. This allows our stakeholders to see the profits earned, taxes paid and the context of those payments. The Group's entities are tax resident in their jurisdiction of incorporation other than where indicated in the footnotes to note 34 to the financial statements.

2024/25	Revenue					
Tax jurisdiction	Unrelated party[1] £m	Related party[2] £m	**Total £m**	Profit/ (loss) before income tax[3] £m	Income tax accrued – current year[4] £m	Tangible assets/ (liabilities) other than cash and cash equivalents[5] £m
United Kingdom	6,707	241	**6,948**	2,703	67	34,680
United States	11,671	58	**11,729**	947	47	39,411
Isle of Man	—	51	**51**	51	—	—
Luxembourg	—	—	**—**	—	—	—
Belgium	—	—	**—**	1	—	—
Total	18,378	350	**18,728**	3,702	114	74,091

2023/24	Revenue					
Tax jurisdiction	Unrelated party[1] £m	Related party[2] £m	**Total £m**	Profit/ (loss) before income tax[3] £m	Income tax accrued – current year[4] £m	Tangible assets/ (liabilities) other than cash and cash equivalents[5] £m
United Kingdom	9,063	128	**9,191**	2,890	411	32,189
United States	10,787	68	**10,855**	181	82	36,718
Isle of Man	—	44	**44**	56	—	—
Luxembourg	—	—	**—**	—	—	—
Belgium	—	—	**—**	—	—	—
Total	19,850	240	**20,090**	3,127	493	68,907

1. Unrelated party revenue comprises revenue from continuing operations of £18,378 million (2024: £19,850 million) (see consolidated income statement) and revenue from discontinued operations of £nil (2024: £nil) (see note 10 to the financial statements).
2. Related party revenue only includes cross-border transactions and comprises related party revenue from continuing operations of £350 million (2024: £240 million) and related party revenue from discontinued operations of £nil (2024: £nil).
3. Profit/(loss) before income tax (PBT) from operations after exceptionals comprises continuing operations PBT of £3,650 million (2024: £3,048 million) (see consolidated income statement) and discontinued operations PBT of £52 million (2024: £79 million) (see note 10 to the financial statements).
4. Current year income tax accrued comprises current year income tax from continuing operations of £113 million (2024: £492 million) (see note 7 to the financial statements) and current year income tax from discontinued operations of £1 million (2024: £1 million). See the tax charge to tax paid reconciliation below for further information.
5. Tangible assets comprises property, plant and equipment (see consolidated statement of financial position) and excludes tangible fixed assets for businesses classified as 'held for sale' or disposed of during the year of £1,359 million (UK Electricity System Operator (ESO) £121 million, National Grid Renewables £340 million, Grain LNG £898 million) (2024: UK Electricity System Operator (ESO) £113 million) (see note 10 to the financial statements).

Our Isle of Man company is a captive insurance company which is treated as a controlled foreign company for UK tax purposes and, as such, UK corporation tax is paid on its profits.

Our presence in Luxembourg is to address a nationalisation risk which arose from a Labour Party proposal in 2019 to nationalise nearly all of National Grid's UK assets.

Transfer pricing is not a significant issue for the Group given the nature of our core businesses and the number of jurisdictions we operate in. Where there are related party transactions, these are taxed on an arm's length basis in accordance with the Organisation for Economic Co-operation and Development (OECD) principles.

Group's total tax charge to tax paid

The total tax charge for the year disclosed in the financial statements in accordance with accounting standards and the equivalent total corporate income tax paid during the year will differ.

The principal differences between these two measures are as follows:

Reconciliation of Group's total tax charge to tax paid

£m	2024/25	2023/24
Total Group tax charge[1]	**822**	832
Adjustment for Group non-cash deferred tax	**(783)**	(465)
Adjustments for Group current tax (charge)/credit in respect of prior years	**75**	126
Group current tax charge	**114**	493
Group tax charge not payable in the current year	**(46)**	(63)
Group tax instalment payments (repayable)/ payable in respect of the prior year	**25**	2
Tax instalment payments over/(under) paid in the current year	**(27)**	(22)
Tax recoverable offset against current tax payments due	**—**	(72)
Tax instalment payments over/(under) paid due in the following year	**—**	—
Group tax payment/(refunds) in respect of prior years paid in the current year	**—**	3
Tax balance included with Other liabilities in note 10	**117**	1
Group tax paid	**183**	342
Profit before income tax[2]	**3,702**	3,127
	%	%
Effective cash tax rate	**4.9**	10.9
Effective tax rate[3]	**22.2**	26.6

1. Total Group tax charge from operations after exceptionals is comprised of tax charge of continuing operations of £821 million (2024: £831 million) and discontinued operations of £1 million (2024: £1 million).
2. Profit/(loss) before income tax (PBT) from continuing operations after exceptionals is comprised of continuing operations PBT of £3,702 million (2024: £3,048 million) and discontinued operations PBT of £52 million (2024: £79 million).
3. Effective tax rate for continuing operations after exceptionals is 22.5% (2024: 27.3%) and discontinued operations is 2.1% (2024: 1.3%).

Effective cash tax rate

The effective cash tax rate for the total Group is 4.9%. The difference between this and the accounting effective rate of 22.2% is primarily due to the following factors.

National Grid is a capital-intensive business, across both the UK and the US, and as such invests significant sums each year in its networks. In 2024/25 the Group's total capital expenditure was £9,847 million. To promote investment, tax legislation allows a deduction for qualifying capital expenditure at a faster rate than the associated depreciation in the statutory accounts. The impact of this is to defer cash tax payments into future years. As the Group's qualifying capital expenditure has increased from the prior year, the resulting available tax deductions have further reduced the effective cash tax rate.

The sale of the ESO in the year gave rise to a non-taxable gain as it met the conditions of the UK Substantial Shareholding Exemption. This also reduced the effective cash tax rate for the year.

The Group continued to make payments into the UK defined benefit pension schemes, National Grid Electricity Group section of the Electricity Supply Pension Scheme and the Western Power Pension Scheme during the course of the year. These payments have further reduced the overall cash tax paid in the UK.

Group's total tax contribution

The total amount of taxes we pay and collect globally year-on-year is significantly more than just the tax which we pay on our global profits. To provide a full picture, we have disclosed the Group's global total tax contribution which includes contributions from both continuing and discontinued businesses.

Group's total tax contribution 2024/25 (taxes borne/collected)

Taxes borne

Key:	£m
People	274
Product	215
Profit	183
Property	1,237
Miscellaneous	33
Total	**1,942**

Taxes collected

Key:	£m
People	865
Product	780
Miscellaneous	1
Total	**1,646**

Taxes borne are a cost to the Group. Taxes collected are taxes generated by the operations of the Group which we are obliged to administer on behalf of the government (e.g. income tax under PAYE, employees' national insurance contributions).

2024/25	Tax contribution					
Tax jurisdiction	Income tax paid/ (repaid) on cash basis[1] £m	Property taxes £m	Other taxes borne[2] £m	Taxes collected £m	**Total tax contribution £m**	Number of employees[3] as at 31 March 2025
United Kingdom	156	247	140	858	**1,401**	13,477
United States	27	990	382	788	**2,187**	18,177
Ireland	—	—	—	—	**—**	—
Isle of Man	—	—	—	—	**—**	—
Luxembourg	—	—	—	—	**—**	—
Netherlands	—	—	—	—	**—**	—
Total	183	1,237	522	1,646	**3,588**	31,654

2023/24	Tax contribution					
Tax jurisdiction	Income tax paid/ (repaid) on cash basis[1] £m	Property taxes £m	Other taxes borne[2] £m	Taxes collected £m	**Total tax contribution £m**	Number of employees[3] as at 31 March 2024
United Kingdom	341	227	151	1,102	**1,821**	13,956
United States	1	956	338	710	**2,005**	17,469
Ireland	—	—	—	—	**—**	—
Isle of Man	—	—	—	—	**—**	—
Luxembourg	—	—	—	—	**—**	—
Netherlands	—	—	—	—	**—**	—
Total	342	1,183	489	1,812	**3,826**	31,425

1. See the tax charge to tax paid reconciliation above for further information.
2. Other taxes borne is made up of People, Product and Miscellaneous taxes.
3. Number of employees is calculated as the total National Grid workforce across all parts of the business, including Non-executive Directors and Executive Directors and employees of the discontinued operations. All are active, permanent employees as well as both full-time and part-time employees.

For 2024/25, our total tax contribution was £3,588 million (2023/24: £3,826 million), taxes borne were £1,942 million (2023/24: £2,014 million) and taxes collected were £1,646 million (2023/24: £1,812 million). Our total tax contribution has decreased in the year primarily due to a reduction in product taxes collected (e.g. UK VAT) and profit taxes. This is principally as a result of the sale of the ESO part way through the year.

Two thirds of the tax borne by the Group continues to be in relation to property taxes, of which £990 million are paid in the US across over 1,200 cities and towns in Massachusetts, New Hampshire, New York and Vermont. These taxes are the municipalities principal source of revenue to fund school districts, police and fire departments, road construction and other local services.

In the UK, we participate in the 100 Group's Total Tax Contribution Survey. The survey ranks the UK's biggest listed companies in terms of their contribution to the total UK Government's tax receipts. The most recent result of the survey for 2023/24 ranks National Grid as the 15th highest contributor of UK taxes (2022/23: 13th), the 12th highest in respect of taxes borne (2022/23: 11th) and third (2022/23: 1st) in respect of capital expenditure of £3,052 million (2022/23: £3,057 million) on fixed assets. Our ranking in the survey is proportionate to the size of our business and capitalisation relative to the other contributors to the survey.

However, National Grid's contribution to the UK and US economies is broader than just the taxes it pays over to and collects on behalf of the tax authorities.

Both in the UK and the US we employ thousands of individuals directly. We also support jobs in the construction industry through our capital expenditure, which in 2024/25 was £9,847 million, as well as supporting a significant number of jobs in our supply chain. Furthermore, as a utility we provide a core essential service which allows the infrastructure of the country/states we operate in to run smoothly. This enables individuals and businesses to flourish and contribute to the economy and society.

Development of future tax policy

We believe that the continued development of a coherent and transparent tax policy across the Group is critical to help drive growth in the economy.

We continue to engage on consultations with policymakers where the subject matter impacts taxes borne or collected by our business, with the aim of openly contributing to the debate and development of tax legislation for the benefit of all our stakeholders.

To ensure that the needs of our stakeholders are considered in the development of tax policy we are a member of a number of industry groups which participate in the development of future tax policy, such as the Electricity Tax Forum, together with the 100 Group in the UK, which represents the views of Finance Directors of FTSE 100 companies and several other large UK companies. We undertake similar activities in the US, where the Group is an active member in the Edison Electric Institute, the American Gas Association, the Global Business Alliance, the American Clean Power Association, the Business Council for Sustainable Energy and the Solar Energy Industries Association.

Feedback from these groups, such as the results of the 100 Group Total Tax Contribution survey helps to ensure that we consider the needs of our stakeholders and are engaged at the earliest opportunity on tax issues which affect our business.

Financial review continued

Pensions

In 2024/25, defined contribution pensions, defined benefit pensions and other post-employment benefit operating costs were slightly higher than prior year at £305 million (2024: £273 million).

During the year, our pensions and other post-retirement benefit plans increased from a net surplus position of £1,814 million at 31 March 2024 to a net surplus of £1,916 million at 31 March 2025.

This was principally the result of actuarial losses on plan assets of £1,204 million (lower investment returns) and actuarial gains on plan liabilities of £1,175 million (higher discount rates from corporate bond yields and lower long-term RPI inflation expectations). Employer contributions during the year were £282 million (2024: £165 million), including £12 million (2024: £23 million) of deficit contributions. As at 31 March 2025, the total UK and US assets and liabilities and the overall net IAS 19 (revised) accounting surplus (2024: surplus) is shown below. Further information can be found in note 25 to the financial statements.

Net defined benefit asset

	UK pensions		US pensions		US other post-retirement benefits		Total	
	2025 £m	2024 £m	**2025 £m**	2024 £m	**2025 £m**	2024 £m	**2025 £m**	2024 £m
Liabilities	**(51)**	(56)	**(196)**	(210)	**(326)**	(327)	**(573)**	(593)
Assets	**1,179**	1,317	**672**	618	**638**	472	**2,489**	2,407
Net defined benefit asset	**1,128**	1,261	**476**	408	**312**	145	**1,916**	1,814

Dividend

The Board has recommended a final dividend to 30.88p per ordinary share ($2.0545 per American Depository Share), which will be paid on 17 July 2025 to shareholders on the register of members as at 30 May 2025. If approved, this will bring the full-year dividend to 46.72p per ordinary share, representing an increase of 3% to the 45.26p 'rebased' dividend per share (as explained below) for 2023/24. This is in line with the increase in average UK CPIH inflation for the year ended 31 March 2025 as set out in our dividend policy.

As part of the Rights Issue, the Board announced that the overall cash dividend level would be maintained, with the additional shares from the Rights Issue resulting in a reduction to calculated dividend per share. The total dividend to shareholders (cash plus scrip) in respect of the financial year to 31 March 2024 was £2,167 million (58.52p per share). This total dividend of £2,167 million spread across a higher number of shares adjusted for the Rights Issue equated to a 'rebased' dividend per share in respect of 2023/24 of 45.26p (see calculation on page 295).

The Board aims to grow annual dividend per share (DPS) in line with UK CPIH, thus maintaining the DPS in real terms. The Board will review this policy regularly, taking into account a range of factors including expected business performance and regulatory developments.

At 31 March 2025, National Grid plc had £18.0 billion of distributable reserves, which is sufficient to cover more than five years of forecast Group dividends. If approved, the final dividend will absorb approximately £1,512 million of shareholders' funds. The 2024/25 full dividend is covered approximately 1.6x by underlying earnings.

The Directors consider the Group's capital structure at least twice a year when proposing an interim and final dividend and aim to maintain distributable reserves that provide adequate cover for dividend payments.

A scrip dividend alternative will again be offered in respect of the 2024/25 final dividend.

New accounting standards

We did not adopt any new accounting standards in 2024/25. Amendments to certain existing accounting standards were adopted during the year, but these had no material impact on the Group's results or financial statement disclosures.

Post balance sheet events

For further details, see note 36 to the financial statements.

Viability Statement

The Board's consideration of the longer-term viability of the Group is an extension of our business planning process.

The process includes financial forecasting, risk assessment, regular budget reviews as well as scenario planning incorporating industry trends, considering any emerging issues and economic conditions. Our business strategy aims to enhance our long-term prospects by making sure our operations and finances are sustainable.

As required by provision 31 of the 2018 UK Corporate Governance Code, the Board has formally assessed the prospects of the Group, and this assessment has been made over the next five financial years in line with the Company's Strategic Business Plan. The assessment includes the potential impact (financial and reputational) of different stress testing scenarios on our Group Principal Risks which are severe but plausible and could impact the longer-term viability of the Company, our solvency and liquidity.

We also consider Emerging Risks and select a cluster scenario to assess the potential impact of several of our Group Principal Risks crystallising at the same time.

Risk cluster

The impact of a cluster of the Group Principal Risks crystallising over the assessment period was considered by analysing risk interconnectivities to select a risk cluster and stress testing scenario that could pose the most significant threat to our viability. Our cluster scenarios modelled the financial impact of a significant cyber-attack, resulting in a significant data breach, a catastrophic asset failure in the US gas business, energy disruption, and impact on our New York gas operating licences (gas specifically due to the potentially higher risk of catastrophic failure by nature of the assets).

While the cluster scenarios would lead to significant impacts, management would have mitigation strategies available to ensure the Company remains viable over the five-year assessment period. National Grid operates in stable markets and the robust financial position of the Group, including the ability to sell assets, raise capital and suspend or reduce the payment of dividends, provides a range of options to secure viability in addition to ensuring we would have a sound operational response.

Viability

The Directors are satisfied that they have sufficient information to judge the viability of the Company and, based on the assessment described above and on pages 34–41, have a reasonable expectation that the Company will be able to continue operating and meet its liabilities as they fall due in the period to May 2030.

Principal Risk stress testing

Each Group Principal Risk was considered and, where appropriate, a stress testing scenario was identified to assess impacts on reputation and financial performance over the five-year assessment period as detailed below. All scenarios are considered low probability events.

	GPR	Stress testing scenarios
1	**Catastrophic cyber security incident***	A significant successful cyber attack.
2	**Significant disruption of energy***	Significant energy disruption event due to an extreme weather event across the US, UK and interconnectors, impacting a large number of customers.
3	**Upstream supply**	Severe gas supply disruptions in the US impacting a large number of customers.
4	**Significant safety or environmental event (asset failure)***	A catastrophic failure of the US gas system, leading to a major safety breach or environmental spill.
5	**Major capital programmes**	Inability to either successfully secure appropriate incentive mechanisms and/or deliver our major capital projects
6	**Satisfactory regulatory outcomes**	Poor outcome of future US rate case filings, and low performance under RIIO-T3 in the UK.
7	**Climate change mitigation**	Inability to meet net zero targets.
8	**Political and societal expectations**	Challenges in NY/MA to meet increasing demand due to infrastructure constraints alongside diminishing acceptance of the energy transition
9	**People capability and capacity**	n/a
10	**Financing our Business***	Financing a significant capital investment programme driven by energy transition targets in the UK and US, amid higher interest rates, inflation and concerns about cash flow sufficiency and market risk.

* included as part of risk cluster