Corporate Governance

Effective governance

Corporate Governance

Chair's statement

Dear Shareholders,

I am pleased to present the 2024/25 Corporate Governance Report which provides an overview of how our Board operates for the benefit of shareholders and other stakeholders. This year will be our final year of reporting against the 2018 UK Corporate Governance Code (the 'Code'), with which we are fully compliant. During the year, we have looked at our governance practices alongside the UK Corporate Governance Code 2024 (the '2024 Code'), to both ensure that we are compliant from 1 April 2025 and that we are aligned with the spirit of the Code in promoting good governance. We were pleased to note that we are already compliant with the updated provisions of the 2024 Code which we are required to report on next year.

Year in review

The Board has engaged with several key topics during the year. We carefully reviewed all elements of the 2024 Rights Issue, which concluded successfully. All of the representations regarding the Company and its strategy were scrutinised, including operations and future commitments. Leading up to the offering, our diligence included consideration of the delivery of our capital plans, disposals of non-core businesses, and regulatory matters. We periodically undertake 'deep-dives' into topics that require the devotion of extra time, often over several meetings or in off-cycle enrichment sessions. Among the topics under review during the year were: customer service strategy; adoption of, and investment in, technology; AI-related demand; connections policy; and the net zero policies of our various jurisdictions.

We also undertook an internally-facilitated evaluation of the Board's effectiveness, following three years in which we utilised independent external advice. The key observations from this review can be found on page 108.

Board composition and changes

Since our refreshment process began in 2021, seven new Board members have been inducted, including me. The service of only four current Board members pre-dates 2021, two of whom are Executive Directors. With this much change in expertise and outlook, Board members agreed that continuing to develop deeper expertise and collaboration was more important than further refreshment. As noted elsewhere in this Annual Report, a substantial amount of time was focused on succession and talent development. This responsibility is best undertaken by a board that has had some time to have contact with key managers and leaders in the organisation.

We had one notable change to the overall operation of the Board in the year under review. Julian Baddeley joined as Group Company Secretary in July 2024 following the creation of a standalone Group Company Secretary role, reflecting the wider remit and responsibilities of the new Chief Legal Officer role held by Justine Campbell. On 1 May 2025, we announced that Zoë Yujnovich will become our next Chief Executive upon the retirement of John Pettigrew. Zoë will join the Board on 1 September 2025, when she begins her employment as CEO Designate.

Employee engagement

We have continued with our programme of employee engagement through the year. This has included engaging with our employee resource groups, meeting high potential colleagues, and inviting leaders across the business to join the Board for informal discussions. Our Directors, and the Board as a whole, have also undertaken site visits across the business. These visits allow the Board to assess the ethos and culture of our business units and encourage open and honest communication.

In November 2024, the Board considered our alternative Board workforce engagement arrangement of 'Full Board Employee Voice' and determined that it continues to provide meaningful engagement across the business. Further information on the Board's interactions with employees and site visits can be found on pages 106 and 107.

Engagement with other stakeholders

As Chair, I engaged with investors across the year, particularly as part of the 2024 Rights Issue. As part of our Directors' Remuneration Policy review, Martha Wyrsch, Remuneration Committee Chair, reached out to large shareholders and investor bodies to seek constructive dialogue on the changes being proposed to Directors' remuneration.

All of our Committee Chairs make themselves available to meet with investors and investor bodies to discuss areas within the remit of their Committees. The Board also met with various external stakeholders during the year, including the Chair and CEO of the National Energy System Operator and the CEO of the New York Independent System Operator, so that we can understand matters and issues of concern first-hand.

Further information on our engagement with key stakeholders can be found in the 'Our stakeholders' section on pages 22 to 24.

AGM

I look forward to welcoming shareholders to our AGM on 9 July 2025, which will again be held in Warwickshire as a hybrid meeting, providing the opportunity for shareholders to join online or in person. Further details can be found in the Notice of AGM, which is available on our website.

Paula Rosput Reynolds
Chair

14 May 2025

Governance at a glance

UK Corporate Governance Code (the ‘Code’) – 2024/25 Compliance Statement

The Company is subject to the Principles and Provisions of the Code, published by the Financial Reporting Council in July 2018 (available at frc.org.uk). For the year ended 31 March 2025, the Board considers that the Company has complied in full with the Provisions of the Code. This Corporate Governance Report, taken as a whole, explains how the Company has applied the Principles and complied with the Provisions of the Code. The table below provides a guide to where the most relevant explanations are given:

Principles of the Code

1	**Board leadership and company purpose**	
A.	The role of the Board and long-term sustainable success	**4, 98**
B.	Purpose, values, strategy and culture	**2 – 3, 8 – 10, 14 – 17, 51 – 54, 106**
C.	Resources and prudent and effective controls	**34 – 41**
D.	Shareholder and stakeholder engagement	**22 – 24, 104 – 107**
E.	Workforce policies and practices	**23, 51 – 54, 107**
2	**Division of responsibilities**	
F.	Chair’s leadership	**4, 96 – 98**
G.	Board composition and division of responsibilities	**99 – 102**
H.	Time commitment and role of Non-executive Directors	**99 – 102, 109**
I.	Policies, processes, information and resources	**96 – 98, 107, 276**

3	**Composition, succession and evaluation**	
J.	Board appointments and succession planning	**110 – 111**
K.	Board and Committee skills, experience, knowledge and tenure	**99 – 102, 110 – 111**
L.	Board evaluation	**108**
4	**Audit, risk and internal controls**	
M.	Independence and effectiveness of internal and external audit functions	**117**
N.	Fair, balanced and understandable assessment	**113**
O.	Risk management, internal control and determining the nature and extent of principal risks	**34 – 41, 116**
5	**Remuneration**	
P.	Remuneration policies and practices	**121 – 149**
Q.	Director and senior management remuneration	**121 – 149**
R.	Independent judgement and discretion in remuneration outcomes	**121 – 125**

Details on information required for our US Securities and Exchange Commission (SEC) filing and the Form 20-F can be found on page 271.

Meeting attendance

The table below sets out Directors’ attendance at the seven scheduled Board meetings also held during the year ended 31 March 2025. Two ad hoc meetings were held in the year.

Directors	Committee Chair	Board	People & Governance Committee	Audit & Risk Committee	Safety & Sustainability Committee	Finance Committee	Remuneration Committee
Paula Rosput Reynolds	P	7/7	3/3	–	–	–	–
John Pettigrew	E	7/7	–	–	–	3/3	–
Andy Agg		7/7	–	–	–	3/3	–
Ian Livingston	F	7/7	–	5/5	–	–	4/4
Jacqui Ferguson[1]		6/7	–	5/5	2/2	–	–
Iain Mackay[2]	A	6/7	–	5/5	–	3/3	4/4
Anne Robinson[3]		6/7	–	–	3/4	–	4/4
Earl Shipp	S	7/7	3/3	–	4/4	–	–
Jonathan Silver[4]		7/7	3/3	1/1	–	3/3	–
Tony Wood		7/7	3/3	–	4/4	–	–
Martha Wyrsch	R	7/7	–	–	4/4	–	4/4

1. Jacqui Ferguson was unable to attend the July 2024 Board meeting due to illness. Jacqui received all Board papers and had the opportunity to provide comments to the Board prior to the meeting. Jacqui Ferguson joined the Safety & Sustainability Committee on 5 July 2024 and attended all meetings held after her appointment.
2. Iain Mackay was unable to attend the May 2024 Board meeting due to a pre-existing commitment. Iain received all Board papers and had the opportunity to provide comments to the Board prior to the meeting.
3. Anne Robinson was unable to attend the July 2024 Board and the March 2025 Safety & Sustainability Committee meetings due to pre-existing commitments. Anne received all Board and Committee papers and had the opportunity to provide comments prior to the meetings.
4. Jonathan Silver stepped down from the Audit & Risk Committee effective 5 July 2024.

Committee

A Audit & Risk Committee
P People & Governance Committee
S Safety & Sustainability Committee
F Finance Committee
R Remuneration Committee
E Group Executive Committee

Corporate governance overview

We have a high-functioning and balanced Board. Our governance framework ensures that the Board is effective in its decision making and in its oversight of the Group's activities, complementing our values of do the right thing, find a better way and make it happen.

Governance structure

The schedule of matters reserved for the Board and the Terms of Reference for each of our Board Committees are available in our Board Governance document which can be found on our website.

Our governance framework

Board of Directors

The Board is responsible for the effective oversight of the Group. It determines the Group's strategic direction and objectives, business plan, dividend policy, viability and governance structure to help achieve long-term success and deliver sustainable shareholder value. It is also responsible for establishing the Company's strategy, purpose, values and culture. The Board considers key stakeholders in its decision making and, in doing so, ensures that Directors comply with their duty under section 172 of the Companies Act 2006 (see page 22).

To operate efficiently and maintain appropriate oversight and consideration over relevant matters, the Board delegates certain responsibilities to the Board Committees. The Chair of each Committee reports to the Board on their respective Committee's activities, and Committee papers and minutes are available to all Directors unless there is an actual or perceived conflict of interest.

Board Committees

People & Governance Committee
- Composition of the Board and its Committees
- Succession planning
- Corporate governance Framework
- Board workforce engagement strategy

pages 110 – 111

Audit & Risk Committee
- Financial reporting
- Internal control and risk management framework
- Compliance
- Internal and external audit
- Whistleblowing
- Responsible Business disclosures and assurance

pages 112 – 118

Safety & Sustainability Committee
- Safety, including occupational, public and process safety
- Sustainability, including the impact of the Group's operations on stakeholders

page 119

Finance Committee
- Treasury
- Tax
- Pensions and post-retirement plans
- Insurance
- Commodities

page 120

Remuneration Committee
- Remuneration framework for the Chair, Executive Directors and Group Executive Committee members
- Remuneration practices and policies for the wider workforce

pages 121 – 125

Board composition and roles

As at the date of this report, the Board comprises a Non-executive Chair (independent on appointment), two Executive Directors (Chief Executive and Chief Financial Officer) and eight independent Non-executive Directors. Biographies for each of our Directors can be found on pages 99 to 102.

There is a clear division of responsibilities between the Chair, the Chief Executive and the Senior Independent Director. The key responsibilities of each role are set out in our Board Governance document which can be found on our website.

Group Executive Committee and other management committees

The Group Executive Committee oversees the safety, operational and financial performance of the Company. It is responsible for making the day-to-day management and operational decisions it considers necessary to safeguard the interests of the Company and to execute the strategy, business objectives and targets established by the Board.

Biographies for the Group Executive Committee members can be found on our website. The Group Executive Committee is supported by management committees, including:

Safety, Health & Sustainability Committee
Provides oversight and strategic guidance on Group-wide safety, health and sustainability matters affecting the Company and its stakeholders.

Reputation & Stakeholder Management Executive Committee
Assesses the broader external context in which the Company operates and provides strategic oversight for external engagement.

Ethics, Risk & Compliance Committee
Oversees the implementation of the Group's risk management and compliance framework and assessment of the Group's principal risks.

Policy & Regulation Committee
Agrees and provides strategic oversight of Group public policy priorities and positions.

Investment Committee
Has delegated authority to approve investment decisions across the Group.

Our Board

Paula Rosput Reynolds
Chair

Appointed: Independent Non-executive Director on 1 January 2021 and Chair on 31 May 2021

Age: 68

Skills and competencies: Paula brings a wealth of board-level experience to National Grid, having led global companies in the energy and financial sectors. She has over 20 years' experience as a Non-executive Director in both the UK and US across multiple sectors and businesses, and has brought a strategic and regulatory lens on issues to the Board. During her career, Paula has played a vital role with several company-wide transformations and mergers. She is recognised for having transformed AGL Resources from a local utility into a multi-state energy and telecommunications company, and for materially enhancing the operating and financial performance of Safeco Corp, a US insurance company that was ultimately acquired by Liberty Mutual.

External appointments:

- Non-executive Director of GE Vernova and Chair of the Safety & Sustainability Committee
- Non-executive Director of Linde plc

Committee membership:

P

John Pettigrew
Chief Executive

Appointed: Executive Director on 1 April 2014 and Chief Executive on 1 April 2016

Age: 56

Skills and competencies: John has extensive experience in the utility sector. He joined National Grid as a graduate in 1991 and has progressed through many senior management roles. As Chief Executive, John is responsible for executive leadership and day-to-day management of the Group, bringing significant know-how and commerciality to ensure delivery of the strategy. He has delivered transformational organisational and portfolio change, positioning National Grid strongly for the energy transition. John engages widely with governments, policy makers and other stakeholders, helping to shape energy policy. He is a Fellow of the Energy Institute and of the Institution of Energy and Technology.

External appointments:

- Senior Independent Director of Rentokil Initial plc

Committee membership:

E F

Andy Agg
Chief Financial Officer

Appointed: 1 January 2019

Age: 55

Skills and competencies: Andy trained and qualified as a Chartered Accountant with PricewaterhouseCoopers and is a member of the Institute of Chartered Accountants in England and Wales. Joining National Grid in 2008, Andy has significant financial experience and commercial acumen, having held a number of senior finance leadership roles across the Group, including Group Financial Controller, UK Chief Financial Officer and Group Tax and Treasury Director. Andy has in-depth knowledge of National Grid, in both the UK and the US, and has broad experience across operational and corporate finance roles, including a proven track record of leading and delivering value-creating strategies, significant transformation programmes, and significant transactional experience. Andy is also a member of the 100 Group Main Committee contributing to domestic and international finance and regulatory matters.

External appointments:

- Non-executive Director of The Weir Group plc

Committee membership:

E F

Committee membership

- A Audit & Risk Committee
- P People & Governance Committee
- S Safety & Sustainability Committee
- Committee Chair
- F Finance Committee
- R Remuneration Committee
- E Group Executive Committee

Biographies, tenure and age as at 14 May 2025

Our Board continued

Ian Livingston

Senior Independent Non-executive Director

Appointed: 1 August 2021

Age: 60

Skills and competencies: Ian brings a wealth of experience to National Grid, having been both CEO and CFO of BT Group plc, and CFO of Dixons Group. In addition to a highly successful executive career, he has also had extensive non-executive experience in large UK and US public companies as board, audit and remuneration committee chair.

Ian also has significant experience of large, regulated companies operating in both the UK and internationally. He is a member of the House of Lords and has also previously served in the UK Government as Minister of State for Trade and Investment. He is a qualified Chartered Accountant.

External appointments:

- Chair of S&P Global Inc.
- Chair of BGF Group plc
- Member of the House of Lords

Committee membership:

F A R

Jacqui Ferguson

Independent Non-executive Director

Appointed: 1 January 2024

Age: 54

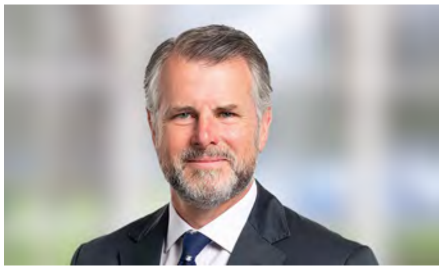
Skills and competencies: Jacqui has significant non-executive experience in complex science and technology-centric businesses and in her executive career as a divisional CEO in the technology industry. She has global broad business experience, including in mergers and acquisitions, and has worked across numerous international and emerging markets. Jacqui has expertise in leading technology-enabled transformations, digital, cyber security, technology and business process solutions. Jacqui has formerly held various senior positions with Hewlett Packard (HP), including Chief of Staff to the Chairman and CEO, Senior Vice President HP Enterprise Services, Electronic Data Systems (which was acquired by HP) and KPMG.

External appointments:

- Senior Independent Director and Remuneration Committee Chair of Croda International plc
- Senior Independent Director at Softcat plc

Committee membership:

A S



Iain Mackay

Independent Non-executive Director

Appointed: 11 July 2022

Age: 63

Skills and competencies: Iain has significant financial experience, gained in a range of sectors and operating in regulated environments globally. He was most recently Chief Financial Officer at GSK plc, where he was responsible for several of its key global functions, including Finance, Investor Relations and Technology. Prior to this, Iain was Group Finance Director at HSBC Holdings plc for eight years, working across Asia, the US and Europe, and previously worked at General Electric, Dowell Schlumberger and Price Waterhouse. Iain's extensive background knowledge and financial expertise allow him to effectively chair the Audit & Risk Committee. Iain is a member of the Institute of Chartered Accountants of Scotland, holds an MA in Business Studies and Accounting, and received an Honorary Doctorate from Aberdeen University in Scotland.

External appointments:

- Non-executive Director of Schroders plc
- Non-executive Director of UK Government Investments Ltd
- Non-executive Director of O-I Glass, Inc.

Committee membership:

A F R

Committee membership

- A Audit & Risk Committee
- F Finance Committee
- P People & Governance Committee
- R Remuneration Committee
- S Safety & Sustainability Committee
- E Group Executive Committee
- Committee Chair

Biographies, tenure and age as at 14 May 2025

Anne Robinson
Independent Non-executive Director

Appointed: 19 January 2022

Age: 54

Skills and competencies: Anne has over 20 years' legal experience in the financial services industry, where she has counselled senior executives on a wide range of legal, regulatory and business issues. She currently serves as Senior Vice President and Chief Legal Officer at IBM. Anne brings to the Board expansive and varied legal experience in the financial services and consulting fields as well as experience of working closely with boards and investors on a broad range of ESG issues. Anne earned a BS from Hampton University and a JD from Columbia University Law School, and is an advocate for sponsorship and mentorship of other women in the legal profession.

External appointments:

- Senior Vice President and Chief Legal Officer at IBM

Committee membership:

R S

Earl Shipp
Independent Non-executive Director

Appointed: 1 January 2019

Age: 67

Skills and competencies: Earl has substantial experience in the global industrial and energy sectors as an Executive and Non-executive Director. With a career of over 40 years in the chemical industry, he has a track record of successfully leading transformative growth projects and driving pioneering technology innovation.

Earl is a former chair of the US Federal Reserve Bank of New Orleans and was a member of the Federal Reserves Energy Advisory Committee for several years. He has an enhanced knowledge of cyber risk having graduated from the Carnegie Mellon University Cyber-Risk Oversight Program for Corporate Directors.

External appointments:

- Non-executive Director of Olin Corporation
- Non-executive Director of Great Lakes Dredge and Dock Co.

Committee membership:

S P

Jonathan Silver
Independent Non-executive Director

Appointed: 16 May 2019

Age: 67

Skills and competencies: Jonathan has considerable knowledge of the US-regulated energy environment, and experience and understanding of integrating public policy and technology into a utility. Jonathan's previous work in the US Department of Energy included leading the Federal Government's $40 billion clean energy investment fund and a $20 billion fund focused on electric vehicles. Jonathan's strong background in finance and Government policy, along with his long career at the intersection of policy, technology, finance and energy, brings innovative insight to the Board's policy discussions and to its interaction with management.

Jonathan's former roles include consultant at McKinsey in the Financial Institutions practice, COO of Tiger Management, Senior Advisor to Guggenheim Securities and Senior Policy Advisor to the US Secretary of Commerce and the US Secretary of the Interior.

External appointments:

- Advisor at Apollo Global Management, Inc.
- Chair of Terram Lab

Committee membership:

P F

Committee membership

- A Audit & Risk Committee
- P People & Governance Committee
- S Safety & Sustainability Committee
- Committee Chair
- F Finance Committee
- R Remuneration Committee
- E Group Executive Committee

Biographies, tenure and age as at 14 May 2025

Our Board continued

Tony Wood
Independent Non-executive Director

Appointed: 1 September 2021

Age: 59

Skills and competencies: Tony has proven business leadership credentials as an experienced Chief Executive and brings to the Board significant engineering experience. Tony is also a Fellow of the Royal Aeronautical Society. He was most recently Chief Executive of Meggitt plc and led the operational and cultural transformation of the company, transitioning from an industrial holding structure to a focused and customer-led business, leveraging technology investment.

Tony was formerly President of the Aerospace division of Rolls Royce plc and developed a strong reputation as an operator, turning around and growing several challenging business units and internationalising the company's footprint.

External appointments:

- Non-executive Director of Airbus SE
- Chair of Chemring Group plc

Committee membership:

P S

Martha Wyrsch
Independent Non-executive Director

Appointed: 1 September 2021

Age: 67

Skills and competencies: Martha has held a number of senior positions in the energy industry and has significant experience of the US market. She has served as General Counsel of energy and utility companies and was CEO of the divisions of major energy companies, including a major international gas transmission business, as well as leading the growth and development of the renewables business of Vestas in the US.

As an accomplished Director for publicly listed companies in both the UK and the US, Martha brings to the Board relevant experience across the renewable energy sector, as well as a strong understanding of the US regulatory environment, having previously held leadership roles in large US-regulated utility businesses.

External appointments:

- Director of Quanta Services, Inc.
- Director of First American Financial Corp
- Advisor to Summit Carbon Solutions

Committee membership:

R S

Julian Baddeley
Group Company Secretary

Appointed: 1 July 2024

Age: 44

Skills and competencies: Julian is a Chartered Company Secretary and corporate lawyer. Prior to joining National Grid, Julian served as Group Company Secretary of abrdn plc, previously known as Standard Life Aberdeen. He has extensive Board, C-suite, transactional and regulatory experience in, or advising, large FTSE100 organisations from his former roles at Aviva, Clifford Chance, Friends Life and Cadbury plc. Julian is responsible for guiding the Board in governance matters and leading the Company Secretariat function.

External appointments:

- Independent Director/Trustee of ShareGift and Chair of the Audit Committee

Committee membership:
None

Committee membership

- A Audit & Risk Committee
- P People & Governance Committee
- S Safety & Sustainability Committee
- Committee Chair
- F Finance Committee
- R Remuneration Committee
- E Group Executive Committee

Biographies, tenure and age as at 14 May 2025

Group Executive Committee

John Pettigrew
Chief Executive

Andy Agg
Chief Financial Officer

Justine Campbell
Chief Legal Officer

Alice Delahunty
President, UK Electricity Transmission

Courtney Geduldig
Chief Corporate Affairs Officer

Sally Librera
President, National Grid New York

Talvis Love
Chief Information and Digital Officer

Cordi O'Hara
President, UK Electricity Distribution

Will Serle
Chief People Officer

Steve Smith
Chief Strategy and Regulation Officer

Carl Trowell
President, UK Strategic Infrastructure

Lisa Wieland
President, National Grid New England

Ben Wilson
President, National Grid Ventures

Key Board activities

Board meeting agendas are agreed in advance by the Chair, Chief Executive and Group Company Secretary, and are structured to ensure that key standing items are considered across the year, while providing time for deep-dives and flexibility for additional matters to be considered where appropriate.

The Board considers a number of standing items at each meeting, including:

- Chief Executive's report
- Chief Financial Officer's report
- Reports from the Board Committees
- Company Secretary's report, including updates on governance matters and legal updates

The key matters considered by the Board during the year are set out below.

Link to strategy

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

Our stakeholders considered in Board discussions

- Customers
- Investors
- Colleagues
- Supply chain and delivery partners
- Communities
- Political and regulatory

The Board considers our key stakeholders in its decision making and, in doing so, ensures that the Directors comply with their duty under section 172 of the Companies Act 2006. Our section 172 statement and further information on our key stakeholders can be found on pages 22 to 24.

Strategy

Strategy, purpose and regulatory

The Board sets our strategy and spent significant time in the year considering the Company's strategic execution. During the year, the Board:
- approved the Strategic Business Plan 2024;
- considered regulatory filings, including the filing for a multi-year rate agreement with the New York Public Service Commission (NYPSC);
- considered the potential impact to regulation and energy policy brought by changes in the political landscape in the US and the UK;
- considered the RIIO-T3 business plan submission for Electricity Transmission;
- oversaw the progress of transactions, including the sale of Grain LNG and National Grid Renewables;
- discussed capital allocation and financing strategy following the completion of the 2024 Rights Issue; and
- oversaw strategic infrastructure major project delivery, including those within the ASTI framework.

Responsible Business

Through the Safety & Sustainability Committee, the Board is responsible for considering the following throughout the year:
- the Responsible Business review contained within the Annual Report;
- progress against the Group's key Responsible Business goals;
- progress against the Group's sustainability strategy and emissions targets; and
- the setting and progress of business targets for the LTPP in relation to non financial metrics, specifically net zero transition measures.

Strategy offsite

The Board's annual strategy meeting was held in February 2025 at an offsite location in Menlo Park, California where our National Grid Partners business is based. We reviewed the Company's progress against its strategy, taking into consideration the considerable changes to the environment we're operating in. It was also an opportunity to outline forward-looking priorities. Focus was given to AI and potential developments in this area and we met external influencers in this market, including Google and Nvidia, to hear about new developments and the impact on the energy market. We also met the following National Grid Partners portfolio companies around how our investments in these different companies and technologies are being utilised:
- LineVision;
- TS Conductor; and
- Veir.

This was followed by a number of deep dives into areas of the business, including our customer strategy, US businesses and potential opportunities for growth in our non-regulated businesses.

Financial

Financial

The Board receives updates on the Company's financial performance at each meeting and oversees the financial strategy across the Group. During the year, the Board:

- approved the 2024/25 budget;
- reviewed and approved the Strategic Business Plan, the five-year framework and the comprehensive financing plan aligned with the five-year framework, including the £7 billion Rights Issue announced in May 2024;
- recommended the 2023/24 final dividend to shareholders and approved the 2024/25 interim dividend;
- discussed and approved the Viability and Going Concern statements;
- considered and approved the Annual Report and Accounts, including Form 20-F;
- reviewed the bid defence and shareholder activism process;
- considered our Investor Relations strategy, including stock performance and engagement with investors and analysts, in particular in light of the completion of the £7 billion Rights Issue in May 2024; and
- reviewed the tax and insurance strategy and the performance of the Group sponsored defined benefit pension plans.

People and culture

People, culture and values

Through the People & Governance Committee and the Remuneration Committee, the Board is responsible for monitoring and assessing the culture of the Group, as well as reviewing succession and executive remuneration in the context of the wider workforce. During the year, the Board:

- considered and approved an updated Workforce Engagement Plan and Non-executive Directors undertook workforce engagement activities;
- received updates on culture, including the results of Grid:Voice, our annual review of employee engagement and an overview of the Company's culture diagnostic;
- considered succession planning for senior management including the CEO, and the programmes that support the future talent pipeline;
- approved for publication the Gender and Ethnicity Pay Gap Report;
- approved the Remuneration Policy which is recommended for shareholder approval at the 2025 AGM;
- approved the grant of the 2025 Sharesave Plan; and
- reviewed the progress of the Company's Ethics Campaign roll-out.

Safety

Through the Safety & Sustainability Committee, the Board is responsible for the oversight of safety and wellbeing strategies and their implementation across the Group. During the year, the Board:

- conducted a review of our Safety, Health and Environment performance across the Group;
- conducted a review of Group Engineering performance;
- reviewed the results of the Group's 2024 Safety Culture Survey;
- received an update on climate adaptation and asset resilience strengthening efforts; and
- considered the initial reflections from the newly appointed Chief Health, Safety and Wellbeing Officer.

Oversight

Risk, controls and governance

The Board sets the approach to risk management and oversees the effectiveness of our internal controls, including our governance framework. During the year, the Board with the support of the Audit & Risk Committee:

- considered and approved the Annual Report and Accounts, including Form 20-F, as well as our Notice of AGM;
- approved the 2024 Rights Issue prospectus and related documentation;
- considered the Group's internal control and risk management processes;
- approved the GPRs, emerging risks and our risk appetite;
- considered compliance with the 2024 UK Corporate Governance Code;
- approved the Group's Modern Slavery Statement;
- undertook an annual refresh of the Group's Statement of Delegations of Authority;
- carried out an annual review of the Board Governance documents which included our Committees' Terms of Reference and Matters Reserved for the Board; and
- undertook an internal Board evaluation to review the effectiveness of the Chair, the Board and its Committees.

Culture and workforce engagement

The Board's role in establishing and promoting the Group's culture

The Board is responsible for ensuring that the Group's culture is aligned with its purpose, values and strategy and for assessing and monitoring how the desired culture has been embedded across the Group. The Board is committed to embedding the culture needed to support the delivery of our five-year plan.

The Board is supported in this by the People & Governance Committee which monitors the effectiveness of workforce engagement and reports to the Board on alignment with the Company's strategy, purpose, values and culture.

The Board assesses and monitors how the Company's desired culture has been embedded by:
- considering feedback from the People & Governance Committee on its review of the annual culture diagnostic;
- discussing and reviewing reports at Board meetings related to culture, engagement and employee conduct;
- considering the results of the twice-yearly engagement surveys and onboarding and exit surveys, which drive further insight and understanding of culture and colleague sentiment;
- overseeing management's delivery of a wide range of culture engagement and conduct programmes, including our 'Living our Values' recognition programme, and monitoring the impact of these programmes via management's regular reports to the Board; and
- considering feedback from the Remuneration Committee on its approach to investing in and rewarding the workforce.

The Chief People Officer attended the Board meeting in March 2025 to present the results of the annual culture diagnostic which showed a continued shift towards a more results and purpose-led culture. This followed a similar presentation in November on the half-year employee survey. Clarity, pride and motivation were identified as clear strengths for the organisation, pointing to the unique role that National Grid plays in the communities it serves.

The Chief People Officer also provided an update on progress made against the Group's People Strategy, including the Group's ambition to 'Build Tomorrow's Workforce Today'. Based on previous feedback received, management has continued to evolve the Group's communication channels to ensure that all colleagues are provided with useful, relevant and targeted information, and has strengthened focus on seeking feedback from town halls, site visits and engagement surveys.

Senior management supports the Board in embedding and reinforcing the Group's culture across various forums, including:
- regular CEO webcasts to provide feedback on performance at an organisational level while reinforcing performance expectations; and
- regular meetings of the Senior Leadership Group (SLG) focusing on performance, aligning and engaging senior leaders on the challenges ahead.

Several campaigns support the Board in embedding the Company's culture; 'BIG Work' which targeted all colleagues to help them to understand the impact of their role and contribution on the overall performance on the organisation, and the 'Living our Values' recognition campaign, which surfaces and celebrates Company values in action. Our established 'Appreciate' recognition scheme allows colleagues to recognise peers who have demonstrated our values in their work all year round.

Further information on culture can be found on **page 110.**

Board and workforce engagement

During the year, the Board took the opportunity to review and refresh its workforce engagement programme while continuing with the 'Full Board Employee Voice' approach. Four key pillars of engagement were created to support this: talent, site visits, wider workforce (including Employee Resource Groups) and Board and Committee reporting. The Board agreed that our four pillar structure provided a variety of engagement opportunities, reaching a breadth of colleagues while maintaining a focus on distilling colleague sentiment to the Board. Examples of the Board's engagement during the year are set out below.

Engagement activity	Engagement in action
Talent Provides engagement opportunities with various talent cohorts across the Company and increases familiarity between the Board and succession candidates.	• In July 2024, the Board held an informal dinner with the UK SLG, providing an opportunity for engagement with UK senior leaders. A similar event was then held with the US SLG in March 2025. • Two Non-executive Directors and the Chief Executive attended the Company's engineering dinners and met with our engineering talent in the UK in July 2024 and the US in March 2025. • In November 2024, the Board attended an informal lunch with individuals from the Next Generation Development Programme, a programme aimed at strengthening senior management succession planning. • High-potential individuals also accompany the Board on certain site visits as well as taking part in wider workforce engagement events.
Site visits Provides the Board exposure to the workforce based at key sites across the organisation and the opportunity to hear from the workforce on the ground and 'in real time'.	Our Non-executive Directors visited a number of operational sites during the year, including: • the Hinkley Connection Project, in April 2024; • the Bramley to Melksham Overhead Line Upgrade Project across the East Coast of England, in July 2024; • the Electricity Distribution Customer Contact Centre in Leicestershire, in August 2024; • the Northport Power Station in Long Island, in November 2024; and • the Floyd Bennett Field Hanger in New York, in March 2025.
Wider workforce Ensures that the Board has the opportunity to hear from a wide cross section of the workforce, including those colleagues who may not be captured through the other pillars of the Board's engagement programme.	• In June 2024, one of our Non-executive Directors attended our annual ERG summit held in Warwick, which included discussions on executive sponsorship and leadership development. • For Black History Month, senior leaders across the Group were joined by two of our Non-executive Directors in a roundtable discussion webcast, hosted by the Alliance of Black Professionals ERG. • The Chief Executive hosted Grid:live all employee webcasts through the year. In July 2024, a webcast focused on opening up a 'Big Conversation' based around the 'Big Work' ongoing across the organisation. In December 2024, our Chief Executive and other senior leaders hosted a webcast to introduce our 'Living our Values' campaign. Both webcasts provided colleagues from across the organisation with an opportunity to ask questions in an informal forum. • In February 2025, the Board met with our National Grid Partners leadership team, as part of the strategy offsite, to hear about the work ongoing to find and develop innovative technology that will aid the Company in achieving its deliverables and play its part in the energy transition. • In February 2025, the Chair of the Remuneration Committee met with employees, to hear their views on workforce remuneration and to discuss how executive remuneration aligned with wider Company pay policy. Employees shared their thoughts on the Company's remuneration policies and the meeting discussions included the alignment of remuneration with the Company's desired culture and strategy.
Board and Committee reporting Provides the Board and its Committees with the relevant data to support the other engagement pillars.	The Board and Committees received various updates as part of their usual cadence of reporting which provided data to support the previous three pillars of engagement. This reporting is used to tailor engagement across specific areas. Three areas of focus during the year have been: • Grid:Voice - this outlined results from the employee survey, held annually as well as a snapshot at the mid-year point; • Culture diagnostic analysis – this provided an overview of the perceived and actual culture within the organisation and actions to aid with achieving desired cultural behaviours; and • Succession planning - updates were received outlining the Company's succession framework as well as including progress of individuals within different talent cohorts.

Feedback and engagement insight

Following engagement activities, the Directors provide feedback in subsequent Board meetings. The Board takes the time to discuss the views of the workforce and takes these views into consideration in wider Board and Committee discussions.

Further details on Grid:Voice can be found on **page 20.**

Board evaluation

Our annual evaluation process provides the Board and its Committees with an opportunity to consider and reflect on the quality and effectiveness of decision making and the contribution and performance of individual members.

Approach, methodology and outcomes

For 2024/25, the Board undertook an internal evaluation in the form of a confidential and anonymised questionnaire, considering the effectiveness of the Chair, the Board and its Committees. The format of the evaluation was agreed by the Chair with the support of the Group Company Secretary. The Board agreed that the internal evaluation should be focused on building on the views and feedback received from the previous year's evaluation.

The evaluation concluded that the Chair, the Board and its Committees had performed well and had continued to be effective over the past year. As 2024/25 is the last year of the three-year cycle, the 2025/26 evaluation will be an externally led evaluation, in line with the Code requirements.

2023/24	Current: 2024/25	2025/26
Internally led evaluation supported by Independent Board Evaluation (IBE)	Internally led evaluation	Externally led evaluation

Progress against our 2023/24 evaluation actions

Recommendations	Actions	Progress
Succession planning	Focus on engagement and succession planning for executive talent.	• Revised forward planners for the People & Governance Committee to appropriately spread succession and executive talent updates. • Implemented an enhanced Board engagement plan for executive talent. • Developed a succession framework for senior management roles.
Committee structure	Ensure Committee structure is appropriate for increasing focus on sustainability and the energy transition.	• Undertook benchmarking to consider the Committee structure and responsibilities. This was considered and determined as fit for purpose for the 2024/25 year but with a commitment to ongoing review.
Risk reporting	Review risk reporting to the Board.	• New Chief Risk Officer appointed. • Review of GPR allocation to Board and Committees. • Updated risk reporting framework implementation to better demonstrate risk assessments at Group and Business Unit level.
Board support	Continue to focus on Board material improvements to ensure clarity, conciseness and efficient use of Board time.	• A new paper writing portal with additional AI features implemented to assist paper authors. • Board paper writing training made available to paper authors.

Outcomes from our 2024/25 evaluation

Recommendations	Actions
Succession Continue to give focus to senior leadership succession and the Board's exposure to senior management.	• In 2024/25 dedicated deep-dives were introduced for the following areas i) CEO succession ii) senior management iii) wider workforce development programmes. Providing these focused opportunities will continue to form part of 2025/26 planning. • Continue the frequency and variety of engagement, both formal and informal, between the Board and senior management and the wider talent pipeline.
Governance framework Following the completion of the 2024 Rights Issue and the commencement of the Company's capital delivery programme, assess the Board Committee structure to ensure its scope evolves in line with the Company's operations and external environment.	• Review the Committee structure particularly in respect of risk, sustainability, reputation, operational and financing matters. • Assess if the continued ownership of all the Company's GPRs by the Audit & Risk Committee remains the most optimal and time efficient oversight model.

Directors' induction, development and training

The Group Company Secretary supports the Chair of the Board in ensuring that each Non-executive Director receives a comprehensive induction programme on appointment. The induction programme is designed to align with each Non-executive Director's role on the Board, their background and existing experience. The programme includes introductory meetings with the other Board Directors, overviews of each business unit led by the relevant President, site visits, and roundtable discussions with key teams around the business, tailored to the Director's Committee memberships.

In order to support ongoing training and development and to ensure the Board has the depth of knowledge required across different areas of the business, a number of enrichment sessions were offered throughout the year covering different matters. These are used to complement areas of focus on the Board agenda or to provide an opportunity for further detailed discussion from a previous report to the Board.

- July 2024 – Connections
- August 2024 – Environmental provisions
- September 2024 – US Transmission networks
- January 2025 – Generative AI
- January 2025 – Remuneration Policy review, including financial performance measures and the Company's Annual Performance Plan (APP) and Long-Term Performance Plan (LTPP)

The Board is also regularly briefed on corporate governance and regulatory matters by the Group Company Secretary.

Time commitment

The Board monitors external appointments and considers any potential conflicts of interest prior to approving the appointment of a Director. On accepting their appointment with the Company, Directors must confirm they are able to allocate sufficient time to discharge their responsibilities effectively. Directors are expected to attend meetings of the Board and any Committees of which they are members and devote sufficient time to prepare for this in advance. Directors are also encouraged to undertake site and office visits.

Before accepting any new external appointments, Directors are required to obtain the prior approval of the Board. The Board considers new external appointments in light of each Director's other appointments and roles on the Board. For each new external appointment approved by the Board during the year, the Board concluded that it would not impact each Director's ability to perform their duties and, accordingly, the Board gave its prior approval in each instance.

Re-election of Directors

The People & Governance Committee considers, in respect of each Director, their skills and experience, time commitment and tenure as part of the Board's recommendation to shareholders for their election or re-election of Directors. The Board believes that each Director who is being put forward for re-election at the 2025 AGM brings considerable knowledge, wide-ranging skills and experience to the Board, makes an effective and valuable contribution, and continues to demonstrate commitment to their role. The Board also considered the continued independence of all Non-executive Directors and considers them all to be independent in line with the Code.

People & Governance Committee report

Paula Rosput Reynolds
Chair of the People & Governance Committee

Key activities during the year

- Monitored the Company's culture and reviewed the culture diagnostic
- Approved the appointment of Group Executive Committee members
- Reviewed the outcome of the Company's Grid:Voice survey
- Focused on talent and succession, including executive development planning
- Reviewed the Company's talent programmes and the development of the talent pipeline

Composition

The Committee comprises three independent Non-executive Directors and the Chair of the Board. The Committee held three scheduled meetings and two ad hoc meetings during the year.

Committee members

Paula Rosput Reynolds (Chair)
Jonathan Silver
Earl Shipp
Tony Wood

Board and Committee structure and composition

As discussed in the Chair's statement on page 96, during the year the Board decided to maintain its current size. With effect from 5 July 2024, we made two committee changes: Jonathan Silver stepped down from the Audit & Risk Committee, succeeded by Jacqui Ferguson; Jonathan was appointed to the Finance Committee. We have announced that on 1 September 2025 we will welcome Zoë Yujnovich to the Board as an Executive Director, prior to her assuming the Chief Executive role in mid-November.

Being responsive to the environment in which the company operates, we have been reviewing our Committee structure. While there are legal and regulatory requirements that define stewardship, we are taking 'a clean sheet of paper' and answering the question of what is fit for purpose given the complexity of the business environment in which the Company operates and how it is changing. Working with our Company Secretary, Chief Risk Officer and others, we are looking at how a decade of rapid change relates to how the Board should spend its time and evaluate risks. In the year ahead, we intend to conclude on changes in the Committee remits and composition of the Committees.

Succession planning

At each of our meetings we considered talent and succession planning, reflecting the importance placed on ensuring that there is a clear pipeline of talent to support the Company over the coming years. The Committee approved the creation of a standalone Group Company Secretary role, reflecting the broader responsibilities of the Chief Legal Officer role and appointed Julian Baddeley as Group Company Secretary with effect from 1 July 2024. Several further changes to the Group Executive Committee were approved with the appointment of Ben Wilson as President, National Grid Ventures following the departure of Katie Jackson earlier in the year, Steve Smith as Chief Strategy & Regulation Officer, Talvis Love as Chief Information and Digital Officer and Sally Librera as President, New York following the retirement of Rudy Wynter.

As noted above and elsewhere in this report, Zoë Yujnovich will join National Grid on 1 September 2025 initially as CEO-Designate where there will be a two month transition period until she assumes the role of CEO in mid-November when John Pettigrew retires from the Board. Succession is something that should always be on the mind of any well-functioning board and as such, and given John's long and successful leadership of the Group, the Board had been in discussion with John about this for some time. In order to support the CEO succession process we appointed Egon Zehnder, who have no other link to the Company.

The process undertaken was robust, based on the operational, financial and international stakeholder management aspects of the role, with a range of candidates considered. Zoë Yujnovich was the standout candidate, and the Board unanimously approved her appointment.

While significant time was spent considering Chief Executive succession, the Committee also devoted time to the talent pipeline below the Executive Directors and their reports. We were briefed on the composition of the Senior Leadership Group and one level further below, to understand the identification process and talent development plans for high potential future leaders. We are pleased to report that we've seen maturation in our training and development programmes, reflecting meaningful investments in our people. The Board and the Committee have received presentations regarding plans for the workforce of the future. Given the scope and scale of our investments in modernisation and upgrades of our facilities across the Group, we are aware of the efforts underway to ensure that we have the appropriate skills and experience needed to maintain our systems and infrastructure.

To reflect feedback from the Board evaluation requesting further engagement for the whole Board around talent and succession, all Non-executive Directors continue to be invited to join the Committee for discussions related to talent and succession, in particular executive succession.

Culture

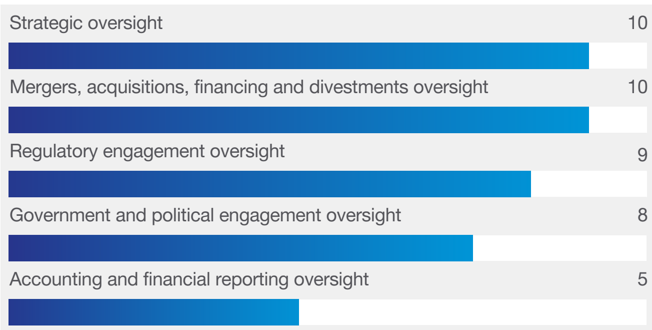
Time and focus continued to be given to the culture of the Company, looking at the results of our Grid:Voice survey as well as reviewing the findings of our culture diagnostic. See page 106 for further detail on how the Board monitors culture.

As an organisation, we continue to strive to be an inclusive place to work. Through the year we received our usual updates on the Company's progress in this area, including hearing how our Global Inclusion Week had impact across the organisation with significant engagement from employees and feedback for the third annual ERG (Employee Resource Group) summit which Tony Wood was able to attend in part.

Board skills and experience

We find ourselves quite fortunate in the diverse skills and perspectives of our Board members. They are all either active senior executives and/or active board members with prior senior executive leadership experience. Importantly, they devote the necessary time to our business. In the past year, there have been major undertakings that have involved the Board: the rights offering, significant regulatory proceedings and consultations, and succession planning, among others. The Board has been available on short notice when we have had significant events, such as the transformer fire at North Hyde substation. In every instance, the Directors gave the time and attention the respective issues merited.

We have a broad skills list which we categorise into two areas: i) Critical skills which are crucial to support the strategic direction and oversight of the Group, as reflected in the below table; and ii) General skills, a further suite of operational skills which include sustainability and climate change, major projects oversight, safety and risk management, among others. We benchmark our Directors against these skills on a regular basis and they are considered as part of succession planning. Naturally, the needs of the Board will continue to evolve as the Group's business evolves.



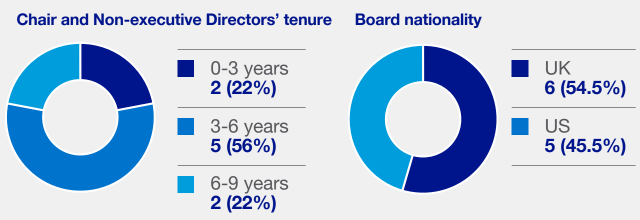
Composition, time commitment and independence

Approach to collating diversity data

As required by UK regulation, we report on diversity data to the extent that respondents voluntarily self-declare. For Non-executive Directors, we ask that they submit relevant information at year end as part of the declaration process.

Board appointments are based on merit and objective criteria, including an analysis of the match of a candidate to skills areas where the Board determines particular expertise or depth is needed. In accordance with the UK Governance Code, we have a Board diversity policy. But aspiration is balanced with needs and circumstances.

Board diversity as at 31 March 2025



In 2024/25 it included aspirations on ethnicity and gender representation which align with the targets set by the FCA, and an additional aspiration of 50% gender and ethnic diversity on our Board, which was not met in 2024/25 as we had 45.5% gender and ethnic diversity on the Board. As of 1 September 2025, our gender, nationality, ethnicity and tenure of service percentages will change with the addition of Zoë Yujnovich to the Board. The percentages will change again in mid-November when John Pettigrew retires from the Board. Thus, we believe that point in time reporting is not particularly meaningful. Rather, it is the trends in these factors – and close examination of the business qualifications of our Directors – that are the meaningful way to determine how well the Board is undertaking renewal.

In accordance with Listing Rule 6.6.6R(10), as at 31 March 2025, the numerical data on the gender identity and ethnic background of our Board and Group Executive Committee is set out in the tables below.

Gender	Number of Board members	Percentage of the Board	Number of senior positions on the Board[1]	Number in executive management[2]	Percentage of executive management[2]
Men	7	63.6	3	8	53.8
Women	4	36.4	1	6	46.2
Not specified/ prefer not to say	–	–	–	–	–

Ethnicity	Number of Board members	Percentage of the Board	Number of senior positions on the Board[1]	Number in executive management[2]	Percentage of executive management[2]
White British or other White (including minority-white groups)	9	81.8	4	13	92.3
Mixed/ Multiple Ethnic group	–	–	–	–	–
Asian/Asian British	–	–	–	–	–
Black/African/ Caribbean/ Black British	2	18.2	–	1	7.7
Other ethnic group	–	–	–	–	–
Not specified/ prefer not to say	–	–	–	–	–

1 Senior positions on the Board refer to the Chair, Chief Executive, Chief Financial Officer and Senior Independent Director.

2 Executive management comprises the Group Executive Committee, including the Group Company Secretary. The gender balance of senior management and their direct reports can be found in the Our people section on page 53.

Paula Rosput Reynolds
Chair of the People & Governance Committee

14 May 2025

Audit & Risk Committee report

Iain Mackay
Chair of the Audit & Risk Committee

Key activities during the year

- Monitored the adequacy and effectiveness of the internal control environment
- Reviewed and challenged key accounting judgements
- Provided oversight over risk management activities, including conducting Group Principal Risk (GPR) deep dives
- Considered audit and corporate governance reforms, including the FRC's Audit Committee and External Audit: Minimum Standard (the 'Minimum Standard') and the revised 2024 Code
- Reviewed our planned approach towards compliance with the Global Internal Audit Standards and Provision 29 of the revised 2024 Code

Composition

The Committee comprises three independent Non-executive Directors. The Committee held five scheduled meetings and two ad hoc meetings during the year to discuss the 2024 Rights Issue and our Finance Transformation Programme.

Committee members

Iain Mackay (Chair)
Jacqui Ferguson
Ian Livingston

Former Committee members

Jonathan Silver[1]

1. Jonathan Silver stepped down from the Committee effective 5 July 2024.

I am pleased to present the Committee's report for the year ended 31 March 2025. During the year, the Committee has continued to assist the Board by assessing the integrity of financial, non-financial and climate-related reporting, and in monitoring the adequacy of the Group's systems of risk management and internal control, and the effectiveness of the external and corporate auditors.

The Committee has continued to maintain an extensive agenda, focused on the Company's audit, compliance and risk management processes. Key matters considered by the Committee across the year are set out on page 115. Members of senior management have attended the Committee's meetings across the year to present on key matters to ensure that the Committee is updated on the evolving landscape in which the Group operates. As Committee Chair, I have held meetings throughout the year with the external Lead Audit Partner, the CFO, the Group Head of Audit, the Chief Risk Officer and other senior management. The Committee reports to the Board on its activities at Board meetings, and Board members have access to the Committee's meeting papers and minutes. A joint meeting was held with the Safety & Sustainability Committee in September 2024 to discuss the Group's sustainability reporting and disclosure strategy.

Financial reporting and accounting judgements

The Committee has overseen progress made by management in the successful delivery of the Finance Transformation Programme and the embedding of new processes, technology and ways of working which continue to drive efficiencies and support the wider business.

The Committee has considered key accounting judgements made by management across the year. This has included accounting in relation to US environmental provisions, the disposals of both ESO and the remaining interest in National Gas, the classification of National Grid Renewables and Grain LNG as held for sale, and Community Offshore Wind on which a full impairment has been recognised.

External audit tender

We have spent time supporting management in its planning for an external audit tender. Our external auditor, Deloitte, was appointed in 2017 and we are required to undertake a tender during 2025 in order for any appointment to be put to shareholders at our 2026 AGM. The Committee provided input on management's plans and ensured the guidance in the FRC's Minimum Standard has been considered.

External Quality Assessment (EQA)

We were pleased that our Corporate Audit function received the highest rating from our EQA by the Chartered Institute of Internal Auditors (IIA) for its internal audit activity. We will continue to monitor management's progress on an ongoing basis and address further improvements.

Risk management and internal controls

The Committee undertakes a bi-annual review of our risk management processes, including the assessment of the effectiveness of our systems of risk management and internal controls. The Committee also provides oversight of the assessment of our GPRs and the mitigations and controls in place to ensure that they are managed within the risk appetite agreed by the Board (as detailed on pages 36 - 41). Members of senior management have attended Committee meetings to present 'deep-dives' on the GPRs within their business area across the year.

The Ethics, Risk & Compliance Committee (ERCC) supports the Committee in overseeing the implementation of the Group's risk management framework and assesses the Group's Principal Risks. The ERCC regularly reviews and assesses all risks, including cyber security, prior to updating the Committee. The Committee has considered cyber security risks twice during the year with no significant incidents causing business impact reported. National Grid remains vigilant towards all cyber security risks, including those arising from third parties. These risks are partly mitigated by email Data Loss Prevention (DLP) tools and governance controls related to what data is shared with third-parties. National Grid's Chief Information and Digital Officer (CIDO) and Chief Information Security Officer (CISO) regularly provide reports to the Committee and brief the full Board at least once per year on cyber security matters.

The Committee is responsible for reviewing the robustness of our internal control environment and reviews reporting on controls testing and assurance work over the Group's internal controls to provide comprehensive assessments of the internal control framework. These assessments are also reviewed as part of external audit. The Committee remains confident that review processes for the Group's internal controls provide reasonable assurance and that the sources of assurance have sufficient authority, independence and expertise. As Committee Chair, I reported to the Board in May 2025 on management's processes for monitoring and reviewing internal control and risk management and confirmed that no material weaknesses had been identified by the review and that systems and processes were functioning effectively.

The Committee has supported management in its planning for the implementation of Provision 29 of the revised 2024 Code which will require the Board to make a disclosure in our 2026/27 Annual Report and Accounts outlining the effectiveness of internal controls, including a declaration in relation to material internal controls. During the year, the Committee reviewed management's planned approach towards compliance, which is on track.

Iain Mackay
Chair of the Audit & Risk Committee

14 May 2025

Committee financial experience

The Board is satisfied that all Committee members are suitably qualified with recent and relevant financial experience and competence in accounting, auditing or both. Iain Mackay and Ian Livingston are qualified chartered accountants who are competent in accounting and auditing in accordance with the Code and the FCA's Disclosure Guidance and Transparency Rules. The Committee members collectively possess an appropriate and varied blend of commercial and financial expertise to assess the issues they are required to address. Further information on Committee members can be found in their biographies on pages 99 to 102. The Committee as a whole is deemed to have competence relevant to the sector in which the Company operates. For the purposes of the US Sarbanes-Oxley Act of 2002 (SOx), Iain Mackay is the Committee's financial expert.

Fair, balanced and understandable

In May 2025, the Committee reviewed this Annual Report and Accounts, having previously provided feedback on earlier drafts. The Committee concluded that the Annual Report and Accounts, taken as a whole, was fair, balanced and understandable, and provided the information necessary for shareholders and other stakeholders to assess the Group's position, performance, business model and strategy.

In its review, the Committee considered the financial and non-financial disclosures contained within the Report, including the TCFD (see pages 59 – 78). The Committee also considered the potential impact on forward-looking assumptions supporting going concern and viability assessments. In reaching its conclusion, the Committee considered that the following had been carried out which formed the basis of its recommendation to the Board:

- a full verification exercise to review the financial and non-financial content of statements made with supporting evidence;
- a comprehensive review by management, including Group Executive Committee members, to consider the accuracy and consistency of messaging and overall balance; and
- feedback from the Company's advisors, including the external auditor and remuneration advisor.

Significant issues and judgements relating to the financial statements

The significant issues and judgements considered for the year ended 31 March 2025 are set out in the following table. In addition, the Committee and the external auditor discussed the significant issues addressed by the Committee during the year. Further information can be found in the Independent Auditors' Report on pages 153 – 161.

Matters considered	Factors and reasons considered, including financial outcomes
US environmental remediation provisions	• In September 2024, November 2024 and May 2025, the Committee reviewed the accounting for the £2.065 billion of environmental remediation provisions, including the judgements and estimates relating to the net £146 million of exceptional provision decreases relating to legacy New York manufactured gas plant sites and a discount rate change. The Committee discussed the Group's engagement with the Environmental Protection Agency, the New York State Department of Environmental Conservation, developers, community and other stakeholders in determining future remediation approaches. The Committee reviewed and approved the classification of the cost decreases related to these sites as exceptional in accordance with the Group's exceptional items framework and noted the environmental provision disclosures contained within notes 5, 26 and 35 to the financial statements.
ESO sale to the UK Government	• In October 2024, ESO was transferred into public ownership and began to operate under the National Energy System Operator's (NESO's) licence. The assets and liabilities of ESO were presented as held for sale in the half-year financial statements prior to completion of the sale. The disposal realised total consideration of £673 million that resulted in a £187 million gain on disposal classified as exceptional. The Committee reviewed the gain on disposal calculation and related disclosures in note 10 to the financial statements. The Committee approved the classification of the gain as exceptional in accordance with the Group's exceptional items framework.
National Grid Renewables and Grain LNG: held for sale assessments	• In September 2024, the Committee reviewed and agreed with management's evaluation that National Grid Renewables and Grain LNG had met the criteria to be classified as held for sale under IFRS 5 and that neither company should be treated as a discontinued operation, given they are not considered to be separate major lines of business or geographical areas of operation. The Committee further agreed with management that no impairment losses should initially be recognised on classification of National Grid Renewables and Grain LNG as held for sale in the half-year financial statements. • On 24 February 2025, we announced that we had agreed to sell National Grid Renewables US onshore renewables business for proceeds of approximately \$1.74 billion to Brookfield Asset Management and its institutional partners, including Brookfield Renewable Partners. The transaction is subject to customary consents and regulatory approvals and is expected to close in the first half of the financial year ending 31 March 2026. At the year-end, management assessed that a £31 million impairment loss should be recognised on remeasuring the NG Renewables disposal group to fair value less costs to sell and that it was appropriate to classify this loss as exceptional. No impairment losses were recognised in respect of Grain LNG. The Committee reviewed the results of management's impairment assessment of the National Grid Renewables disposal group and agreed with management's conclusions and the disclosures, within notes 5 and 10 of the financial statements.

Audit & Risk Committee report continued

Matters considered	Factors and reasons considered, including financial outcomes
Impairment of Community Offshore Wind (COSW)	• In March 2025, April 2025 and May 2025, the Committee considered the Group's investment in Community Offshore Wind (COSW) following the issuance of an Executive Memorandum by the US Federal Government in January 2025. The Executive Memorandum temporarily suspends offshore wind leasing and implements a review and pause of permitting. In light of these developments and further developments after the year-end which reaffirmed the view that offshore wind development is likely to be suspended for the foreseeable future, Management assessed that the Group's investment in COSW currently has negligible value and hence, a £303 million impairment should be recognised and classified as exceptional in line with the Group's exceptional items framework. The Committee carefully considered and agreed with Management's assessment and reviewed and approved the disclosures within notes 5 and 16 of the financial statements.
Disposal of remaining interest in National Gas (held through GasT TopCo Limited)	• In July 2024, agreement was reached to sell the 20% retained associate investment in GasT TopCo (the holder of the interest in National Gas) to the existing majority owners, a consortium of infrastructure investors led by Macquarie Asset Management following their exercise of the remaining option. The Committee reviewed the completion of the sale which took place on 26 September 2024. Based on the total sale proceeds of £686 million, the total gain on disposal after transaction costs was £25 million. The gain on disposal has been classified as exceptional within discontinued operations as disclosed within note 10 of the financial statements.
Application of the Group's exceptional items framework	• During the year, the Committee considered updates from management on the application of the Group's exceptional items framework which had been applied to certain events and transactions over the period, as set out in note 5 of the financial statements. • For each item, the Committee considered the judgements made by management, including challenging when transactions were concluded as not qualifying for exceptional treatment. • The Committee reviewed the disclosures relating to certain exceptional items, including the transaction and separation costs for the sale of National Grid Renewables and Grain LNG, the impairment of COSW, provisions for UK electricity balancing costs in relation to the ESO sale, and costs incurred relating to the Major Transformation Programme. • Based on the reviews performed, the Committee was satisfied the framework had been correctly applied throughout the year.

Financial reporting

Financial reporting and audit cycle

Going concern and viability

The Committee has continued to review the Group's viability and status as a going concern. This included reviewing the Group's Going concern statement and Viability statement (as set out on page 168 and page 93 respectively) and the supporting assessment reports prepared by management. The financial statements are prepared on a going concern basis such that the Company and the Group have adequate resources to continue in operation for at least 12 months from the date of signing the consolidated financial statements for the year ended 31 March 2025.

Statutory reporting framework policy

The Board has responsibility for the effective management of risk for the Group, including determining its risk appetite, identifying key strategic and emerging risks and reviewing the risk management and internal control framework.

The Committee, in supporting the Board to assess the effectiveness of risk management and internal control processes, relies on a number of Company-specific internal control mechanisms to support the preparation of the Annual Report and Accounts and the financial reporting process. This includes both the Board and the Committee receiving regular management reports, including analysis of financial results, forecasts and comparisons with the prior year, and assurance from both Corporate Audit and the external auditor, Deloitte.

During 2024/25, the Committee has been kept up to date with changes to legislation, guidance and best practice. In November 2024, the Committee received an update on current litigation matters as well as emerging risks to prepare for potential challenges.

In advance of its consideration of the full-year results, the Committee and Board received a periodic SOx report on management's opinion on the effectiveness of internal controls over financial reporting. This report detailed the Group-wide programme to comply with the requirements of SOx and was received directly from the Group Financial Controller.

In relation to the financial statements, the Company has specific internal control mechanisms that govern the financial and non-financial reporting process and the preparation of the Annual Report and Accounts. The Committee oversees that the Company provides accurate, timely reports of financial results and implements accounting standards and judgements effectively, including in relation to going concern and viability. Our financial processes include a range of systems, transactional and management oversight controls. Our businesses prepare detailed monthly management reports that include analysis of their results, along with comparisons to relevant budgets, forecasts and the previous year's results. Monthly business reviews, attended by the Chief Executive and/or the CFO, supplement these reports. Each month, the CFO presents a consolidated financial report to the Board.

Key matters considered by the Committee

In addition to the significant issues and judgements highlighted on pages 113 – 114, the Committee also considered the following matters during the course of the year ended 31 March 2025:

Matters considered	Factors and reasons considered, including financial outcomes
Financial and non-financial reporting	• Monitored and reviewed the integrity of the Group's financial reporting and disclosures and other formal documents relating to its financial performance, including this Annual Report and Accounts. • Considered the financial and non-financial disclosures contained within this Annual Report and Accounts, and reviewed and challenged the appropriateness of estimates and accounting policies. • Reviewed management's updates on IFRS accounting standards, including the exposure draft on regulatory assets and regulatory liabilities, as well as impacts of IFRS 18 the new standard on Presentation and Disclosure of Financial Statements. • Recommended to the Board management's key accounting judgements and key sources of estimation uncertainty for the 2024/25 half-year and full-year financial statements and the filing of other reports with the SEC containing financial information.
ESG reporting	• Considered the application of mandatory ESG reporting contained within this Annual Report and Accounts, including the International Sustainability Standards Board (ISSB) standards. • A joint meeting was held with the Safety & Sustainability Committee in September 2024 to discuss the Group's sustainability reporting and disclosure strategy. • Received an update on the preparation of the Responsible Business and TCFD disclosures. This included reviewing the Group's climate-related financial disclosures, as disclosed on pages 59 – 78. • Received a report from Deloitte regarding conclusions from its limited assurance over the Responsible Business disclosures integrated within this Annual Report on pages 42 – 58. • Recommended to the Board the Responsible Business disclosures as included in the Annual Report and Accounts and other ESG disclosures for approval.
ESO separation	• Reviewed the controls and accounting judgements relating to the sale of the ESO. • Approved the valuation of the gain on disposal reported in the financial statements. • Approved the classification of the movement in the provision for UK electricity balancing costs as exceptional in accordance with the Group's exceptional items framework.
APMs and RPMs	• Reviewed and approved the key judgements relating to the Group's Alternative Performance Measures (APMs) and Regulatory Performance Measures (RPMs). • Considered the effect of the International Accounting Standards Board's new standard, IFRS 18, on the presentation of the Income Statement and how certain management-defined performance measures will be brought into IFRS scope.
Internal controls	• Received regular updates on progress towards the Group's annual US regulatory attestation. • Discussed with management its programme of work to further strengthen the maturity of the Group's risk and controls framework. • Assessed the Group's approach to cyber security as part of our Enterprise Risk Management process. • Advised the Board that the Group's internal controls operated effectively in respect of financial, operational and compliance controls.
Risk oversight and viability statement	• Received regular updates on actions being taken to monitor and manage risk in line with the Group's risk appetite. • Considered confirmations from each of the business units and functions that risks are managed appropriately and that external influences and matters outside of the Group's control continued to be considered in their assessments. • Received an ESG update on the Group's transition risks and climate change commitments. • Considered cyber risk and mitigation strategies across the Group. • Monitored the internal control processes, and reviewed and challenged the going concern and viability statements, including testing for reasonable worst-case scenarios. • Advised the Board that the Group's risk management processes were effective and provided sufficient assurance.

Audit & Risk Committee report continued

External auditors	• Received a report from Deloitte at each meeting, including updates on the status of, and results from, the annual audit process and monitored the approach, scope and risk assessments within the external audit plan. • Considered Deloitte's reports to the Committee, including its reports on the 2024/25 half-year and full-year results. • Held private meetings with Deloitte and maintained dialogue throughout the year. • Assessed the professional scepticism, effectiveness and independence of Deloitte and provided oversight of non-audit services from Deloitte. • Recommended the reappointment of Deloitte as the Company's external auditors to the Board to be recommended to shareholders at the 2025 AGM.
Corporate audit	• Received regular updates on the 2024/25 corporate audit plan and any more significant findings, including themes and progress of actions identified, and approved the corporate audit plan for 2025/26. • Considered the result of the IIA's EQA on the Group's internal audit activity; the Corporate Audit function received the highest rating, generally conformed, from the IIA. • Approved the Corporate Audit Charter, which had been updated to reflect the evolving Global Internal Audit Standards.
Compliance, governance and disclosure matters	• Reviewed and approved the updated Terms of Reference for the Committee. • Received updates on ethics and business conduct, including whistleblowing, to support the oversight, management and mitigation of business conduct issues as part of the internal controls framework. • Discussed the whistleblowing procedures in place and confirmed internal procedures remained effective, noting the communications and training programmes provided during the year to employees, including additional communications in relation to fraud and bribery. The Committee also receives regular reports from the General Counsel, Litigation and Chief Compliance Officer to ensure appropriate investigation procedures and reporting channels are in place. • Received bi-annual updates on compliance with external legal requirements and regulations, including any non-compliance issues and steps being taken to improve compliance across the Group.

Risk management and internal controls

Risk management

Effective risk management is key to achieving our strategic priorities. The Board is accountable for and approves the system of risk management, which includes setting risk appetite and maintaining the system of internal controls to manage risk within the Group. The Committee has delegated responsibility from the Board for the oversight of the Group's systems of internal control and risk management. This includes policies, procedures, and control activities to ensure compliance with relevant regulations and legislation, the appropriateness of financial disclosures, appropriate business conduct and the work of internal audit. As part of the framework, our values – do the right thing, find a better way and make it happen – help promote a culture of integrity. The Chief Risk Officer is responsible for establishing and maintaining the Group's risk management processes to ensure the effective management of risk. During the year, the Board provided oversight of the Group's Principal Risks (as set out on pages 36 to 41). The Committee, alongside the Safety & Sustainability Committee, provided oversight and challenge through detailed risk reviews to ensure that processes are in place to manage risk appropriately and effective reporting to the Board.

Internal control and risk management effectiveness

We continually monitor the effectiveness of our internal control and risk management processes to make sure they are effective, robust and remain fit for purpose. The monitoring and review process covers all material controls, including financial, operational and compliance controls. Effective controls are in place to reduce the likelihood of occurrence and impact of threats. Based on work conducted by the Committee during the year, the Committee confirmed to the Board that the controls framework provided appropriate assurance of the effectiveness of internal control and risk management frameworks and that the sources of assurance received from management had sufficient authority, independence and expertise to provide objective advice and information.

The Committee also monitors and addresses any material business conduct or compliance issues. The Certificate of Assurance process provides management's assurance to the Committee that all significant issues relating to the integrity and standard of risk management and internal controls systems across the Group have been effectively managed during the reporting period. The process operates via a cascade system from business unit and functional managers upwards to the Chief Executive and takes place annually in support of full-year results. This process captures any significant risk, compliance, ethics and control issues that have not been reported through other governance, assurance and reporting processes, and excludes relevant internal controls over financial reporting which are assessed through the separate SOx assurance.

Following a thorough review, the Committee confirmed that the processes provided sufficient assurance and that the sources of assurance had sufficient authority, independence and expertise. The Committee noted that no material weaknesses had been identified by the review and confirmed it was satisfied that systems and processes functioned effectively. The Committee Chair subsequently reported to the Board that management's process for monitoring and reviewing internal control and risk management processes continued to be effective.

The Committee is responsible for reviewing management's approach to comply with Provision 29 of the UK Corporate Governance Code and for identifying the material controls that, individually or in aggregate, are most effective in managing risks that could threaten the Company's business model, solvency, or liquidity. This work is currently underway and includes a comprehensive dry run and an integrated assurance approach to material controls, in preparation for the annual effectiveness assessment for the Company's year ending 31 March 2027.

Corporate audit

The Corporate audit function supports the Group's risk management and internal control processes. It maintains an independent and objective approach to evaluate and enhance process developments. Assurance work performed by Corporate Audit is conducted in accordance with the Institute of Internal Auditors International Professional Practices Framework (IPPF). The IPPF forms the foundation for effective internal audit practices. Based on the work performed by the IIA, it was determined that the Corporate Audit function generally conforms to all relevant principles of the IPPF with a high degree of conformance. The Committee remains satisfied with the quality, experience and expertise of the corporate audit function. The appointment of the Global Head of Audit is a matter reserved for the Committee. They have responsibility for the Group's Corporate Audit function, attend all Committee meetings and have access to the Committee Chair, and also meet with the Committee without management in attendance. The Committee regularly reviews progress of the internal audit plan, including the key themes being raised and the remedial plans in place alongside the closure of actions. The Corporate Audit Charter was reviewed by the Committee in November 2024 and March 2025. It was updated following the EQA to reflect the evolving Global Internal Audit Standards. The Committee has also been kept informed of the transformation of the corporate audit function as it seeks to remain ahead of strategic and technological developments, effectively meet future stakeholder needs and be equipped to deal with emerging risks.

External audit

The Committee is responsible for overseeing the relationship with the external auditor.

- Deloitte is the external auditor to the Company.
- Deloitte was appointed in 2017 following a formal tender process.
- Deloitte was reappointed for 2024/25 at the 2024 AGM.
- The Committee was authorised by shareholders to set Deloitte's remuneration at the 2024 AGM.
- The current Lead Audit Partner is Chris Thomas and 2024/25 was the third year of his term.

Following consideration of the auditor's independence and objectivity, the audit quality and the auditor's performance, the Committee recommended to the Board Deloitte's reappointment as external auditor for the year ending 31 March 2026. A resolution to reappoint Deloitte and give authority to the Committee to determine its remuneration will be put to shareholders at the 2025 AGM. The Committee considers that, during 2024/25, the Company complied with the mandatory audit processes and audit committee responsibility provisions of the Competition and Markets Authority Statutory Audit Services Order 2014. Given the independence and objectivity of Deloitte to date, the Committee remains satisfied with its performance and effectiveness, and considers its reappointment for 2025/26 to be in the best interests of the Company.

The Committee is responsible for considering whether there should be a rotation of the Company's external audit firm in order to ensure continuing quality and independence, including consideration of the advisability and potential impact of conducting a tender process. The Committee acknowledges the UK legal requirements relating to mandatory audit rotation and audit tendering, including the requirement to undertake a formal process after 10 years. In line with regulation, over the course of 2025/26, the Committee plans to initiate a competitive tender of the external audit contract with a view that the successful audit firm would be recommended to the Board for approval by 31 December 2025 and, subject to shareholder approval at the 2026 AGM, would be appointed as statutory auditor for the year ending 31 March 2028. The Committee considers that the timing of the re-tender is in the best interests of the Company as it provides sufficient time to allow an orderly transition in the event a new external audit firm is selected.

In undertaking the tender process, the Committee will consider in so far as practical the guidance on tendering set out in the FRC's Minimum Standard.

Additional disclosures will feature in our Annual Report and Accounts for the year ended 31 March 2026 to detail the work of the Committee, the selection criteria used and process followed for the tender work undertaken.

The Committee confirms its continued compliance with the Minimum Standard. Activities undertaken to demonstrate our compliance are described throughout this report. Transparency and accountability is encouraged across all of our financial reporting and auditing practices to build trust and promote the long-term sustainability of the Company.

Effectiveness, quality and performance

As part of the Committee's responsibilities, consideration is regularly given to the effectiveness of the external auditor to verify that the quality, challenge and output of the external audit process is sufficient. Throughout the year, the Committee looks at the quality of the auditor's reports and considers its response to accounting, financial control and audit issues as they arise. To maintain high levels of quality, the Committee reviews and challenges the external audit plan prior to approval.

The Committee regularly engages and receives the views of senior management and members of the Finance function in forming conclusions on auditor effectiveness.

Meetings are held around each scheduled Committee meeting, and outside the meeting cycle on a regular basis, between the Committee Chair and the external auditor without management being present, to encourage open and transparent feedback. The Committee members also meet privately with the external auditor at least twice per year.

During the year, the Committee:

- reviewed the quality of audit planning, including approach, scope, progress and level of fees;
- reviewed the outcome of recommendations from the Deloitte Insights Report (detailed below);
- considered the external auditor's performance against 11 Audit Quality Indicators covering aspects of the delivery of the external audit, including planning, resourcing, the use of technology, oversight and quality review; and
- confirmed that the Deloitte external audit process had been delivered effectively.

On an annual basis, the Committee receives an External Auditor Insights Report, a report summarising the financial reporting and/or internal control areas that, based on the results of the most recent audit, Deloitte considers management should prioritise during the year ahead. The report also includes management's responses to the recommendations, along with an update on implementation status of prior year recommendations.

Following the completion of the 2023/24 audit, management undertook a survey on the external audit process which sought the views of key stakeholders involved in the audit. The survey sought input on Deloitte's performance and National Grid's commitment to the audit and including questions on the following audit areas:

- planning and scope;
- robustness of the process;
- independence and objectivity;
- quality of delivery;
- quality of people and service; and
- understanding of the Company

Feedback from the survey was taken into consideration by Deloitte in the planning for the 2024/25 audit.

Audit & Risk Committee report continued

The results of the survey were shared with Deloitte and showed that Deloitte's scores increased compared to the prior year following targeted efforts. The survey confirmed that:

- the audit had contributed to the integrity of the Group's financial report;
- the relationship between Deloitte, the Committee and management continued to be effective; and
- Deloitte demonstrated an appropriate degree of professional scepticism, and its team possess the required level of skill and expertise to enable an effective audit.

Auditor independence and objectivity

The independence of the external auditor is essential to the provision of an objective opinion on the true and fair view presented in the financial statements.

The Committee considered the safeguards in place, including the annual review by corporate audit, to assess the external auditor's independence. Deloitte reported to the Committee in May 2025 that it had considered its independence in relation to the audit and confirmed that it complies with UK regulatory and professional requirements, SEC regulations and Public Company Accounting Oversight Board (PCAOB) standards and that its objectivity is not compromised. The Committee took this into account when considering the external auditor's independence and concluded that Deloitte continued to be independent for the purposes of the external audit and confirmed that this recommendation was free from third-party influence and restrictive contractual clauses.

Non-audit services

In line with the FRC's Ethical Standard and to maintain the external auditor's objectivity and independence, we have a policy governing Deloitte's provision of non-audit services.

The cap on the total fees that may be paid to the external auditor for non-audit services in any given year is 70% of the average audit fees paid in the last three financial years.

The provision of any non-audit service by the external auditor requires prior approval by the Committee. A subset of services where, due to their nature, we believe there is no threat to the auditor's independence or objectivity and have a value under £250,000 can be approved in advance by the CFO. These services are limited to:

- audit, review or attest services. These are services that generally only the external auditor can provide, in connection with statutory and regulatory filings, including comfort letters, statutory audits, attest services, consents and assistance with review of filing documents; and
- the provision of access to technical publications.

In any event, the Committee is provided with a list of all non-audit services to ensure that it is monitoring all non-audit services provided. Non-audit service approvals during 2024/25 principally related to comfort letters for debt issuances, the refresh of related debt issuance programmes and reporting accountant services.

External auditors' fees

The amounts paid to the external auditors' in the past three years were as follows:

Total billed non-audit services provided by Deloitte during the year ended 31 March 2025 were £1.0 million, representing 5.08% of total audit and non-audit fees. In 2023/24, non-audit services totalled £4.0 milllion and included fees for Deloitte's services on the Rights Issue (17.5% of total audit and non-audit fees).

Further information on the fees paid to Deloitte for audit, audit-related and other services is provided in note 4 to the financial statements on page 180.

Total audit and audit-related fees include the statutory fee and fees paid to Deloitte for other services that the external auditor is required to perform, such as regulatory audits and SOx attestation. Non-audit fees represent all non-statutory services provided by Deloitte.

Safety & Sustainability Committee report

Earl Shipp
Chair of the Safety & Sustainability Committee

Key activities during the year

- Reviewed and approved for recommendation to the Board, the publication of the Group's 2024 Responsible Business Report
- Reviewed and recommended for approval to the Board, the Group's second CTP
- Reviewed performance against the ESG elements of the 2022, 2023 and 2024 Long-Term Performance Plan (LTPP) awards
- Oversaw progress against recommendations arising out of safety and health performance audits

Composition

The Committee comprises five independent Non-executive Directors. The Committee held four scheduled meetings during the year.

Committee members

Earl Shipp (Chair)
Jacqui Ferguson[1]
Anne Robinson
Tony Wood
Martha Wyrsch

1. Jacqui Ferguson joined the Committee on 5 July 2024

Our CTP and Responsible Business Charter can be found on our website **nationalgrid.com/responsibility**

Review of the year

Following on from the announcement of the Group's five-year framework and the scale of major capital projects that will be undertaken as part of this, as a Committee we recognise the increased scrutiny that will be required by the Group to ensure consistency of safety standards and procedures across our growing contractor base. We spent time in the year considering this alongside regular updates on performance against safety strategy and metrics.

We also spent time reviewing our progress against our climate targets, recognising the fast-moving macro environment and considering if and how this might impact the Group. We welcomed Jacqui Ferguson as a member in July 2024 who, along with other members of the Committee has visited various operational sites throughout the year to truly get a feel for the culture and safety standards across the organisation.

Sustainability

National Grid plays a central role in the clean energy transition and, as such, the Committee spends time overseeing the Group's Responsible Business strategy, considering the impact of the Group's operations on the environment, workforce, communities and other stakeholders.

During the year, the Committee monitored progress against the Group's sustainability targets and metrics, discussing our Scope 1, 2 and 3 emissions targets, and considering any factors which may influence the Group's ability to meet these. The Committee carefully considered these targets in line with the Group's strategic priorities and stakeholder expectations.

During the year, the Chief Sustainability Officer, Finance and ESG teams kept the Committee informed of emerging regulations, including the International Sustainability Standards Board (ISSB) standards, CTP reporting, and the EU's Corporate Sustainability Reporting Directive (CSRD).

The Committee discussed actions being taken to enhance the way the Group reports on sustainability data and performance. The Committee considered the impact of the Group's evolving disclosures on investor sentiment to ensure our commitments are reflective of the changing and uncertain environment we are operating within. The Committee also considered how the Group's emissions trajectory would be impacted following the sale of National Grid Renewables, which the Company announced in February 2025.

Further information on our performance and progress against our Responsible Business disclosures can be found on pages 42–58.

Safety, wellbeing and asset protection

This year, focus remained on strengthening safety practices and supporting our people to work safely and efficiently in increasingly complex environments.

The Committee oversaw the progress and implementation of lessons learned from fatalities over the past few years and noted the targeted focus on small, remote-working crews and tighter oversight of these teams across Business Unit plans. The impact of this work has been encouraging, with progress being made in this area. Contractor safety remains a critical area of interest considering the significant role they play in the Group's delivery model. The Committee followed developments in this space, including the introduction of a new Group Contractor Management Standard which sets out clearer expectations and more consistent approaches to contractor oversight.

The Committee also considered the results of the Group's 2024 Safety Culture Survey. The results showed an improvement in employee sentiment, reflecting steady progress towards a more proactive safety culture.

The Committee acknowledged the strengthening of Group-level leadership in Safety, Health and Wellbeing following the appointment of a new Director of Safety, Health and Wellbeing after the previous Group Director's retirement. This change aims to enhance focus and clarity in delivering safety and wellbeing outcomes. To support this transition, an independent external review of the Group's health and safety management approach was conducted. The review, carried out over 12 weeks, assessed the effectiveness of the Group's health and safety management system against global best practices. It identified five key recommendations to improve alignment and consistency between Group and Business Unit teams. The Committee will monitor the implementation of these recommendations over the coming year

The Committee continues to consider the implications of ongoing extreme weather events. The frequency of storms in the UK remained high with Storm Darragh requiring our biggest ever restoration effort. The Committee was hugely grateful for the incredible effort from the workforce who aided in the restoration and worked around the clock to reconnect power supplies and support our customers. Severe snowfall in the US also presented operational challenges and the Committee received updates on how climate adaptation and asset resilience efforts are being strengthened, including in areas such as wildfire ignition, storm response, and wind-related risks.

Earl Shipp
Chair of the Safety & Sustainability Committee

14 May 2025

Finance Committee report

Ian Livingston
Chair of the Finance Committee

Key activities during the year

- Considered the Group's financing strategy in light of the new five-year framework, including c.£60 billion of capital investment over 2024/25 to 2028/29. Approved the comprehensive financing plan announced alongside the five-year framework in May 2024, including the £7 billion Rights Issue
- Reviewed the five-point risk appetite framework for the Treasury risks under the Committee's remit and considered the quantitative measures for these risks
- Reviewed the processes and controls operated by the Treasury team as it expands its capability and capacity to support delivery of the Company's new five-year financial framework
- Considered the Group's Tax position, in light of the changing political landscapes in the UK and US
- Reviewed the rates and inflation hedging strategies for the Group's debt portfolio

Composition

The Committee comprises three independent Non-executive Directors and two Executive Directors. During the year, the Committee held three scheduled meetings and one ad hoc meeting.

The Committee welcomed Jonathan Silver as a member in July 2024.

Committee members

Ian Livingston (Chair)

Andy Agg

Iain Mackay

John Pettigrew

Jonathan Silver[1]

1. Jonathan Silver joined the Committee on 5 July 2024

Review of the year

This year the Finance Committee continued to support the Group's strategy by monitoring the financing policy and financial risk appetite, taking into account the changing external macro environment. The Committee gave particular focus to the Group's financing strategy, as well as considering the wider engagement with investors and credit rating agencies, both in advance of and following completion of the £7 billion Rights Issue in May 2024.

Treasury

During the year, the Committee reviewed and updated the Finance Committee Treasury Policy Framework and Delegations of Authority, ensuring that these governance documents continue to align with the Group's financing objectives and increasing capital expenditure.

The Treasury function updates the Committee on its activities at each meeting, providing updates on debt issuances at both holding company and operating subsidiary level.

At the time of the Rights Issue, the Committee approved appropriate short-term increases to the Company's counterparty risk policy limits to enable the investment of the Rights Issue proceeds, and also recommended the allocation of around £700 million of Rights Issue proceeds to refinance two of the Company's outstanding hybrid bonds at their first call dates.

The Treasury function updated the Committee on the issuance of new debt by the US holding company and two of the US operating subsidiaries. This debt was issued as part of the Company's strategy to smooth its debt issuance during 2025 and 2026 following the Rights Issue, and remain active in the debt capital markets.

As mentioned in my report last year, we had discussed with management its plans to increase the capability and capacity of the Treasury function given our higher capital requirements. PwC has supported this, undertaking a review into Treasury's processes and controls, to ensure that the function is equipped to support the Company's five-year framework. The review found there to be a strong culture of proactive risk management, and made recommendations to improve the efficiency and effectiveness of the Treasury function, which the Committee will monitor.

Insurance

The objective of the Group's insurance strategy is to facilitate broad protection of our businesses across the UK and US in an efficient manner. The Committee reviews and assesses this strategy, to ensure that it allows the Company to operate within the Group's approved risk tolerance and appetite. While we approach a softening of insurance markets in 2025, the Committee will continue to consider the Group's reinsurance purchasing strategy with the aim of achieving longer-term stability of both capacity and pricing.

Tax

During the year, the Committee considered the Group's Tax Strategy, ensuring this aligns with the Group's risk profile and commitment to our strong reputation. Following the outcomes of the UK and US elections, we considered the evolving tax policy in the UK and US and the potential impact of incoming tax legislation from the new governments. The Committee also received updates on the ongoing audits in the UK and US.

Pensions

During the year, the Committee noted the funding positions for all six of the Company's UK Defined Benefit Pension plans. The Company reached agreement with Ofgem regarding funding support, via Ofgem's Pension Deficit Allocation Methodology process, for three subsidiary pension arrangements in 2025. The Committee spent time discussing the pension implications arising out of the creation of the National Energy System Operator (NESO). The Committee also discussed the US Defined Benefit Pension Plans and other post-employment benefits (OPEB) and received updates on their funding positions and on the investment returns for the Pension Plans. The Committee received updates on the work of the Retirement Plans Committee to monitor and mitigate the investment, liability and governance risks associated with Pension and OPEB risks.

Looking forward

In the coming year, the Committee will continue to oversee the Group's robust tax governance standards and monitor legislative changes. It will also maintain oversight of the ongoing delivery of the financing strategy and management of risk for each area within its remit, in particular noting the impact of external markets and events on these.

Ian Livingston
Chair of the Finance Committee

14 May 2025

Directors' Remuneration Report

Martha Wyrsch
Chair of the Remuneration Committee

Key activities during the year

- Stakeholder consultation and development of 2025 Directors' Remuneration Policy
- Consideration of the Rights Issue on remuneration
- Ensure remuneration supports the capital investment plan delivery

Composition

The Committee comprises four independent Non-executive Directors. During the year, the Committee held four scheduled meetings and two ad hoc meetings.

Committee members

Martha Wyrsch (Chair)
Ian Livingston
Iain Mackay
Anne Robinson

Review of the year

I am pleased to present the Directors' Remuneration Report (DRR) for the year ended 31 March 2025.

This year has seen significant progress and strategic change for National Grid and our results demonstrate excellent execution against our key priorities. In May 2024 we successfully completed the £7 billion Rights Issue underpinning our ability to deliver our five year, £60 billion investment plan at pace. Delivery is well underway, in December 2024 we published the RIIO-T3 business plan and in May 2025, there is a Building our Energy future investor event where we showcase the progress we are making on the delivery of major capital projects across the UK and US.

During the year, the Committee has been focused on ensuring that our remuneration strategy supports the business to deliver the capital investment plan. This year also presented the opportunity to review our Directors' Remuneration Policy (Policy), which was last approved in 2022 and examine how it might evolve. As we undertook this review, we sought to ensure that the best interests of all our stakeholders today and over the next few years are properly addressed and we engaged widely with shareholders and other key stakeholders. I'd like to thank those who participated in this process for their feedback and significant support, which is covered in further detail later in this letter. The Committee concluded that while the broad framework of the Policy remained appropriate, some changes were necessary to ensure that the Policy remains fit for purpose to support our delivery of a step-change in critical energy infrastructure both in the UK and US. These deliverables are essential to support our energy transition and growth objectives.

The Policy changes we are proposing are reflective of the current market and are essential to ensuring delivery of our ambitious strategic plan. The attraction, retention and motivation of excellent leadership to deliver our growth plans over the short to medium term will help ensure long-term value is delivered to all of our key stakeholders. National Grid's Policy has not materially changed for over a decade, and we are taking this opportunity to create a competitive Policy that will see us into the future.

Our 2025 Policy renewal

Shareholder engagement

During the year, I wrote to shareholders (representing c.50% of the total shares in issue) and other key stakeholders to discuss the proposed changes to the 2025 Directors' Remuneration Policy. We appreciated the thoughtful and constructive comments we received. Our proposed changes to the Policy reflect the current market and adjustments necessary to ensure delivery of our ambitious strategic plan. They will help ensure long-term value is delivered to all of our key stakeholders. In light of the positive support which we received from our major shareholders, no substantive changes were required to our proposals.

Total remuneration positioning

National Grid has performed on its growth and investment plans, delivering a 101% total shareholder return over the 10-year period to date and outperforming the FTSE 100 index. Further, following the strategic portfolio repositioning, the Company has increased in size and changed structure. Our focus as a business is to continue on this strong growth trajectory. In May 2024, we announced our new five year financial framework which includes capital investment of around £60 billion over the five years to March 2029, representing a near two-fold increase to the investment compared to the prior five years.

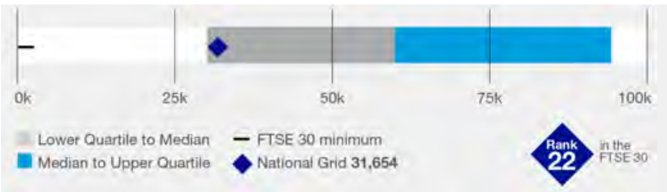
During the development of the Policy, the Committee considered whether the current pay comparator group of the FTSE 11–40, set in 2007/08, remained appropriate. Following a detailed review, we concluded that the comparator group should instead be the FTSE 1–30 (FTSE 30), having been a constituent of the FTSE 30 for over 20 years, this better reflects the size and complexity of National Grid and places us between the lower and the upper quartile of the group when measured by market capitalisation, revenue and number of employees (as shown in the charts on the following page).

Directors' Remuneration Report continued

FTSE 30 market capitalisation

FTSE 30 revenue

FTSE 30 number of employees

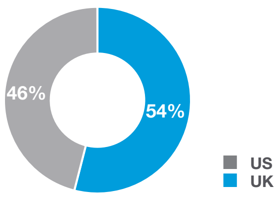


Note: FTSE 30 data as at 31 March 2025 and quartiles exclude National Grid.

Other relevant factors were also considered such as the scale of our investment plans and competition for talent in the industry both in the UK and USA. As shown in the diagram below, the US accounts for c.46% of our asset base.

2024/25 asset base

Geographical split



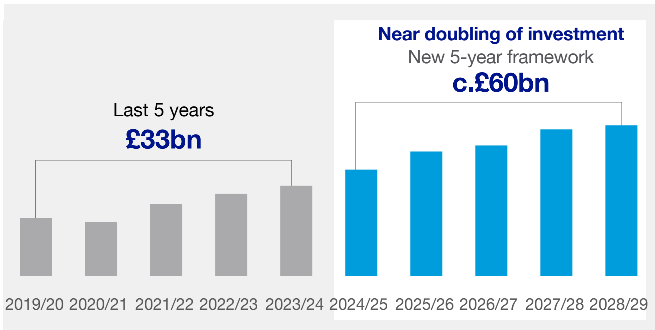
The Committee believes that pay benchmarking alone does not provide sufficient rationale for proposing increases and, as such, the recommended changes are not driven by this change of comparator group. The proposals we are bringing forward are aimed at supporting the delivery of the business strategy in an organisation which has grown significantly in size and complexity.

When looking at some of our main KPIs, over the last decade we have:
- Increased our regulated assets by 62% to £60 billion;
- Increased our capital investment by 183% to £9,847 million; and
- Increased our total number of employees by c.7,000 to 31,654 employees.

In addition to growing in size, we have grown in complexity, having undergone a strategic transformation which started in 2021. We have made changes to our asset mix with a shift towards electricity (which is a higher growth area). Examples of how our structure has changed in the last five years include:
- Acquired Western Power Distribution, the UK's largest electricity distribution network operator for £7.8 billion;
- Sold our Rhode Island gas and electricity business in the US and our UK Gas transmission and metering business; and
- Awarded the Accelerated Strategic Transmission Investment (ASTI) projects. The scale and importance of these projects required us to add a new delivery unit, Strategic Infrastructure, into our corporate structure.

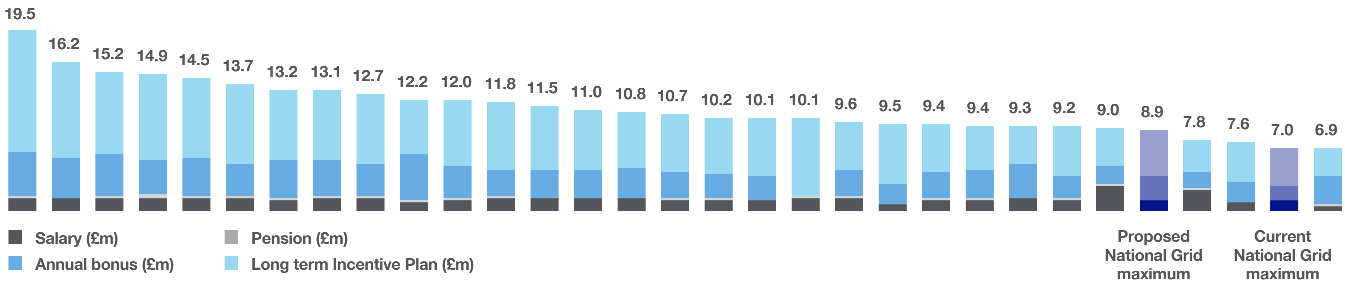
To support our unprecedented step up in capital investment, as shown below, investment is also required to ensure we are able to continue to attract and retain the talent needed to achieve our long-term goals.

c.£60 billion capital investment (2024/25 to 2028/29)

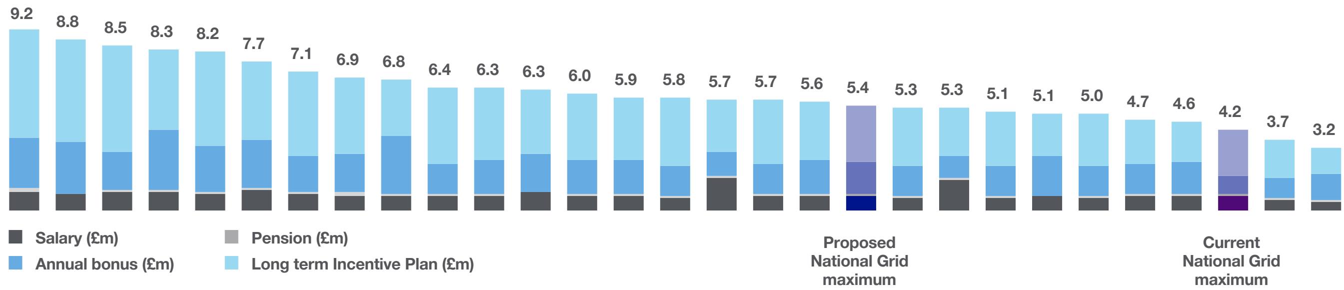


The total incentive opportunity for Executive Directors at National Grid has not increased in over a decade, with the current variable pay arrangements having been in place since 2014. It is also resulting in us experiencing pay compression issues with the level below Executive Director. The current incentive opportunities are uncompetitive and create challenges in attracting and incentivising global talent. We firmly believe that now is an appropriate time to address the clear shortfall in our variable pay arrangements, particularly the annual bonus opportunity. Against the FTSE 30, our maximum total remuneration is positioned significantly below the lower quartile, as shown in the charts on the following page. However, as mentioned, National Grid is consistently positioned around the middle of the FTSE 30 based on market capitalisation, revenue and number of employees.

CEO FTSE 30 total maximum remuneration



CFO FTSE 30 total maximum remuneration



Note: FTSE 30 data from Annual Reports published as of 2 April 2025.

The Committee is also mindful of the US talent market, given that over half of our revenue comes from our US operations. The US also continues to provide us with significant growth, demonstrated by £28 billion of our expected £60 billion investment being deployed in our US jurisdictions.

Annual Performance Plan (APP)

A fundamental principle of our Policy is to align Executive Directors' remuneration with the successful delivery of our ambitious strategic aims. There are a number of key annual targets that we will need to deliver in order to meet our five year financial framework. In direct support of this ambition, we are proposing to increase the maximum annual APP opportunity from 125% to 200% of salary for both Executive Directors. The proposed maximum APP opportunity would place Executive Directors at the lower quartile of the FTSE 30 group (and around the median of the FTSE 11–40, which was our previous peer group). This increase to APP quantum represents the first increase in bonus quantum since 2014.

APP deferral

Recognising the significant shareholding requirement which we already have in place, as well as the need to ensure that our remuneration package remains competitive, we are proposing to reduce the proportion of APP paid in shares after Executive Directors have met their shareholding requirement, from 50% to 33%. The part payment in shares that are held for two years facilitates the application of malus and clawback and aligns with shareholder experience. We note that both of our current Executive Directors materially exceed their shareholding requirements at 1,616% for the CEO and 978% for the CFO versus the shareholding requirements of 500% and 400% (of salary) respectively.

Long-Term Performance Plan (LTPP)

We remain fully committed to our existing remuneration philosophy of aligning executives to the long-term strategic goals of the Company. As such, we are proposing an increase in the maximum LTPP opportunity for the CEO from 350% to 400% of salary and for the CFO from 300% to 350% of salary, which would place the LTPP below the median of the FTSE 30 group.

Alongside this increase, we propose removing the current flexibility in the Policy that allows the Committee, in exceptional circumstances, to award an additional 50% of salary as incentive pay (which can, as a one-off arrangement, currently be applied across the APP and LTPP in any given year). It should be noted that the Committee has not used this flexibility since it was included in the Policy.

The initial LTPP grant of the awards under the new Policy will not be at the increased level. We will carefully consider the circumstances under which the maximum grant might be warranted alongside appropriate performance conditions and targets at that time. This change is intended to create a Policy which will provide the Committee with the necessary flexibility to attract and retain key talent going forward.

Other amendments to the Policy

As part of our holistic Policy review, the Committee is proposing other minor changes to ensure the effective operation of the Policy. These include updating the governance process for approving NED fees and creating flexibility for dividend equivalents to be paid in either cash or shares, as this flexibility already exists within our plan rules, approved by shareholders in 2021.

Directors' Remuneration Report continued

Rights Issue

As published in last year's Report, we made the decision to delay the target setting and calibration process (for both the APP and LTPP) until after the Rights Issue.

The targets for our 2024/25 APP and 2024 LTPP awards, reflecting the impact of the Rights Issue are disclosed on pages 129 and 132 respectively.

Our 2022 and 2023 LTPP awards have performance conditions that include financial measures of EPS and RoE, both impacted by the Rights Issue. As noted in last year's DRR, the Committee agreed to adjust the impacted financial targets on a nil gain/nil loss basis.

Wider workforce

The Committee considers the context of our wider workforce when evaluating Executive Directors' reward. We seek to ensure that colleagues receive fair and competitive reward packages that are aligned to the culture at National Grid.

We continue to maintain our commitment to paying a Living Wage as an accredited Living Wage employer in the UK.

In February 2024, I held a workforce engagement session to hear the views of employees across the organisation and ensure that they are considered at Committee meetings. The comments received from employees in attendance were insightful and constructive. These comments have been shared with the Committee and are being taken into consideration as we deliberate on issues that come to us. The Committee also engages with the wider workforce at all levels on an array of topics, including remuneration, and details of our Non-executive Director workforce engagement sessions can be found on page 106.

Alignment of remuneration with our business strategy

We align our performance-linked elements of remuneration (APP and LTPP) to our strategic priorities, long-term shareholder value and our vision for a secure, affordable and clean energy future, together with our sustainability commitments.

We are enhancing this alignment for 2025/26 by introducing a capital delivery measure to the APP to incentivise successful delivery of our capital investment plan.

Safety is also an important factor in remuneration decisions and in previous years the Committee has exercised its discretion when necessary following safety incidents.

CEO succession plan

I welcome the appointment of Zoë Yujnovich as our next CEO. She will succeed John Pettigrew who, after almost 10 years in post, has decided to retire from his role effective 16 November 2025.

Following a comprehensive succession planning process both the Board and John believe it is the right time to transition leadership. Zoë's proven track record makes her ideally qualified to guide us into our next phase of growth.

Zoë will receive a salary of £1,300,000 per annum. The remaining elements of her remuneration will be in line with the Directors' Remuneration Policy. On appointment, she will be granted share-based awards to replace remuneration foregone when leaving her previous employer. Further details of remuneration arrangements will be set out in the 2025/26 Directors' Remuneration Report.

Performance and remuneration outcomes during the year

Salary, pension and benefits

As published in last year's Report, John Pettigrew (Chief Executive) and Andy Agg (Chief Financial Officer) both received salary increases of 4.5%, effective 1 July 2024, a figure slightly below the overall UK wider workforce salary increase of 5.0%.

2024/25 APP

The 2024/25 APP was based on financial performance measures (70%), operational measures (15%), and individual objectives (15%) that reflect key business and operational performance goals.

Financial performance (70%)

The financial performance portion of the 2024/25 APP outturned at 98.3% of maximum, driven by achievement of 100% of maximum for Group Underlying EPS and 96.5% of maximum for Group RoE, both weighted equally. Both metrics delivered above target performance driven by strong performance from across the business, including benefits from new rate cases in the US, interconnectors arbitrage management and treasury management.

Financial performance was strong during the year with record levels of capital investment, Rights Issue delivery and successful completion of the Electricity System Operator (ESO) sale.

Operational performance (15%)

We continue to align the operational performance of our business with the delivery of impactful, lasting benefits to our stakeholders. For this period, operational measures were split equally in weight, linked to Group customer satisfaction (37.7% of maximum achieved), Group Colleague 'Delivering Results' index (25.0% of maximum achieved) and Group 'Inclusion' index (100% of maximum achieved). Performance against each of these measures was assessed against stretching goals, aimed at achieving material improvement in performance. On assessment of all metrics, performance was assessed as 54.2% of maximum.

Individual performance (15%)

15% of the 2024/25 APP was linked to individual objectives for Executive Directors. Assessment against these objectives resulted in performance outcomes of 100% of maximum for John Pettigrew and 90.0% of maximum for Andy Agg. Details of the targets and performance against these are set out on page 130.

Overall assessment

In reaching its overall decisions on the APP, the Committee considered the strong performance and delivery throughout the year across financial, operational, and individual objectives. The Committee concluded that the outcomes are appropriate in the context of performance achieved and determined that no discretion was required to the resultant APP formulaic outcome. Based on the overall performance of the Group, including the individual performance assessments of both John Pettigrew and Andy Agg, payouts under the plan for the period are 91.9% and 90.4% of maximum respectively.

Further details of performance versus the 2024/25 APP are outlined on **pages 129 and 130.**

2022 and 2024 LTPP

The performance period for the 2022 LTPP ended on 31 March 2025. Across the period, performance was based on financial measures (80%) and energy transformation measures (20%), as set out in the 2021/22 Annual Report.

The financial performance portion of the LTPP outturned at 73.0% of maximum, driven by achievement of 100% of maximum for Group Underlying EPS and 46.0% of maximum for Group RoE, both weighted equally. When assessing the degree to which the financial performance portion reflected the shareholder experience and the management's performance against targets set, the Committee noted that the financial outcome would be significantly impacted by exceptional macro-economic factors during the period which were not anticipated when targets were set. The Committee has therefore calculated RoE by taking account of the impact of these exceptional macro economic factors on the RoE calculation. This results in 11.41% Group RoE, leading to 46.0% of maximum vesting for this portion of the award. The Committee also considered the impact on Group EPS and noted that whilst these impacts reduce the Group EPS outturn figure they did not impact the vesting amount. The Committee is satisfied that the overall LTPP vesting outturn also reflects underlying business performance, the shareholder experience and management performance against the targets set. Details of this are set out on pages 130 and 131.

The energy transformation portion of the 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 resultant formulaic outcome of the 2022 LTPP was 76.3% of maximum. When reviewing the formulaic vesting outcome, the Committee considered the broader context of shareholder experience and the external environment to determine whether the vesting levels were appropriate. The Committee determined that the levels of vesting reflected the strong performance, both financially and against strategic and operational targets, and that no discretion should be applied. The Committee also evaluated whether there were any potential windfall gains over the period and determined that no adjustments were necessary.

As noted in last year's DRR, we took the decision to delay the grant of the 2024 LTPP until after the outcome of the Rights Issue was finalised (in order to neutralise the dilutive effect of the Rights Issue on the outstanding awards and options). The 2024 LTPP was awarded in July, and the performance will be assessed over the three-year period ending 31 March 2027. The performance measures are:
- Cumulative three-year Underlying Group EPS (40%);
- Group RoE (40%); and
- Energy transformation measures (20%).

The targets for this award, along with details of LTPP awards which vested during the year can be found on pages 130 – 132.

Single total figure of remuneration

The single total figures of remuneration for 2024/25 for both John Pettigrew and Andy Agg are £6.097 million and £3.678 million respectively.

These outcomes represent the strong business performance across the period, supported by the outcomes under the 2024/25 APP. John Pettigrew and Andy Agg supported the delivery of long-term value creation during a time of increased external pressures, as highlighted by the positive outcomes under the 2022 LTPP.

Policy implementation in 2025/26

Salary, pension and benefits

In reviewing the levels of fixed remuneration for the Executive Directors, the Committee considered the experience of the wider workforce. We felt it appropriate to increase the salaries of the Executive Directors at levels on par with increases provided across our wider workforce. Consequently, the Committee has awarded salary increases of 5.0% to John Pettigrew and Andy Agg, effective from 1 July 2025. This figure is on par with the wider UK and US workforce principles (5%). The wider workforce (non-union) salary budget increase is set at 4.0% plus a 1% for compression and market adjustment. Pensions and benefits remain unchanged.

2025/26 APP

For 2025/26, the maximum APP opportunity will be 200% of salary for both Executive Directors.

The APP will maintain the same financial measures (70%). The operational measures (15%) will include capital delivery and leadership of change measures to align the APP with our capital investment plan. Individual measures (15%) will be linked to individual objectives.

2025 LTPP

The 2025 LTPP award levels will be 350% of salary for John and 300% of salary for Andy. These levels remain consistent to the awards granted in 2024. The Committee considered the current operation of the plan to be effective and the performance measures for the 2025 LTPP are as follows:
- Cumulative three-year Underlying Group EPS (40%);
- Group RoE (40%); and
- Energy transformation measures (20%).

The Committee believes these measures appropriately incentivise participants in a manner that provides clear alignment with our financial and strategic vision, as we continue to seek to deliver value for our shareholders and work towards our energy transformation commitments.

Chair and Non-executive Director fees

Fees for the Chair and Non-executive Directors are being increased by 4.0%, effective from 1 July 2025.

Conclusion

I would like to thank shareholders for their input and engagement this year. We aim to maintain an open dialogue and look forward to receiving your support at the AGM on 9 July 2025.

Martha Wyrsch
Chair of the Remuneration Committee

14 May 2025

Directors' Remuneration Report

Summary of the approach taken for 2024/25 and the intended approach for 2025/26

Our current Directors' Remuneration Policy was approved at the 2022 AGM and will therefore require reapproval at the 2025 AGM. Our Directors' Remuneration Policy as set out in this report (the 2025 Directors' Remuneration Policy) will be put to shareholders for approval at the 2025 AGM to be held on 9 July 2025.

2024/25 remuneration outcomes are aligned to the delivery of our strategy and reflect strong business and individual performance during the year. Our approach for 2025/26 aims to continue to incentivise delivery of our strategic goals as we enter a new phase of growth at National Grid.

The 2025 Directors' Remuneration Policy is set out on **pages 138 – 146.**

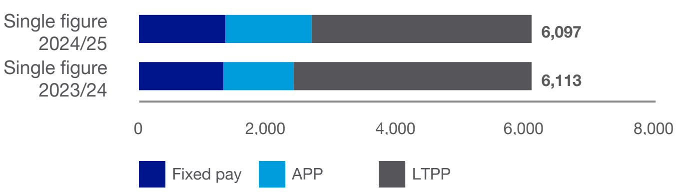
Annual report on remuneration

A comparison of the 2024/25 single total figure of remuneration to the previous year is set out below for the Executive Directors, John Pettigrew and Andy Agg. Both Executive Directors are UK based. Fixed pay consists of salary, pension and benefits paid during the respective financial years.

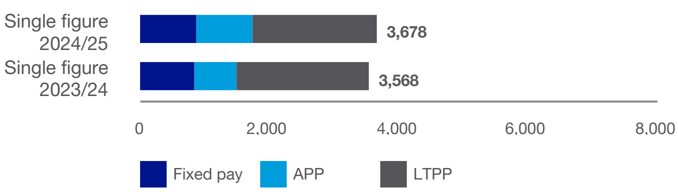
The 2024/25 single total figure of remuneration for John Pettigrew and Andy Agg is £6.097 million and £3.678 million and represent an achievement of 80.4% and 80.5% of the total maximum opportunity respectively.

These outcomes reflect strong annual performance delivery in 2024/25 and long-term value creation. The single total figure of remuneration is largely driven by the heavy weighting on long-term share awards which reflects the long-term nature of our business, making up to two thirds of total remuneration and around 80% of variable pay. The 76.3% vesting of the LTPP reflects strong performance against both our financial and energy transformation measures.

John Pettigrew (£'000)



Andy Agg (£'000)



Note: The single total figure of remuneration for 2024/25 is explained in the single total figure of remuneration table for Executive Directors and single total figure for 2023/24 has been restated to reflect actual share price for 2021 LTPP vesting in 2024 and all dividend equivalent shares, consistent with comparative figures shown in this year's single total figure of remuneration table.

<table>
<tr><th></th><th>Implementation in 2024/25 (pages 128 - 137)</th><th>Implementation in 2025/26 (pages 147 - 149)</th></tr>
<tr><td>Salary</td><td>• John Pettigrew's and Andy Agg's salaries increased by 4.5% to £1,187,300 and £781,500 as of 1 July 2024 respectively – below the average increase of 5.0% across the UK wider workforce</td><td>• John Pettigrew's and Andy Agg's salaries will increase by 5.0% to £1,246,665 and £820,575 as of 1 July 2025 respectively – on par with the wider workforce principles (5%)</td></tr>
<tr><td>Pension and benefits</td><td>• John Pettigrew's and Andy Agg's pension cash allowance was 12% of salary for 2024/25, in line with the UK wider workforce
• Other benefits remain unchanged</td><td>• Pension and benefits will remain unchanged</td></tr>
<tr><td>APP</td><td>2024/25 APP
Maximum opportunity of 125% of salary for both Executive Directors
<table>
<tr><th>Performance measures (%) weighting</th><th>Outturn (% of max)</th></tr>
<tr><td>Group Underlying EPS (35%)</td><td>100 %</td></tr>
<tr><td>Group RoE (35%)</td><td>96.5 %</td></tr>
<tr><td>Operational (15%)</td><td>54.2 %</td></tr>
<tr><td>Individual (15%): John Pettigrew</td><td>100 %</td></tr>
<tr><td>Individual (15%): Andy Agg</td><td>90 %</td></tr>
</table>
2024/25 APP outcome
<table>
<tr><th></th><th>% of Maximum</th><th>Actual (£'000)</th><th>Maximum (£'000)</th></tr>
<tr><td>John Pettigrew</td><td>91.9 %</td><td>1,349</td><td>1,468</td></tr>
<tr><td>Andy Agg</td><td>90.4 %</td><td>874</td><td>966</td></tr>
</table></td><td>2025/26 APP
Maximum opportunity of 200% of salary for both Executive Directors
Measures for 2025/26:
• Group RoE (35%)
• Group Underlying EPS (35%)
• Operational measures – Capital delivery and effectiveness, Leadership of change (15%)
• Individual measures (15%)</td></tr>
</table>

Indicates an alternative performance measure

	Implementation in 2024/25 (pages 128 - 137)	Implementation in 2025/26 (pages 147 - 149)

LTPP

Implementation in 2024/25

2022 LTPP

Award levels were 350% of salary for the CEO and 300% of salary for the CFO

Performance measures (%) weighting	Outturn (% of max)
Underlying EPS (40%)	100 %
Group RoE (40%)	46.0 %
Reduction of Scope 1 emissions (10%)	100 %
Enablement of energy transformation (10%)	79.0 %

2022 LTPP outcome

	% of Maximum	Actual (£'000)	Maximum (£'000)
John Pettigrew	76.3 %	3,392	4,445
Andy Agg	76.3 %	1,913	2,507

Implementation in 2025/26

2025 LTPP

Award levels will remain at 350% of salary for the CEO and 300% of salary for the CFO

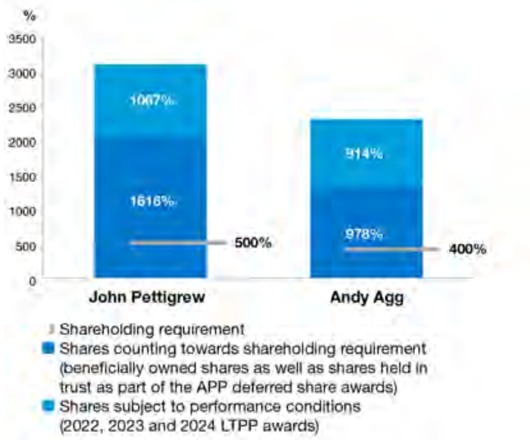
Measures for 2025 LTPP:

- Group RoE (40%)
- Group Underlying EPS (40%)
- Reduction of Scope 1 emissions (10%)
- Enablement of strategic growth initiative (10%)

Shareholding requirements

Implementation in 2024/25

John Pettigrew and Andy Agg have met their shareholding requirements



The above chart excludes shares subject to continued employment (shares held as part of the Sharesave scheme).

Implementation in 2025/26

Shareholding requirements remain unchanged

Non-executive Director fees

Implementation in 2024/25

All Non-executive Directors' fees, including the Chair, increased by 4.5% – below the average increase of 5.0% across the UK wider workforce

Implementation in 2025/26

- All Non-executive Directors' fees, including the Chair, will be increased by 4.0% – below the wider workforce principles (5%)

Directors' Remuneration Report continued

Statement of implementation of Policy in 2024/25

Statement of implementation of Policy in 2024/25

Content contained within a grey box indicates that all the information in the panel is audited

2024/25 remuneration implementation

Single total figure of remuneration – Executive Directors

The following table shows a single total figure of remuneration in respect of qualifying service for 2024/25, together with comparative figures for 2023/24. All figures shown to £'000:

	John Pettigrew		Andy Agg	
	2024/25	2023/24	**2024/25**	2023/24
Salary	**1,175**	1,125	**773**	741
Benefits	**40**	87	**25**	29
Pension	**141**	135	**93**	89
Total fixed pay	**1,356**	1,347	**891**	859
APP	**1,349**	1,062	**874**	674
LTPP	**3,392**	3,704	**1,913**	2,035
Total variable pay	**4,741**	4,766	**2,787**	2,709
Total remuneration	**6,097**	6,113	**3,678**	3,568

Notes:

Salary: John Pettigrew's and Andy Agg's salaries increased by 4.5% to £1,187,300 and £781,500 as of 1 July 2024 respectively – below the average increase of 5.0% across the UK wider workforce.

Benefits: This includes private medical insurance, life assurance, allowance under the Group's flexible benefits programme, travel and accommodation expenses, a fully expensed car or cash alternative and the use of a car and a driver when required. John Pettigrew received £12,000 for his company car allowance, £2,455 for life assurance, £1,208 for private medical insurance and £17,015 for the use of a car and driver for 2024/25 (2023/24: £70,848). Andy Agg received £12,000 for his company car allowance, £6,597 for life assurance, £2,613 for private medical insurance and £4,568 for taxable accommodation and travel expenses for 2024/25. A Sharesave option award was granted to John Pettigrew on 13 January 2025 and the benefit (approximately £7,500) of this award is included. There were no Sharesave options granted to Andy Agg during 2024/25.

Pension: Pension contributions for John Pettigrew and Andy Agg were 12% of salary for 2024/25.

LTPP: The 2022 LTPP is due to vest in July 2025. The average share price over the three months from 1 January 2025 to 31 March 2025 of 962.17 pence has been applied and estimated dividend equivalents are included. The value of the 2022 LTPP award is driven in part by the share price change of 10.0% from date of grant to date of vest and TSR of 9.5% over the three-year performance period. The 2021 LTPP figures (included in the 2023/24 column) have been restated to reflect the actual share price on vesting, the numbers of shares that vested due to the Rights Issue and all dividend equivalent shares. The number of shares that vested were impacted by the Rights Issue, as a result 418,303 shares vested for John Pettigrew and 229,837 shares vested for Andy Agg. As the vesting share price of 885.40 pence was lower versus the estimate of 1,043.70 pence (and the reduced dividend equivalent shares added for the dividend with a record date of 7 June 2024 with a dividend rate of 39.12 pence per share), the actual value at vesting was £240,345 lower than for the estimate published last year for John Pettigrew and £132,023 lower for Andy Agg.

Malus and clawback: The Committee considered whether any or all of an award should be forfeited, even if already paid, due to exceptional circumstances outlined in our Policy and determined that no action was required.

Total pension benefits

John Pettigrew and Andy Agg received a cash allowance in lieu of participation in a pension arrangement. There are no additional benefits on early retirement. The values of pension contributions, received during this year, are shown in the single total figure of remuneration table.

John Pettigrew has, in addition, accrued defined benefit (DB) entitlements. He opted out of the DB scheme on 31 March 2016 with a deferred pension and lump sum payable at his normal retirement date of 26 October 2031. At 31 March 2025, John Pettigrew's accrued DB pension was £111,699 per annum and his accrued lump sum was £335,096. No additional DB entitlements have been earned over the financial year, other than an increase for price inflation due under the pension scheme rules and legislation. Under the terms of the pension scheme, if he satisfies the ill-health requirements or he is made redundant, a pension may be payable earlier than his normal retirement date. A lump sum death in service benefit is also provided in respect of these DB entitlements.

2024/25 APP

For 2024/25 APP, financial measures represent 70% of the award and operational measures and individual objectives equally represent 15% each of the award similar to 2023/24. Payment of the APP award is made 50% in shares and 50% in cash. Shares (after any sales to pay associated tax) must be retained until the shareholding requirement is met, and in any event for a minimum of two years after receipt.

For financial measures, threshold, target and stretch performance levels are set by the Committee for the performance period and pay out at 0%, 50% and 100% of the maximum calculated on a straight-line basis. Operational measures have been assessed on a four-point scale (not met, partially achieved, achieved and over-achieved) based on quantitative targets set at the beginning of the year by the Committee. Target and stretch performance levels for the individual objectives are also predetermined by the Committee for the performance period, and an assessment of the performance relative to the target and stretch performance levels is made at the end of the performance year on each objective. Executive Directors have a maximum opportunity of 125% of salary for 2024/25.

APP – Financial performance

The financial measures (70%) were weighted equally between two measures – Group Underlying EPS and Group RoE. The Group has continued to deliver strong financial performance with record levels of capital expenditure, Rights Issue delivery and successful completion of the ESO sale.

The financial performance outcomes of the 2024/25 APP award are summarised in the table below:

Measure	Weighting (% of APP)	Threshold	Target	Stretch	Outcome (% of max)
Group Underlying EPS (pence)	35%	67.0	70.0 73.3	73.0	100%
Group RoE (%)	35%	8.2%	8.6% 8.97%	9.0%	96.5%
Total financial outturn	70%				98.3%

Notes:
Group Underlying EPS: Technical adjustments have been made which reduce the performance range (including threshold, target and stretch) by 1.0 pence. This reflects the net effect of currency adjustments, scrip issuances, US pension assumptions and US/UK pension interest.
Group RoE: Targets have been adjusted to reflect a change in the calculation methodology (approved by the Audit and Risk Committee) to reflect amortisation of goodwill and other indefinite life intangible assets (ILIs) over 20 years (see page 292). This increased the target by 1.1% from 7.5% to 8.6%.

APP – Operational performance

The operational measures (15%) were weighted equally between three key measures:

- Customer: Group customer satisfaction index;
- Colleague: 'Delivering Results' index; and
- Colleague: 'Inclusion' index.

Operational measures were assessed on a four-point scale (not met, partially achieved, achieved and over-achieved) based on quantifiable targets where possible and qualitative outcomes to reflect a balanced assessment of performance. Overall, there was a mixed performance against each measure with Inclusion goals being achieved and customer and delivering results scores being partially achieved. This resulted in a combined outcome of 54.2% of maximum.

Measure	Details	Assessment	Outcome
Customer: Group customer satisfaction index (5%)	Blend of customer scores across the business units all equally weighted: • Customer Relationship Index for New York and New England; • Quality of connections, Broad Measure of Customer Service and Major Connections Satisfaction Score for UK ET and UK ED; and • Customer output measures for NGV.	The customer scores for New York and New England were not met partly due to the impact of high bills for residential customers	**Not met**
		UK ET customer score was achieved due to prioritising in-year tactical actions including proactive New Year communications	**Achieved**
		UK ED customer score was not met partly due to Storm Darragh and the impact on customer satisfaction	**Not met**
		NGV customer scores have been achieved with strong performance with effective strategies to maximise interconnector arbitrage	**Achieved**
		Further detail on customer satisfaction can be found on page 50.	
			37.7%
Colleague: Group 'Delivering Results' index (5%)	Index in our annual employee engagement survey (Grid:Voice) that assesses the Company values, and measures how the Company has improved the culture and achieved its vision and strategic priorities for this year.	Group 'Delivering Results' was 25% (at threshold). The scores show a mixed picture across the business with only some business units achieving their targets. This highlighted the areas where we can direct more resources	**Partially met**
			25.0%
Colleague: Group 'Inclusion' index (5%)	Index in our annual employee engagement survey (Grid:Voice) that assesses whether employees feel included at National Grid.	Inclusion scores were achieved and showed that employees are valued, feel included and are able to be themselves at work	**Over-achieved**
			100%
Combined operational outcome			**54.2%**

APP – Individual objectives

In addition to the financial and operational goals outlined above, the Board approves annual individual performance for the Executive Directors in line with key operational and strategic priorities. As part of the process for assessing individual performance, the Chief Executive provided the Board with a comprehensive review of company performance and his individual contributions relative to the previously adopted goals. Upon assessment, the Board considered that the Chief Executive's performance had contributed significantly to the progress made across each of the goals. The Chief Executive undertook the same process for the Chief Financial Officer and presented his recommendations to the Committee in March 2025. The following table sets out the 2024/25 individual objectives together with associated performance commentaries and the Committee's assessment of the performance outcome for each of the Executive Directors:

Directors' Remuneration Report continued

Statement of implementation of Policy in 2024/25 continued

Individual objectives and performance summary – John Pettigrew	Outcome
Continue the journey to a Networks Plus company • Successful Rights Issue and launch of our refined strategy • Divested the ESO, completed the disposition of gas transmission, agreed sale of NGR and initiated sale of our Isle of Grain LNG facility • Delivered a record level of capital expenditure, on time, on budget and safely	100 %
Elevate the regulatory and public affairs profile of National Grid • Effected changes in leadership, staffing, strategy and activities of the regulatory and public affairs functions to increase impact • Enhanced cooperation and trust with Ofgem • Successfully agreed rate cases in New York and Massachusetts with 70% of our capital plan now agreed	
Address the challenges of true transformation • Digital transformation of US customer service functions, successfully converting all six million customers to a single platform • Undertook efforts to leverage the transformational potential of generative AI • Through NGV, maintained commitment to invest in technologies which will increase the automation and efficiency of grid operations	
Invest in Talent and Leadership • Achieved continued improvement in key metrics recorded via the culture diagnostic survey of all employees • Enhanced engagement with the various senior leadership groups, reinforcing the values driven culture and the importance of people • Continued to strengthen the Group Executive Committee with new executive hires and promotions	

Individual objectives and performance summary – Andy Agg	Outcome
Ensure financing decisions that deliver the Group strategy are well understood by the Board with strong external investor support • Successful Rights Issue and resulting share price performance • Five year frame launch met with positive market sentiment with investor focus on delivery of capex step-up • Investor perception metrics (Net confidence and Net Satisfaction scores) higher than pre Rights Issue and exceed peer benchmarks • Successful delivery of debt financing strategy	90 %
Deliver regulator outcomes in line with Board expectations and yield a positive investor reaction • NGET RIIO-T3 price control: Steady progress with submission positively positioned • MECO rate case filing: Supported delivery of a landmark outcome • Simplified the internal performance framework and introduced senior leader performance-focused sessions	
Deliver a step change in organisational capabilities that enable Group-wide efficiency targets to be met, and facilitate capital growth to time and cost • Strong progress on the Enterprise Business Services strategy and finalised the delivery model • Delivered efficiency savings ahead of target • Strengthened financial controls, including increases in automation and lower level of deficiencies than prior year • A number of transactions successfully completed during the year along with the NGR sale announcement	
Build capability: Drive the identification and development of talent into the right pipelines and succession for CFO • Senior team succession planning well developed to ensure full coverage of two successors over different timelines • Full utilisation of leadership development programmes	

2022 LTPP

Performance conditions

The 2022 LTPP will vest on 1 July 2025 and was based on two equally weighted financial measures, Group Underlying EPS (40%) and Group RoE (40%). The remaining 20% weighting was split equally between two non-financial measures, Reduction of Scope 1 emissions (10%) and Enablement of energy transformation (10%). The financial targets and weightings of the 2022 LTPP below are the same for both Executive Directors.

As detailed in the Chair letter, the outturns of the 2022 LTPP are reflective of the business' performance over the period and are summarised below. During the performance period, we have delivered record levels of capital expenditure and, with increased clarity about the scale of investment ahead of us, successfully raised £7 billion of equity through a Rights Issue. We have maintained strong earnings against a complex landscape of macroeconomic and geopolitical challenges, navigated the start of UK ED's five year RIIO-2 regulatory framework, alongside new rate cases in the US and all while maintaining a continued focus on the need to drive efficiency. The outturns are summarised below:

Performance measure	Weighting	Threshold 20% vesting	Actual	Maximum 100% vesting	Outcome (% of max)
Cumulative three-year Underlying Group EPS	40 %	185p	213p	203p	100%
Group RoE	40 %	11.0%	11.4%	12.3 %	46.0%
National Grid Scope 1 emissions	10 %	$-56ktCO_2e$	$-139ktCO_2e$	$-132ktCO_2e$	100%
Enablement of energy transformation: Strategic initiatives (Scope 2 and 3)	10 %	Four strategic initiatives assessed on a four-point scale	79.0%		79.0%
					76.3%

Notes:

Group RoE: Underlying EPS and Group RoE performance targets were adjusted for the impacts of the Rights Issue to ensure participants were in the same position as pre-Rights Issue. In addition, EPS targets were further adjusted to reflect the change in the underlying EPS definition to exclude the impact of UK regulated Deferred Tax. This change has a positive impact on underlying EPS but is economically neutral in the medium to long term. EPS targets were adjusted on a nil gain / nil loss basis, it does not impact our performance conditions for Group RoE. In addition, RoE targets have been adjusted to reflect a change in the calculation methodology (approved by the Audit & Risk Committee) to reflect amortisation of goodwill and other indefinite life intangible assets (ILIs) over 20 years (see p292).

Vesting

The performance period for the 2022 LTPP ended on 31 March 2025. Across the period, performance was based on financial measures (80%) and energy transformation measures (20%), as set out in the 2021/22 Annual Report.

The overall outcome of the 2022 LTPP was 76.3% of maximum, with 58.4% of the total award vesting linked to financial measures, driven by achievement of 100% of maximum for Group Underlying EPS and 46.0% of maximum for Group RoE, both weighted equally; 17.9% of the total LTPP award vested in relation to the energy transformation measures, driven by achievement of 100% of maximum for Scope 1 emissions and 79.0% of maximum for enablement of energy transformation, both weighted equally.

As highlighted in the Chair letter, when assessing the degree to which the financial performance portion reflected the shareholder experience and the management's performance against targets set, the Committee noted that the financial outcome would be significantly impacted by exceptional macro-economic factors during the period which were not anticipated when targets were set. The Committee has therefore calculated RoE by taking account of the impact of the exceptional macro economic factors during the period on the RoE calculation. This results in 11.41% Group RoE, leading to 46.0% of maximum vesting for this portion of the award. Taking account of this impact reduced the Group EPS outturn figure but did not impact the associated vesting outcome.

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 Committee is satisfied that the overall LTPP vesting outturn also reflects underlying business performance and the shareholder experience. This results in the 2022 LTPP outturn being 76.3% of maximum.

The amounts due to vest under the 2022 LTPP for the performance period that ended on 31 March 2025 are included in the 2024/25 single total figure table on page 128 and are shown in the table below. The current share price valuation is an estimate based on the average share price over the three months from 1 January 2025 to 31 March 2025 of 962.17 pence and the proposed 2024/25 final dividend with record date of 30 May 2025, subject to shareholder approval, is included. The total number of shares subject to awards which vest (after any sales to pay associated income tax and social security), including dividend equivalent shares are subject to a two-year holding period.

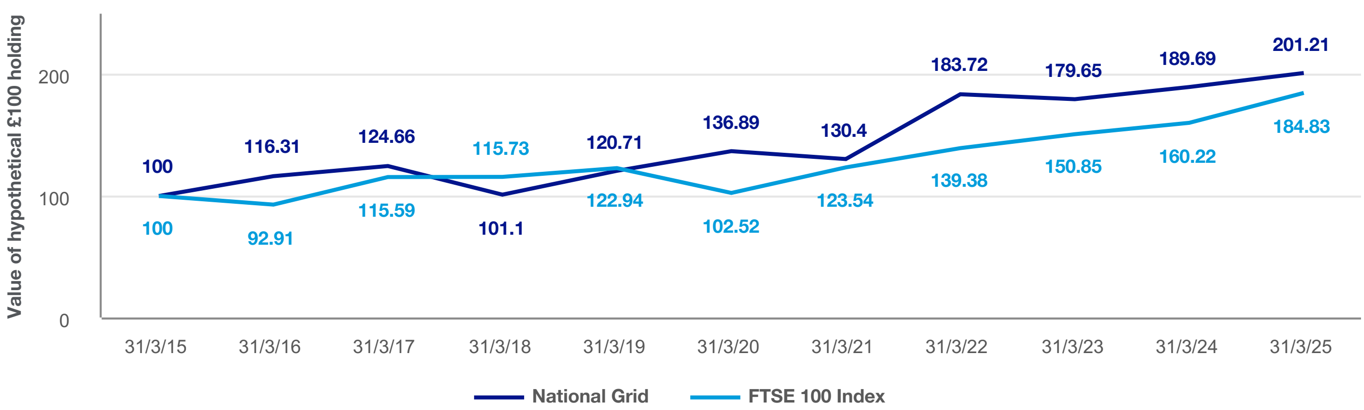
The Committee considered wider business factors, such as underlying financial performance, ESG considerations, potential windfall gains and shareholder experience, when determining the final outturn for the 2022 LTPP and were comfortable that no adjustments were required.

	Shares awarded	Rights Issue adjustment	Total number of shares	Performance outcome (% of maximum)	Vested shares based on performance	Face value of the award at grant (£'000)	Total value (£'000)
John Pettigrew	357,606	38,263	395,869	76.3	302,095	3,230	3,392
Andy Agg	201,727	21,584	223,311	76.3	170,413	1,822	1,913

Assessment of National Grid shareholder returns

National Grid plc's 10-year annual TSR performance against the FTSE 100 Index since 31 March 2015 is shown below and illustrates the growth in value of a notional £100 holding invested in National Grid plc on 31 March 2015, compared with the same invested in the FTSE 100 Index. The FTSE 100 Index has been chosen because it is a widely recognised performance benchmark for large companies in the UK and it is a useful reference to assess relative value creation for National Grid plc shareholders. Over the last 10-year period, National Grid plc's TSR is 101% versus the FTSE 100 Index at 85%, demonstrating sustainable long-term value for our shareholders.

Total Shareholder Return (£)



Directors' Remuneration Report continued

Statement of implementation of Policy in 2024/25 continued

2024 LTPP

Performance conditions

For the 2024 LTPP, the performance measures comprise two equally weighted financial measures totalling 80% and two equally weighted energy transformation measures totalling 20% over the three-year performance period, as outlined in the table below.

Performance measure	Weighting	Threshold 20% vesting	Maximum 100% vesting
Cumulative three-year Underlying Group EPS	40 %	216p	234p
Group RoE	40 %	8.70 %	9.95 %
Reduction of Scope 1 emissions	10 %	6%	12 %
Enablement of energy transformation: Strategic initiatives (Scope 2 and 3)	10 %	Four strategic initiatives: US energy efficiency programmes, low-carbon generation connections, US future of gas strategy, grid connections reform.	

Notes: Vesting between threshold and maximum will be on a straight-line basis.

Conditional awards made during the year

The face value of the awards is calculated using the volume weighted average share price at the date of grant. The share price at the date of grant on 23 July 2024 was 948.45 pence. The 2024 LTPP will vest on 1 July 2027. The total number of shares subject to awards which vest (after any sales to pay associated income tax and social security), including dividend equivalent shares are subject to a two-year holding period following vesting.

	Basis of award (% of salary)	Number of shares	Face value (£'000)	Proportion vesting at threshold performance	Performance period end date
John Pettigrew	350 %	438,141	4,156	20 %	31 March 2027
Andy Agg	300 %	247,193	2,345	20 %	31 March 2027

Statement of Directors' shareholdings and share interests

The Executive Directors are required to build up and hold a shareholding from vested share plan awards until their shareholding requirement is met. Until this point, Executive Directors will not be permitted to sell shares, other than to pay income tax liabilities on shares just vested or in exceptional circumstances approved by the Committee. The following table shows the position of each of the Executive Directors in relation to the shareholding requirement, including their connected persons. The shareholding is as at 31 March 2025 and the salary used to calculate the value of the shareholding is the gross salary as at 31 March 2025. The table also presents the number of shares owned by the Non-executive Directors, including their connected persons.

Both John Pettigrew and Andy Agg have met their shareholding requirement.

Further shares have been purchased in April and May 2025 on behalf of each of John Pettigrew and Andy Agg as part of the Share Incentive Plan (SIP) (an HMRC tax-advantaged all-employee share plan), thereby increasing the beneficial interests by 29 shares (15 in April and 14 in May) for both John Pettigrew and Andy Agg. There have been no other changes in Directors' shareholdings between 1 April 2025 and 14 May 2025.

Directors	Share ownership requirements (multiple of salary)	Number of shares/ADSs owned outright (including connected persons and SIP for Executive Directors)	Value of shares held as a multiple of current salary (excluding closely connected persons)	Number of options granted under the Sharesave Plan	Conditional share awards subject to performance conditions (LTPP 2022, 2023 and 2024)
Executive Directors					
John Pettigrew	500 %	1,900,220	1,616 %	8,889	1,254,813
Andy Agg	400 %	756,754	978 %	4,777	707,894
Non-executive Directors					
Paula Rosput Reynolds (ADSs)	—	22,622	—	—	—
Anne Robinson (ADSs)	—	—	—	—	—
Earl Shipp (ADSs)	—	6,046	—	—	—
Iain Mackay	—	—	—	—	—
Ian Livingston	—	2,374	—	—	—
Jacqui Ferguson	—	—	—	—	—
Jonathan Silver (ADSs)	—	—	—	—	—
Martha Wyrsch (ADSs)	—	25,000	—	—	—
Tony Wood	—	2,583	—	—	—

Notes:

John Pettigrew: On 31 March 2025, held 4,670 options granted under the Sharesave Plan with an exercise price of 711 pence per share (the 20% discounted option price) which can, subject to their terms, be exercised at 711 pence per share between 1 April 2025 and 30 September 2025. On 31 March 2025, also held 4,219 options granted under the Sharesave Plan with an exercise price of 743 pence per share (the 20% discounted option price) which can, subject to their terms, be exercised at 743 pence per share between 1 April 2027 and 30 September 2027. The number of conditional share awards subject to performance conditions is as follows: 2022 LTPP: 395,869; 2023 LTPP: 420,803; 2024 LTPP: 438,141.

Andy Agg: On 31 March 2025, held 4,777 options granted under the Sharesave Plan with an exercise price of 695 pence per share (the 20% discounted option price) and they can, subject to their terms, be exercised at 695 pence per share between 1 April 2026 and 30 September 2026. The number of conditional share awards subject to performance conditions is as follows: 2022 LTPP: 223,311; 2023 LTPP: 237,390; 2024 LTPP: 247,193.

Paula Rosput Reynolds, Anne Robinson, Earl Shipp, Jonathan Silver and Martha Wyrsch: Holdings are shown as American Depositary Shares (ADSs) and each ADS represents five ordinary shares.

Post-employment shareholding requirements

Past Executive Directors are required to continue to hold their vested shares/ADSs post employment for a period of two years in line with our current Policy.

To enforce this, the Executive Directors have given permission for the Group to periodically check with its third-party share scheme administrator whether the minimum shareholding requirement is being maintained. The Executive Directors have acknowledged that if they breach their post-employment shareholding requirement for any reason, the Group may enforce at its discretion one or more of the following processes: to request they repay to the Group an amount equivalent in value to the shareholding requirement that has not been met; the Group may withdraw/vary the vesting of any future shares granted under the LTPP; the Company may publish a public statement in a form, as the Group may decide, that the Director has failed to comply with the post-employment shareholding requirement. Executive Directors are reminded annually and when employed, of the post-employment shareholding requirement. At termination, the minimum shareholding requirement is confirmed to the Director and checks are made by the Group at the 12-month and 24-month anniversary of leaving and at the relevant financial year end, 31 March, to ascertain if their post-employment shareholding requirement has been met.

Shareholder dilution

All Company employees are encouraged to become shareholders through a number of all-employee share plans and a significant proportion of our employees participate annually. These plans include Sharesave and the SIP in the UK and the US Employee Stock Purchase Plan (ESPP) and US Incentive Thrift Plan (commonly referred to as a 401(k) plan) in the US which are summarised on page 275 and in our Policy.

Where shares may be issued or treasury shares reissued to satisfy incentives, the aggregate dilution resulting from executive or discretionary share-based incentives will not exceed 5% in any 10-year period. Dilution resulting from all incentives, including all-employee incentives, will not exceed 10% in any 10-year period. The Committee reviews dilution levels against these limits annually and under these limits the Company, as at 31 March 2025, had a headroom of 4.04% and 8.18% respectively.

Unvested or unexercised awards under our all-employee and discretionary share plans have been adjusted to take account of the Rights Issue.

Chief Executive pay ratio

We have disclosed our Chief Executive pay ratios comparing the single total figure of remuneration of the Chief Executive to the equivalent pay for the 25th percentile, median and 75th percentile UK employees (calculated on a full-time equivalent basis), as well as the median Group-wide pay ratio.

The Chief Executive pay ratio has decreased from 90:1 to 85:1 at the UK median, primarily due to the impact of the 2022 LTPP award which reduced the Chief Executive's single total figure of remuneration this year as well as the pay and benefits of employees increasing from last year. This has also caused the Group median pay ratio to decrease when compared to last year.

Excluding estimated 2022 LTPP vesting, our UK median pay ratio has increased from 34:1 in 2023/24 to 38:1 this year and our Group pay ratio has increased from 25:1 in 2023/24 to 27:1 this year.

		UK			Group-wide
Year	**Method**	**25th percentile pay ratio**	**Median pay ratio**	**75th percentile pay ratio**	**Median pay ratio**
2024/25	Option A	112	85	65	61
2023/24	Option A	117	90	69	65
2022/23	Option A	144	111	86	76
2021/22	Option A	135	105	81	76
2020/21	Option A	104	81	62	54
2019/20	Option A	111	86	66	53
2018/19 – voluntary	Option A	96	76	58	48

Notes: Salaries as at 31 March 2025 and estimated performance-based annual payments for 2024/25 have been annualised for part-time employees to reflect full-time equivalents. Performance payments have not been further adjusted to compensate where new employees have not completed a full performance year. The comparison with UK employees is specified by the 2018 amendment of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. US employees represent approximately 57% of our total employees. Our median pay ratio on a Group-wide basis is outlined above and calculated on the same basis as the UK pay ratios and at an exchange rate of $1.26637:£1.

Changes in the Chief Executive pay ratio reflect the fact that a key feature of our executive and senior leadership remuneration strategy is heavily weighted towards longer-term performance share-based reward, resulting in larger swings year-on-year than the wider workforce. Across the wider workforce, employee remuneration is largely focused on in-year annual delivery.

The 2024/25 salary and total pay including benefits for the Chief Executive versus UK employees is shown below.

2024/25 salary and benefits – Chief Executive versus UK wider workforce

	Chief Executive remuneration	UK employee 25th percentile	UK employee median	UK employee 75th percentile
Salary	£1,174,525	£43,263	£49,475	£64,161
Total pay and benefits	£6,097,088	£54,440	£71,802	£94,191

We have chosen to use Option A in calculating the ratios, which is a calculation based on the pay of all UK employees on a full-time equivalent basis, as this option is considered to be more statistically robust. The ratios are based on total pay and benefits inclusive of short-term and long-term incentives applicable for the respective financial year (1 April – 31 March). The reference employees at the 25th, median and 75th percentile have been determined by reference to pay and taxable benefits as at the last day of the respective financial year, 31 March, with estimates for the respective APP payouts and performance outcomes of the LTPP and dividend equivalents.

Directors' Remuneration Report continued

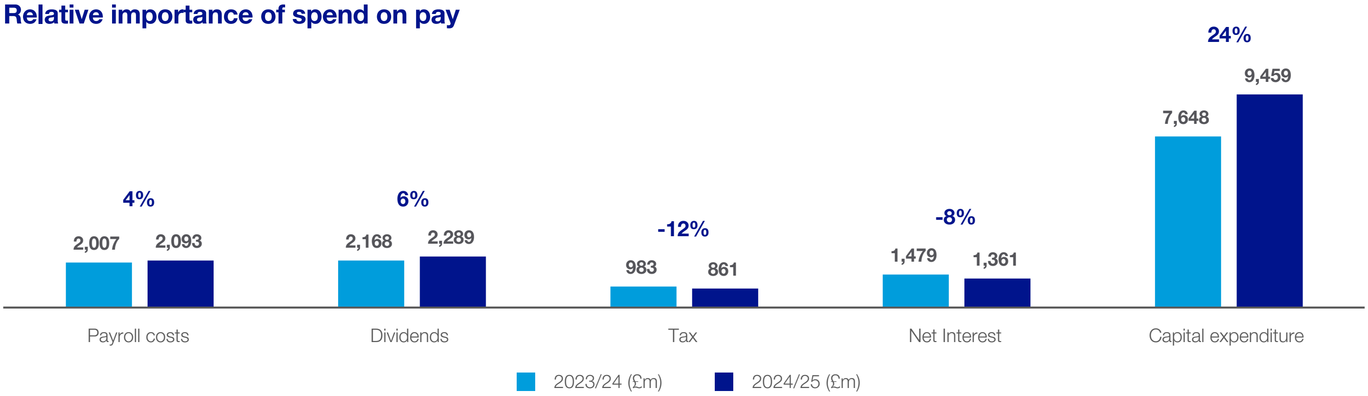
Statement of implementation of Policy in 2024/25 continued

We are satisfied that the median pay ratio reported this year is consistent with our wider pay, reward and progression policies for employees. The median reference employee falls within our collectively bargained employee population and has the opportunity for annual pay increases, annual performance payments and career progression and development opportunities. The Chief Executive received a pay increase of 4.5% in 2024/25, below the UK wider workforce increase of 5.0%. For reference, in 2025/26, the Chief Executive will receive a 5.0% pay increase, which is on par with the wider UK workforce principles (5.0%).

Relative importance of spend on pay

The chart below shows the relative importance of spend on pay compared with other costs and disbursements (dividends, tax, net interest and capital expenditure). Given the capital-intensive nature of our business and the scale of our operations, these costs were chosen as the most relevant measures for comparison purposes. All amounts exclude exceptional items and remeasurements.

Relative importance of spend on pay



Notes:

1. Presented on a continuing basis only
2. Percentage increase/decrease of the costs between years is shown

Chief Executive's pay in the last 10 financial years

Steve Holliday was Chief Executive in 2015/16. John Pettigrew became Chief Executive on 1 April 2016.

	Steve Holliday	John Pettigrew								
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Single total figure of remuneration (£'000)	5,151	4,623	3,648	4,651	5,205	5,071	6,614	7,262	6,113	6,097
Single total figure of remuneration including only 2014 LTPP (£'000)		3,931								
APP (proportion of maximum awarded)	94.60 %	73.86 %	82.90 %	84.20 %	70.58 %	80.43 %	85.20 %	82.62 %	75.50 %	91.92 %
LTPP (proportion of maximum vesting)	63.45 %	90.41 %	85.20 %	84.20 %	84.90 %	68.00 %	74.22 %	100.00 %	81.87 %	76.31 %

Notes:

John Pettigrew: The single total figure of remuneration for 2024/25 is explained in the single total figure of remuneration table for Executive Directors and the single total figure for 2023/24 has been restated to reflect actual share price for 2021 LTPP vesting in 2024 and all dividend equivalent shares, consistent with comparative figures shown in this year's single total figure of remuneration table.

2014 LTPP: The 2016/17 single total figure of remuneration includes both the 2013 LTPP award and the 2014 LTPP award due to a change in the vesting period from four years (2013 LTPP) to three years (2014 LTPP).

LTPP plans: Prior to 2014, LTPP awards were made under a different long-term incentive framework which incorporated a four-year performance period for the RoE element of the awards. The last award under this framework was made in 2013 and was fully vested in 2017. Awards made from 2014 are subject to a three-year performance period. The first of these awards vested in 2017.

Single total figure of remuneration – Non-executive Directors

The following table shows a single total figure in respect of qualifying service for 2024/25, together with comparative figures for 2023/24:

	Fees (£'000)		Other emoluments (£'000)		Total (£'000)	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
Paula Rosput Reynolds	**724**	700	**51**	56	**775**	756
Anne Robinson	**121**	116	**1**	11	**123**	127
Earl Shipp	**129**	124	**7**	11	**136**	134
Iain Mackay	**158**	143	**40**	22	**198**	165
Ian Livingston	**189**	162	**1**	—	**190**	162
Jacqui Ferguson	**123**	27	**3**	1	**126**	28
Jonathan Silver	**120**	122	**4**	12	**124**	133
Martha Wyrsch	**134**	123	**10**	8	**145**	131
Tony Wood	**118**	113	**6**	14	**124**	128
Total	**1,816**	1,629	**123**	135	**1,941**	1,764

Notes: Non-executive Director fee increases approved in 2023/24 were effective from 1 July 2024.

Other emoluments: In accordance with the Group's expenses policies, Non-executive Directors receive reimbursement for their reasonable expenses for attending Board meetings. In instances where these costs are treated by HMRC as taxable benefits, the Group also meets the associated tax cost to the Non-executive Directors through a PAYE settlement agreement with HMRC and these costs are included in the table above.

Jacqui Ferguson: Joined the Safety & Sustainability Committee as a member effective 5 July 2024.

Jonathan Silver: Stepped down as member of Audit & Risk Committee and joined the Finance Committee effective 5 July 2024.

The total emoluments paid to Executive and Non-Executive Directors in the year were £11.7 million (2023/24: £11.7 million).

Percentage change in remuneration (Executive Directors, Non-executive Directors, employee average)

We have included percentage change in salary/fee, bonus and benefits for each of the Directors compared with prior years. The regulations cover employees of the Parent Company only and not across the Group, and given most employees, if not all, are employed by subsidiary undertakings, we have voluntarily chosen a comparator group of all employees in the UK and the US to provide a representative comparison. In line with the regulations, we now disclose this information to display a five year history.

	2020/21			2021/22			2022/23			2023/24			2024/5		
Executive Directors	Salary	Benefits	Bonus	Salary	Benefits	Bonus	Salary	Benefits	Bonus	Salary	Benefits	Bonus	Salary	Benefits	Bonus
John Pettigrew	1.3 %	(4.7)%	15.4 %	1.7 %	(8.8)%	7.8 %	3.4 %	(42.0)%	0.3 %	3.9 %	48.9 %	(5.0)%	4.4 %	(54.0)%	27.0 %
Andy Agg	4.9 %	40.6 %	17.7 %	6.5 %	(31.6)%	15.9 %	6.5 %	32.6 %	2.1 %	4.6 %	0.3 %	(7.8)%	4.4 %	(14.3)%	29.6 %
Non-executive Directors															
Paula Rosput Reynolds	n/a	n/a	n/a	2816.8 %	n/a	n/a	16.9 %	217.1 %	n/a	— %	0.4 %	n/a	3.4 %	(9.2)%	n/a
Anne Robinson	n/a	n/a	n/a	n/a	n/a	n/a	474.0 %	n/a	n/a	5.4 %	(23.7)%	n/a	4.3 %	(89.4)%	n/a
Earl Shipp	0.5 %	(100.0)%	n/a	8.6 %	n/a	n/a	9.0 %	208.6 %	n/a	0.7 %	(51.6)%	n/a	4.4 %	(31.1)%	n/a
Iain Mackay	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	60.7 %	9695.4 %	n/a	10.2 %	86.5 %	n/a
Ian Livingston[1]	n/a	n/a	n/a	n/a	n/a	n/a	113.2 %	3.0 %	n/a	14.3 %	(100.0)%	n/a	16.9 %	n/a	n/a
Jacqui Ferguson[2]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	362.3 %	166.7 %	n/a
Jonathan Silver	14.3 %	(100.0)%	n/a	(4.2)%	n/a	n/a	24.5 %	383.6 %	n/a	(1.7)%	(74.2)%	n/a	(0.9)%	(66.2)%	n/a
Martha Wyrsch	n/a	n/a	n/a	n/a	n/a	n/a	111.0 %	280.3 %	n/a	4.5 %	(30.6)%	n/a	9.6 %	27.7 %	n/a
Tony Wood	n/a	n/a	n/a	n/a	n/a	n/a	144.2 %	857.5 %	n/a	(3.1)%	(19.0)%	n/a	4.3 %	(60.0)%	n/a
Employee median	(8.5)%	1.7 %	(5.5)%	2.8 %	6.1 %	40.0 %	12.4 %	36.4 %	(23.0)%	5.0 %	6.6 %	(3.8)%	2.3 %	3.6 %	(8.0)%

Notes:

1. Ian Livingston received no benefits during 2023/24.
2. Jacqui Ferguson was appointed to the Board on 1 January 2024, therefore 2023/24 fees and benefits were prorated.
3. Benefits/other emoluments: For Executive Directors, benefits include private medical insurance, life assurance, allowance under the Group's flexible benefits programme, travel and accommodation expenses, a fully expensed car or cash alternative and the use of a car and a driver when required. For Non-executive Directors, the equivalent of benefits is emoluments. In accordance with the Group's expenses policies, Non-executive Directors receive reimbursement for their reasonable expenses for attending Board meetings. In instances where these costs are treated by HMRC as taxable benefits, the Group also meets the associated tax cost to the Non-executive Directors through a PAYE settlement agreement with HMRC and these costs are included in the table above. The 2022/23 year-on-year increase on Non-executive Directors benefits was due to global travel returning to pre-pandemic levels; therefore Directors travelled several times during the year incurring travel/accommodation expenses.

Directors' Remuneration Report continued

Statement of implementation of Policy in 2024/25 continued

Service contracts/letters of appointment

In line with our Policy, all Executive Directors have service contracts which are terminable by either party with 12 months' notice commencing immediately after announcement. Non-executive Directors are subject to letters of appointment. The Board Chair's appointment is subject to six months' notice by either party; for other Non-executive Directors, notice is one month. All Directors are required to be elected at each AGM.

There have been no changes made to Directors' service contracts and letters of appointment, other than the additional US Clawback Policy, which was adopted in line with the New York Stock Exchange rules requirement. Copies of service contracts and letters of appointment are available for inspection at the Company's registered office.

Payments for loss of office and payments to past Directors

There were no payments made to past Directors during 2024/25.

External appointments and retention of fees

As per our Policy, Executive Directors may, with the approval of the Board, accept one external appointment as a Non-executive Director of another company and retain any fees received for the appointment. Experience as a board member of another company is considered to be valuable personal development, which in turn is of benefit to the Company. The table below details the Executive Directors' appointments as Non-executive Directors in other companies during the year ended 31 March 2025.

	Company	Retained fees
John Pettigrew	Rentokil Initial plc	£97,250
Andy Agg	The Weir Group plc	£85,567

Role of the Remuneration Committee

The Committee is responsible for recommending to the Board the Remuneration Policy for the Executive Directors. The Committee is also responsible for approving the remuneration of the other members of the Group Executive Committee and the Chair. The aim is to align the Policy to the Group strategy and key business objectives, and ensure it reflects our shareholders', customers' and regulators' interests. The Committee receives input on Policy implementation at the wider workforce level before making decisions on matters such as salary increases and annual incentive payouts and closely reviews the appropriateness of pay positioning by reference to external measures (benchmarking remuneration packages) and internal review of Group performance and pay gaps (chief executive pay ratios, gender and ethnicity pay gaps) and the relativity year-on-year of salary, benefits and annual performance incentives compared with the same for the rest of the workforce.

- **Clarity**: We identify and communicate a range of performance measures in our incentives which clearly link to the successful execution of the Group's strategy.
- **Simplicity:** Elements of our remuneration framework and their purpose are clearly articulated within our market-standard policy and we believe this is understood by all our stakeholders.
- **Risk:** Risk is managed in a number of ways and evidenced through our Policy, for example: setting maximum levels for incentive plans; implementing measures that are aligned to Group performance and shareholder interests; focusing on the long term and creating value through the LTPP; reviewing formulaic outcomes; malus and clawback provisions including the new US Clawback Policy; and having a high shareholding requirement for senior executives.
- **Predictability:** Full information on the potential values which could be earned are disclosed; our Policy outlines threshold, target and maximum opportunity with varying actual incentive outcomes dependent on performance; and all the checks and balances set out above under Risk are disclosed as part of the Policy.
- **Proportionality:** While incentive plans reward executives' performance in successfully delivering the business strategy, there is also a focus on sustaining this through holding periods that apply to vested shares and annual incentives paid out as shares; all executives are also subject to significant shareholding and post-employment shareholding requirements. The Policy does not reward poor performance and the range of potential payouts under the Policy is appropriate.
- **Alignment to culture and strategy:** Our culture recognises that how we do things is as vital as what we do and this is reflected in the type of performance conditions used in our incentive plans. Both the measures themselves and the targets set aim to reinforce this approach.

Our Policy has operated as intended in terms of Group performance and quantum; a review of key considerations and decisions pertaining to its implementation is provided in the Committee Chair's statement.

The Committee's activities in 2024/25

Meeting/circulations	Main areas of discussion
May 2024	AGM update Approval of 2023/24 APP and 2021 LTPP outcomes for the Group Executive Committee Review of Chair fees Discussion on the 2024/25 APP financial, operational and individual objectives and 2024 LTPP targets for the Group Executive Committee Discussion on the impact of the Rights Issue on employee share schemes Discussion on the 2023/24 Directors' Remuneration Report Discussion on a number of governance updates, including share dilution limits and shareholding for the Group Executive Committee
July 2024	Approval of 2024/25 APP financial, operational and individual objectives and 2024 LTPP targets for the Group Executive Committee Ensure approved targets reflect the impact of the Rights Issue Discussion on the 2025 Remuneration Policy review
November 2024	Discussion on the 2025 Remuneration Policy and the investor engagement plan for 2024/25 Update on the 2024/25 APP provisional outturns for the Group Executive Committee Update on inflight (2022, 2023 and 2024) LTPP awards
February 2025	Discussion on the 2025/26 APP financial, operational and individual objectives and 2025 LTPP targets for the Group Executive Committee Review of broader workforce remuneration and approval of the Gender and Ethnicity Pay Gap calculation Update on the 2025 Remuneration Policy and feedback from the consultation process
March 2025	External market update and evolving governance Discussion on the 2024/25 expected incentive plan outcomes (APP and outstanding LTPP) for the Group Executive Committee Discussion on the 2025/26 APP financial, operational and individual objectives and 2025 LTPP award for the Group Executive Committee Market data review, salary increase proposals, in context of wider workforce increases, for the Group Executive Committee

Advisors to the Remuneration Committee

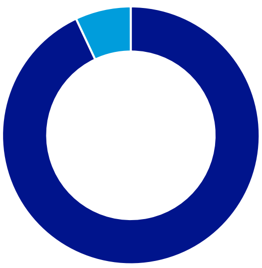
PricewaterhouseCoopers LLP (PwC) was selected by the Committee to become its independent advisor from 3 August 2020 and provided advice and counsel to the Committee throughout 2024/25. PwC is a member of the Remuneration Consultants Group (RCG) and has signed up to RCG's code of conduct. The Committee is satisfied that any potential conflicts were appropriately managed. Work undertaken by PwC in its role as independent advisor to the Committee has incurred fees of £243,881 during the 2024/25 on the basis of time charged to perform services and deliverables.

The Committee reviews the objectivity and independence of the advice it receives from its advisors each year. It is satisfied that PwC provided credible and professional advice. PwC has provided general and technical remuneration services in relation to employees below Board and Group Executive Committee level that include broad-based employee reward support and data assurance services. In addition, WTW provided benchmarking support to the Committee in the year and incurred fees of £30,240.

The Committee considers the views of the Chair on the performance and remuneration of the Chief Executive, and of the Chief Executive on the performance and remuneration of the other members of the Group Executive Committee. The Committee is also supported by the Group Company Secretary, and either he or his delegate acts as Secretary to the Committee; the Chief People Officer; the Group Head of Reward; and, as required, the Chief Financial Officer, the Group Head of Pensions and the Group Financial Controller.

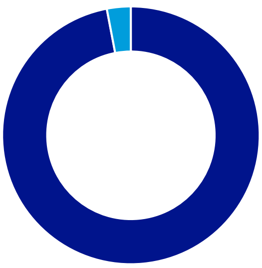
Voting on the Policy at the 2022 AGM and the Directors' Remuneration Report at the 2024 AGM

2022 Policy



- For 93%
- Against 7%

Directors' Remuneration Report 2023/24



- For 97%
- Against 3%

Notes:

1. The Directors' Remuneration Policy voting figures shown refer to votes cast at the 2022 AGM and represent 66.28% of the issued share capital. In addition, shareholders holding 42.6 million shares abstained.
2. The Directors' Remuneration Report voting figures shown refer to votes cast at the 2024 AGM and represent 68.16% of the issued share capital. In addition, shareholders holding 1.0 million shares abstained.

Directors’ Remuneration Report continued

Directors’ Remuneration Policy

2025 Directors’ Remuneration Policy

Our Remuneration strategy sets out to ensure strong alignment with our strategic priorities and creation of value for shareholders while providing market competitive remuneration to enable the attraction and retention of top leadership talent. Our existing Policy (adopted in 2022) has supported the delivery of strong performance to date, and created strong alignment between the success of management, our strategic priorities, and the shareholder experience. Looking forward, our recent strategic portfolio repositioning and new five year financial framework which includes a capital investment of c.£60 billion, a nearly two-fold increase to the investment in the prior five years, clearly demonstrate that National Grid is continuing to evolve in size and complexity. During the decision making process the Committee undertook a review of the current Policy and its implementation to ensure that our 2025 Directors’ Remuneration Policy (2025 Policy) is future-focused and enables delivery of our five-year framework. During the review process the Remuneration Committee considered the following: wider workforce remuneration, market practice, external guidance, input from management and input from our independent advisors. The Committee took measures to avoid conflicts of interest and no Director was present when their own remuneration was discussed.

In light of the above change to scale and complexity and the associated challenges in delivery, the 2025 Policy includes the following main changes:

Remuneration element	Summary of proposed Policy changes
Salary	• Change the benchmarking peer group from FTSE 11-40 to FTSE 30.
Annual Performance Plan (APP)	• Increase the maximum opportunity from 125% of salary to 200% for both Executive Directors. • Once the shareholding requirement is met, introduce flexibility to reduce the deferral percentage to one-third (currently half). • Deferral period remains at two years.
Long-Term Performance Plan (LTPP)	• Increase the maximum opportunity from 350% and 300% of salary for the CEO and CFO respectively to 400% and 350% of salary.
Exceptional circumstances APP/LTPP	• Remove the flexibility to award up to 50% of salary in either the APP or LTPP in exceptional circumstances.
Non-executive Director fee governance	• Propose that NED fees are set by the CEO and Chair of the Board, supported by the CPO; previously NED fees were set by the Group Executive Committee in conjunction with the Chair of the Board.
Treatment of dividend equivalents	• At the discretion of the Committee, allow dividend equivalents to be delivered in either cash or shares in order to align with the shareholder-approved LTPP plan rules that allow for dividend equivalents to be delivered in either cash or shares.

Rationale for the above changes are set out in the Remuneration Committee Chair’s letter. We have engaged widely with shareholders and proxy advisory service organisations and are grateful for the engagement, feedback, and overwhelming positive support on our 2025 Policy proposals. The Committee is committed to maintaining an open dialogue and members remain available to answer questions throughout the AGM process and forthcoming year ahead on our 2025 Policy as outlined below. It is the intention that the 2025 Policy will apply to payments made and shares granted from the date of the 2025 AGM.

Policy tables – Executive Directors

Element	Operation	Maximum levels	Performance assessment
Salary Purpose and link to business strategy: to attract, motivate and retain high-calibre individuals.	Salaries are generally reviewed annually and are targeted broadly at the mid-market of our peer group. However, a number of other factors are also taken into account: • the individual's skills and experience; • scope of the role, including any changes in responsibility; • market data, including salary and total remuneration; and • incentive opportunity in the relevant comparator group.	No prescribed maximum annual increase although increases are generally aligned to or below salary increases received by other Company employees and to market movements. Increases in excess of this may be made at the Committee's discretion in circumstances such as a significant change in responsibility, progression if more recently appointed in the role and alignment to mid-market levels.	Not applicable.
Benefits Purpose and link to business strategy: to provide competitive and cost effective benefits to attract and retain high-calibre individuals.	Benefits currently provided include: • company car or a cash alternative (UK only); • use of a car and driver when required; • private medical insurance; • life assurance; • personal accident insurance (UK only); • opportunity to purchase additional benefits (including personal accident insurance for US) under flexible benefits schemes available to all employees; and • opportunity to participate in HMRC (UK) or Internal Revenue Service (US) tax-advantaged all-employee share plans. UK Sharesave: monthly contributions from net salary for a period of three or five years. The savings can be used to purchase shares at a discounted price set at the launch of each plan period. Share Incentive Plan: UK employees may use gross salary to purchase shares. These shares are placed in trust. Employee Stock Purchase Plan (ESPP) (423(b) plan): eligible US employees may purchase ADSs on a monthly basis at a discounted price. Other benefits may be offered at the discretion of the Committee. In circumstances where an Executive Director is located outside of the UK, benefits will be set such that they are competitive in the local market.	The cost of providing benefits will vary from year to year in line with the market. Participation in tax-advantaged all-employee share plans is subject to limits set by relevant tax authorities.	Not applicable.

Directors' Remuneration Report continued

Directors' Remuneration Policy continued

Element	Operation	Maximum levels	Performance assessment
Pension Purpose and link to business strategy: to help with future financial wellbeing and assist in attraction and retention.	Externally hired Executive Directors may participate in a defined contribution arrangement or alternatively choose to receive cash in lieu. In case of internal promotion to the Board, the Company will recognise legacy defined benefit pension arrangements of existing employees in both the UK and US where these have been provided under an existing arrangement. In line with market practice, pensionable pay for UK-based Executive Directors includes salary only and for US-based Executive Directors includes salary and APP awards.	**UK Directors:** Defined contribution: annual contributions for new appointments and existing Executive Directors of up to 12% of salary. Executive Directors may take a full or partial cash supplement in lieu. Life assurance of four times salary and a dependant's pension of one third of salary is provided. Executives with HMRC pension protection may be offered lump sum life assurance only, equal to four times salary. **US Directors:** Defined contribution: contributions of up to 9% of salary plus APP award with additional 401(k) plan match up to 4%. Defined benefit: no additional defined benefit entitlements will be earned over the financial years from the date of appointment, other than an increase for price inflation due under the pension scheme rules and legislation. Under the terms of the pension scheme, if the Executive Director satisfies the ill-health requirements, or is made redundant, pension may be payable earlier than the normal retirement date. A lump sum death in service benefit is also provided in respect of these defined benefit entitlements.	Not applicable. The current Executive Directors are not active members of a defined benefit plan.

Element	Operation	Maximum levels	Performance assessment
Annual Performance Plan (APP) Purpose and link to business strategy: to incentivise and reward the achievement of annual financial measures and strategic non-financial measures including the delivery of annual individual objectives and demonstration of our Company leadership qualities and values.	The APP comprises reward for achievement against financial and non-financial measures and achievement against individual objectives. Financial and non-financial performance measures and targets are normally agreed at the start of each financial year and are aligned with strategic business priorities. Targets are set with reference to the business plan and strategy. Individual objectives and associated targets are normally agreed also at the start of the year. APP awards are normally paid in June. Where the Executive Director has not yet met their shareholding requirement, at least 50% of the APP award is paid in shares, which (after any sales to pay associated income tax and social security) must be retained for at least two years after receipt. Where an Executive Director has met the shareholding requirement, at least 33% of the APP award will be paid in shares which (after any sales to pay associated income tax and social security) must be retained for at least two years after receipt. Awards are subject to malus and clawback provisions.	The maximum award is 200% of salary in respect of a financial year. The payout levels at threshold, target and stretch performance levels are 0%, 50% and 100%, respectively.	At least 50% of the APP is based on performance against financial measures. The Committee may use its discretion to set financial and non-financial measures, including individual objectives that it considers appropriate in each year. Notwithstanding the level of award achieved, the Committee has the discretion to modify the formulaic amount payable, to reflect wider financial and business performance, demonstration of leadership qualities and our values, or to take account of a significant event.
Long-Term Performance Plan (LTPP) Purpose and link to business strategy: to drive long-term business performance, aligning Executive Director incentives to key shareholder interests over the longer term.	Awards of shares may be granted each year, with vesting subject to long-term performance conditions. The performance measures which are chosen are those that the Committee believes reflect the creation of long-term value within the business. Targets are set for each award with reference to the business plan and strategy. Participants may receive dividend equivalents on vested shares, from the time the award was made, at the discretion of the Committee, accrue dividend equivalents in cash or shares, which may be on a reinvestment basis, and which are subject to the same terms, including vesting date and holding period, as the LTPP award. Any accrued dividend equivalent will be prorated, depending on the level of award vesting. Participants must retain vested shares (after any sales to pay associated income tax and social security) until the shareholding requirement is met, and in any event for a further two years after vesting. Awards are subject to malus and clawback provisions.	The normal annual maximum award limits that may be granted are 400% of salary for the CEO and 350% of salary for other Executive Directors. For each performance measure, threshold performance will trigger up to 20% of the award to vest; 100% will vest if maximum performance is attained.	The Committee will review performance measures for each award cycle prior to grant to ensure continued alignment with the Company's strategy. As such, different performance measures, targets and/or weightings may be set to reflect the business strategy and the regulatory framework operating at that time. Awards have a three-year performance period followed by a two-year holding period post-vesting. Notwithstanding the level of award achieved, the Committee has the discretion to modify the formulaic amount vesting, to reflect wider financial and business performance, demonstration of leadership qualities and our values, or to take account of a significant event.

Directors' Remuneration Report continued

Directors' Remuneration Policy continued

Malus and clawback

The Committee has discretion to determine whether exceptional circumstances exist which justify whether any or all of an award should be forfeited, even if already paid. The below malus and clawback examples best suit National Grid as they ensure that APP and LTPP outturns are fully justified.

Examples of exceptional circumstances include, but are not limited to:

- discovery of a material misstatement resulting in an adjustment in the audited accounts of the Company or any Group company;
- the assessment of any performance condition, or condition in respect of a payment or award under the APP or LTPP, that was based on error, inaccurate or misleading information;
- the discovery that any information used to determine the APP or LTPP award was based on error, inaccurate or misleading information;
- action or conduct of a participant which amounts to fraud or gross misconduct;
- event or behaviour of a participant leading to the censure of the Company by a regulatory authority or has had a significant detrimental impact on the reputation of any Group company, provided that the Board is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to the participant; and
- a material failure of risk management and/or corporate failure.

Where the Committee in its absolute discretion determines that exceptional circumstances exist that justify doing so:

- in respect of all or part of an award that has yet to be paid or vested ('malus'), as applicable, the Committee may determine the award, or part of it, will be forfeited; and
- in respect of all or part of an award that has been paid or has vested ('clawback'), as applicable, the Committee may determine the award, or part of it, will be forfeited and may reclaim an amount considered appropriate through means deemed appropriate to those specific circumstances.

APP – cash	Malus applies in the year the bonus is earned and up to the payment date of the bonus. Clawback applies from the payment date until two years post the performance period
APP – deferred shares	Malus applies until the end of two years following the financial year in which the bonus is earned and clawback for two years thereafter
LTPP	Malus applies up to vesting and clawback during the two-year holding period

Shareholding requirement – in employment

The requirement of Executive Directors to build up and hold a significant value of National Grid shares ensures they share a significant level of risk with shareholders and aims to align their interests. Executive Directors are required to build up and retain shares in the Company. The level of holding required is 500% of salary for the CEO and 400% of salary for the other Executive Directors. Unless the shareholding requirement is met, Executive Directors will not be permitted to sell shares, other than to pay income tax and social security liabilities on shares just vested or in exceptional circumstances approved by the Committee.

Shareholding requirement – post employment

The requirement of Executive Directors to continue to hold National Grid shares after leaving ensures they continue to share a risk with shareholders and maintain alignment with shareholders' interests. Executive Directors will be required to hold shares equivalent to 200% of salary calculated at their leaving date, or maintain their actual holding percentage if lower, expressed as a number of shares and hold such shares for a period of two years. This calculation excludes the value of any awards not yet vested for 'good leavers' that will vest according to the normal schedule and which in any event must be held for a two-year period. The calculation will include recently vested LTPP awards or APP awards paid as shares which are subject to respective two-year holding periods, even after employment.

Until the post-employment shareholding requirement is met, Executive Directors will not be permitted to sell shares, other than to pay income tax and social security liabilities on shares just vested or in exceptional circumstances approved by the Committee.

Our reward peer group

The Committee reviews its Remuneration Policy against appropriate peer groups annually to make sure we remain competitive in the relevant markets. The primary focus for reward market comparisons for UK-based Executive Directors will be the FTSE 30. For US-based Executive Directors, we will continue to use US general industry and US energy services companies with similar levels of revenue for reward market comparisons. These peer groups are considered appropriate for a large, complex, international and predominantly regulated business. The Committee may amend the peer group and reference other peer groups as deemed appropriate.

Policy tables – Non-Executive Directors (NEDs)

Element	Operation	Maximum levels	Performance metrics, weighting and time period applicable
Fees for NEDs Purpose and link to business strategy: to attract NEDs who have a broad range of experience and skills to oversee the implementation of our strategy.	NED fees (excluding those of the Chair) are set by the CEO and the Chair, supported by the CPO. The Chair fees are set by the Committee. Fee structure: • Chair fee (all inclusive); • Base fee; • Committee chair fee; • Committee membership fee; • Senior Independent Director fee; and • Additional Board responsibilities. Fees are reviewed every year taking into account those in companies of similar scale and complexity. The Chair is eligible to receive benefits as deemed appropriate and necessary in respect of the role, which may include, for example, private medical and personal accident cover, the use of a company car and driver, and financial advice. NEDs do not participate in incentives, pension or any other benefits. NEDs are reimbursed for expenses incurred in the course of their duties, such as travel and accommodation expenses, on a grossed-up basis (where applicable). NEDs who also sit on National Grid subsidiary boards may receive additional fees related to service on those boards.	There are no prescribed maximum fee levels although fee increases are generally aligned to salary increases received by other Company employees and market movement of similar scale and complexity. The cost of benefits provided to the Chair is not subject to a predetermined maximum since the purchase cost will vary from year to year.	Not applicable.

Legacy arrangements

For the avoidance of doubt, the Committee may approve payments to satisfy commitments agreed prior to the approval of this Remuneration Policy, for example, those outstanding and unvested incentive awards which have been disclosed to shareholders in previous Remuneration Reports and any commitment made to a person before that person became an Executive Director.

Operation of the policy

The Committee reviews annually the overall appropriateness and relevance of the Remuneration Policy and whether any changes should be put to shareholders. Decisions on the measures and targets for performance-related pay (APP and LTPP) and payouts are made taking account of overall financial and business performance. The Committee also works closely with the People & Governance Committee regarding the appointment of new Directors. The Committee will also link in with the Employee Share Schemes Sub-Committee as required. Consistent with the UK Corporate Governance Code, members of the Remuneration Committee are independent Non-Executive Directors who do not receive any variable remuneration and do not participate in decisions about their own remuneration.

Directors' Remuneration Report continued

Directors' Remuneration Policy continued

Other features of the Remuneration Policy

Policy on recruitment remuneration

Salaries for new Executive Directors appointed to the Board will be set in accordance with the terms of the approved Remuneration Policy in force at the time of appointment, and in particular will take account the appointee's skills, experience and the scope and assessment of the market rate for the role.

Where appropriate, salaries may be set below market level initially, with the Committee retaining discretion to award increases in salary in excess of the wider workforce to progressively bring the salary up to the market level over time, where this is justified by performance. Any such increases will be disclosed accordingly, along with a supporting rationale where appropriate.

Benefits consistent with those offered to other Executive Directors under the approved Remuneration Policy in force at the time of appointment will be offered, taking account of local market practice. The Committee may also agree that the Company will meet certain recruitment costs, for example legal fees, certain relocation expenses or provide tax equalisation as appropriate.

Pension contributions for new Executive Directors appointed to the Board will be set in accordance with the terms of the approved Remuneration Policy in force at the time of appointment.

Ongoing incentive pay (APP and LTPP) for new Executive Directors will be in accordance with the approved Remuneration Policy in force at the time of appointment. This means the normal maximum APP award in any year would be 200% of salary and the normal maximum LTPP award would be 400% of salary for the CEO and 350% of salary for other Executive Directors, excluding any buyout awards.

For an externally appointed Executive Director, the Company may offer additional cash or share-based payments that it considers necessary to buy out current entitlements from the former employer that will be lost on recruitment to National Grid. Any such arrangements would, so far as practicable, reflect the delivery mechanisms, time horizons and levels of conditionality of the remuneration entitlement lost. In order to facilitate buy-out arrangements, existing incentive arrangements will be used to the extent possible, although awards may also be granted outside of these shareholder-approved schemes if necessary and as permitted under the Listing Rules.

For an internally appointed Executive Director, any outstanding APP awards will be determined according to the original terms but paid at the end of the year. Any outstanding LTPP awards will be paid according to the original terms.

Fees for a new Chair or Non-Executive Director will be set in line with the approved Policy in force at the time of appointment.

Service contracts/letters of appointment

In line with our Policy, all Executive Directors have service contracts which are terminable by either party with 12 months' notice commencing immediately after announcement. Non-executive Directors are subject to letters of appointment. The Board Chair's appointment is subject to six months' notice by either party; for other Non-executive Directors, notice is one month. Both Executive Directors and Non-executive Directors are required to be re-elected at each AGM.

Copies of the Directors' service contracts and letters of appointment are available for inspection at the Company's registered office.

Policy on payment for loss of office

The contracts contain provisions for payment in lieu of notice, at the sole and absolute discretion of the Company. Such contractual payments are limited to payment of salary only for the remainder of the notice period. In the UK, such payments would usually be phased on a monthly basis, over a period not greater than 12 months, and the Executive Director would be expected to mitigate any losses where employment is taken up during the notice period. In the US, for tax compliance purposes, the policy is to make any payment in lieu of notice as soon as reasonably practicable, and in any event within two and a half months of the later of 31 December and 31 March immediately following the notice date.

In the event of a UK Director’s role becoming redundant, statutory compensation would apply and the relevant pension plan rules may result in the early payment of an unreduced pension. On termination of employment, no APP award would generally be payable. However, the Committee has the discretion to deem an individual to be a ‘good leaver’, in which case a pro rata discretionary payment could be paid, based on performance (as measured at the end of the financial year) and the achievement of individual objectives during the financial year up to termination.

In the UK, any discretionary payment would generally be paid at the normal time. In the US the payment may be made earlier if required for tax compliance purposes, in which case the Committee would apply discretion to determine an appropriate level of financial performance. Examples of circumstances which could trigger ‘good leaver’ treatment include redundancy, retirement, illness, injury, disability, mutual agreement and death. The Committee may apply discretion to determine if any pro rata discretionary payment should be made sooner than it would normally be paid, for example, in the case of death.

On termination of employment, outstanding awards under the share plans will be treated in accordance with the relevant plan rules approved by shareholders. Unvested share awards would normally lapse. ‘Good leaver’ provisions apply at the Committee’s discretion and in specified circumstances.

Examples of circumstances which could trigger ‘good leaver’ treatment include: redundancy, retirement, illness, injury, disability, mutual agreement and death. In these circumstances, awards will be released to the departing Executive Director, or, in the case of death, to their estate. Long-term share plan awards held by ‘good leavers’ will normally vest, subject to performance measured at the normal vesting date and be reduced pro rata for completed time of service starting on the date of grant, as per the plan rules. Such awards would vest at the same time as for other participants, apart from circumstances in which the award recipient has died, in which case the awards may vest as soon as practicable (based on a forecast of performance).

At the Committee’s discretion, the Company may also agree other payments such as an agreed amount for legal fees associated with the departure of the Executive Director and outplacement support.

No compensation would be paid for loss of office of Directors on a change of control of the Company.

No compensation is payable to the Chair or Non-Executive Directors if they are required to stand down or are not re-elected at the AGM.

External appointments

Executive Directors may, with the approval of the Board, accept one external appointment as a Non-executive Director of another company and retain any fees received for the appointment. Experience as a board member of another company is considered to be valuable personal development, which in turn is of benefit to the Company.

Corporate and share capital events

The Group’s employee share plans (including the LTPP) contain standard provisions that allow awards (and where relevant their exercise prices) to be adjusted, or in some cases vest or be exchanged, on the occurrence of a corporate or share capital event such as a capitalisation or Rights Issue, sub-division, consolidation or reduction of share capital, demerger, special dividend or distribution, listing or change of control, normally at the discretion of the Committee. The Committee also has the ability to adjust performance targets where appropriate.

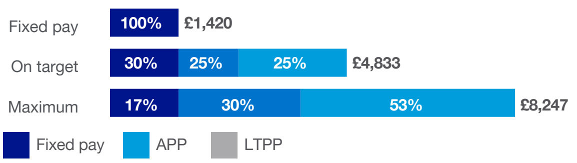
Directors' Remuneration Report continued

Directors' Remuneration Policy continued

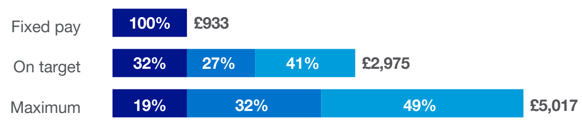
Total remuneration opportunity

The total remuneration for each of the Executive Directors that could result from the 2025 Policy under three different performance levels (below threshold, when only fixed pay is receivable, on target and maximum) is shown below. The maximum receivable assuming 50% share price growth in LTPP awards over a three-year performance period, and the basis for this calculation, is set out in the notes below.

John Pettigrew



Andy Agg



Notes:

1. Fixed pay consists of salary, pension and benefits in kind as provided under the Remuneration Policy. Salary is that to be paid in 2025/26, taking account of the increases that will be effective from 1 July 2025 as shown on page 147. Benefits in kind and pension are as shown in the Single Total Figure of Remuneration table for 2024/25 on page 128.
2. APP calculations are based on 200% of salary for the period 1 April 2025 to 31 March 2026. APP payout is 0% for below threshold performance, 50% for on-target performance and the maximum of 100% is for achieving stretch.
3. LTPP calculations are based on awards to be granted in 2025 of 350% of 1 July 2025 salary for John Pettigrew and 300% of 1 July 2025 salary for Andy Agg (noting that the Policy maximum is 400% and 350% of salary for the CEO and CFO respectively). LTPP payout is 20% for threshold performance and the maximum of 100% is for achieving stretch and straight line vesting between. Excludes changes in share price and dividend equivalents.
4. For LTPP calculations, assuming either a 50% share price growth over the three-year performance period, the increase in LTPP value and maximum total compensation for each of the Executive Directors would be (all amounts expressed as £'000):

- John Pettigrew: LTPP value would increase from £4,363 to £6,545 and maximum total compensation would rise from £8,247 to £10,428 respectively
- Andy Agg: LTPP value would increase from £2,462 to £3,692 and maximum total compensation would rise from £5,017 to £6,247 respectively

Consideration of 2025 Policy elsewhere in the Company

The design and implementation of executive remuneration takes into consideration the wider workforce context and remuneration strategy to ensure they are mutually reinforcing. Our 2025 Policy is well aligned to policies for our non-unionised workforce, and the Committee actively considers employee feedback and views on executive pay. The Company issues an employee engagement survey each year, which includes remuneration as a topic, and regularly engages with employees on a variety of topics including remuneration to ensure employees have an opportunity to share their feedback and views.

All employees are entitled to salary, benefits, and pension contributions. The approach to assessing salaries, benefits, pensions and other elements of remuneration is consistent across the Group with an objective to ensure they remain competitive at relevant mid-market levels for all job bands/roles, including roles that are subject to union negotiation. In the UK, we are committed to fair pay via accreditation with the Living Wage Foundation. This commits both National Grid and contractors working on our behalf to pay, as a minimum, the real Living Wage as promoted by the Living Wage Foundation.

Middle to senior leaders are eligible to participate in our long-term incentive plans either through performance share awards or restricted share awards (under the LTPP) to incentivise and reward their individual contributions toward the Company's longer-term strategic priorities. Performance measures for the LTPP are consistent with measures set for Executive Directors to ensure strong alignment and focus on the Company's strategic goals.

Across the wider workforce, a greater emphasis and focus is placed on delivery of the Company's annual operational and financial business plans. As such, the majority of employees are eligible to participate in the APP. Performance measures for annual incentives are cascaded through the organisation and designed to ensure they incentivise elements of business performance within an individual's control and are aligned to an employee's annual goals. All Company employees are encouraged to become shareholders through a number of all-employee share plans and a significant proportion of our employees participate annually. These plans include Sharesave and the SIP in the UK and the 401(k) and 423(b) plans in the US which are summarised on page 275.

Implementation of the Policy for 2025/26

Implementation of the Policy for 2025/26

The 2025 Policy will be implemented in 2025/26 as detailed below, subject to shareholder approval at the July 2025 AGM.

Salary and pensions

Salary increases for the Executive Directors will be on par with the wider UK and US workforce principles (5%). The wider workforce (non-union) salary budget increase is set at 4.0% plus a 1% for compression and market adjustment. The 5.0% increase for both Executive Directors is aligned to the principles used for wider workforce increases.

John Pettigrew and Andy Agg will both be awarded salary increases of 5.0%, effective from 1 July 2025.

John Pettigrew will remain as Chief Executive until 16 November 2025, but will continue to be available to the Group through to the end of his 12 month notice period, which expires on 30 April 2026. His departure will be treated in accordance with the Directors' Remuneration Policy and his service contract. Accordingly, he will continue to receive his current level of salary and benefits up to the cessation of his employment.

	From 1 July 2025	From 1 July 2024	% increase
John Pettigrew	£1,246,665	£1,187,300	5.0 %
Andy Agg	£820,575	£781,500	5.0 %

The pension contribution rate for both Executive Directors is in line with that for the UK wider workforce and new joiners at 12%.

2025/26 APP

The 2025/26 APP measures will be split across financial measures, operational measures and individual objectives, weighted 70%, 15% and 15% respectively. The maximum APP award for both Executive Directors for 2025/26 is 200% of salary, subject to shareholder approval of the 2025 Policy. John Pettigrew will be eligible, while he remains Chief Executive, for a pro rata annual bonus.

	Measure	Weighting
Financial measures	Underlying Group EPS	35 %
	Group RoE	35 %
Operational measures	Capital delivery and effectiveness	7.5 %
	‘Leadership of change’ index	7.5 %
Individual objectives		15 %

Financial measures

For 2025/26, the Committee opted to retain Underlying Group EPS and Group RoE as financial measures. Group RoE continues to be a relevant and important measure of performance as a primarily regulated asset-based company and targets are set to ensure strong in-year returns and operational results. In respect of earnings measures, Underlying Group EPS remains the most appropriate measure under the APP from the perspective of the business, and the targets are set in a manner which considers specific challenges and opportunities in the year ahead and are flexed accordingly while remaining consistent with our longer-term performance goals.

Financial APP targets are considered commercially sensitive and consequently will be disclosed retrospectively in the 2025/26 Directors' Remuneration Report.

Directors' Remuneration Report continued

Implementation of the Policy for 2025/26 continued

Operational measures

For 2025/26, the Committee are introducing two new operational measures; a capital delivery and effectiveness measure and a leadership of change measure. Both measures will incentivise behaviours aligned with key annual priorities and are linked directly to the Group's strategy and five-year framework, which includes stretching commitments on capital investment, EPS growth and Group asset growth.

Progress in the investment programme is a top priority for investors, making a capital delivery and effectiveness measure essential for tracking performance. Delivering in line with the five-year framework remains critical, with key focus areas for the year ahead centred on efficient delivery of the programme. The capital delivery and effectiveness measure will be assessed on a four-point assessment, based primarily on quantitative metrics with a qualitative element to reflect a balanced assessment of progress and performance in our capital investment ambitions.

The 'Leadership of change' index measure is a quantitative assessment of our annual Group-wide employee engagement survey of colleagues and refers to the ability of leaders to drive and sustain high performance during periods of significant change in our business to achieve our organisational goals, particularly in the context of executing our capital delivery programme. This concept emphasises a blend of trust and confidence in the strategic vision, excellent change communications, and adaptive leadership to ensure successful outcomes.

The 'Leadership of change' index measure will be assessed on a quantitative basis using actual outcomes with an overlay of qualitative performance, where appropriate, to reflect a balanced assessment of performance.

Individual objectives

The Committee has approved individual objectives for the Executive Directors in line with key strategic and operational priorities for the year ahead. John Pettigrew's individual objectives for 2025/26 are focused on: (1) delivering RIIO-T3; and (2) successful CEO transition. Andy Agg's individual objectives are focused on: (1) delivering the next steps of the financing strategy; (2) securing positive regulatory outcomes and supporting the delivery of our capital projects; (3) developing our organisational capabilities and tools; and (4) driving the identification and development of talent into the right pipelines.

2025 LTPP

The 2025 LTPP performance measures and weightings for all Executive Directors comprise two equally weighted financial measures totalling 80% and two equally weighted energy transformation measures totalling 20% as outlined in the table below. The maximum 2025 LTPP award is 350% and 300% of salary for John Pettigrew and Andy Agg respectively, in line with the 2024 LTPP awards (noting the 2025 Policy maximum, subject to shareholder approval is 400% and 350% for the CEO and CFO respectively).

John Pettigrew will be eligible, while he remains Chief Executive, for a LTPP award and will be treated as a good leaver for the purposes of his outstanding LTPP awards, which will be pro-rated to his date of leaving and will vest at the normal dates subject to the achievement of the relevant performance conditions.

LTPP performance is measured over the entire three-year performance period, which for the 2025 LTPP is 1 April 2025 – 31 March 2028.

	Measure	Weighting
Financial measures	Cumulative 3-year Underlying Group EPS	40 %
	Group RoE	40 %
Energy transformation measures	Reduction of Scope 1 emissions	10 %
	Enablement of strategic growth initiative	10 %

Financial measures

Financial measures under the 2025 LTPP are selected to provide alignment with the key drivers of the Group's long-term strategy and value creation for shareholders. Earnings growth and sustainable investment returns remain key measures of long-term value creation in light of the Group's regulated and long-term nature.

The Committee is conscious that financial performance measures under our short-term (APP) and long-term (LTPP) performance plans are similar, however we are of the belief that these measures are the appropriate and correct measures to deliver both short and long-term business strategy as well as long-term efficient asset growth and shareholder value.

Consequently, the 2025 LTPP financial measures are designed in a manner which incentivises alternative elements of performance over the long term as compared with the short term. Specifically in LTPP, Group RoE is averaged across the three-year performance period to incentivise sustainable returns for shareholders in the longer term. Similarly, the cumulative three-year Underlying Group EPS measure assesses Underlying EPS for the three years in the LTPP performance period.

Below are the performance ranges for the financial measures in the 2025 LTPP.

Performance conditions

Performance measures	Weighting	Threshold 20% vesting	Maximum 100% vesting
Cumulative three-year Underlying Group EPS	40 %	241p	259p
Group RoE	40 %	9.35 %	10.60 %

Note: Vesting between threshold and maximum will be on a straight-line basis. Underlying EPS growth reflects the cumulative summation of the Underlying EPS results for each of the three years in the performance period: 2025/26, 2026/27 and 2027/28.

Energy transformation measures

Measures linked to the energy transformation continue to set out key targets and outcomes on the Group's journey to achieve: (1) reductions in the Company's direct Scope 1 emissions and (2) enablement of strategic growth initiative.

Similar to last year, the reduction of Scope 1 emissions measure supports meeting our 2030 Group emissions reduction targets. These targets are SBTi validated and aligned to a 1.5°C pathway. The second measure of energy transformation strategic growth initiative assesses the delivery of generation connections that support the Group's strategic priority to enable the energy transformation through our network.

Performance measures	Weighting	Threshold 20% vesting	Maximum 100% vesting
Reduction of Scope 1 emissions	10 %	4 %	10 %
Enablement of strategic growth initiative	10 %	10.2 GW	13.3 GW

Notes: Vesting between threshold and maximum will be on a straight-line basis.

Fees for Non-executive Directors

Non-executive Director fees were reviewed in May 2025 and will be effective from 1 July 2025 in line with the annual salary review cycle for our wider workforce.

	From 1 July 2025 (£'000)	From 1 July 2024 (£'000)	% increase vs 2024
Chair	760.8	731.5	4.0 %
Senior Independent Director	33.9	32.6	4.0 %
Board fee	90.4	86.9	4.0 %
Chair Audit & Risk Committee	38.1	36.6	4.0 %
Chair Remuneration Committee	33.9	32.6	4.0 %
Chair other Committees (Finance, Safety & Sustainability)	28.3	27.2	4.0 %
Audit & Risk Committee member	26.0	25.0	4.0 %
Remuneration Committee member	20.3	19.5	4.0 %
Other Committee member (Finance, Safety & Sustainability, People & Governance)	17.0	16.3	4.0 %

Note: For the People & Governance Committee, no fees are paid for the Committee Chair, the Senior Independent Director or the Board Chair.

The Directors' Remuneration Report has been approved by the Board and signed on its behalf by:

Martha Wyrsch
Chair of the Remuneration Committee

14 May 2025