

Directors' Remuneration Report



Martha Wyrsh
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 Wyrsh (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

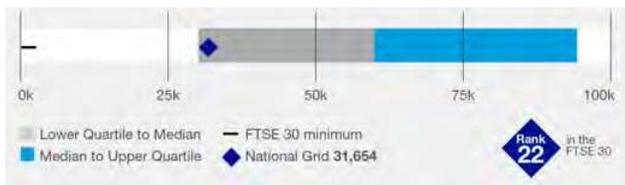
FTSE 30 market capitalisation



FTSE 30 revenue



FTSE 30 number of employees

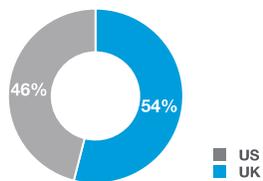


Note: FTSE 30 data as at 31 March 2025 and quartiles exclude National Grid.

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:

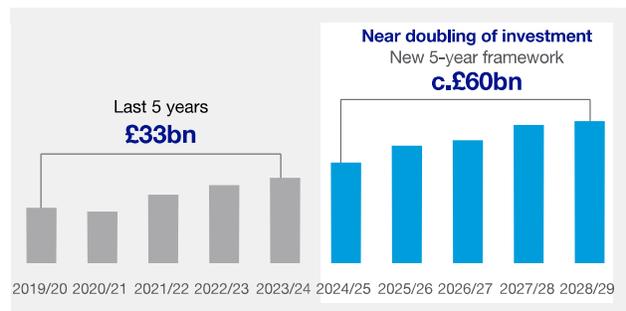
- Increased our regulated assets by 62% to £60 billion;
- Increased our capital investment by 183% to £9,847 million; and
- Increased our total number of employees by c.7,000 to 31,654 employees.

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.

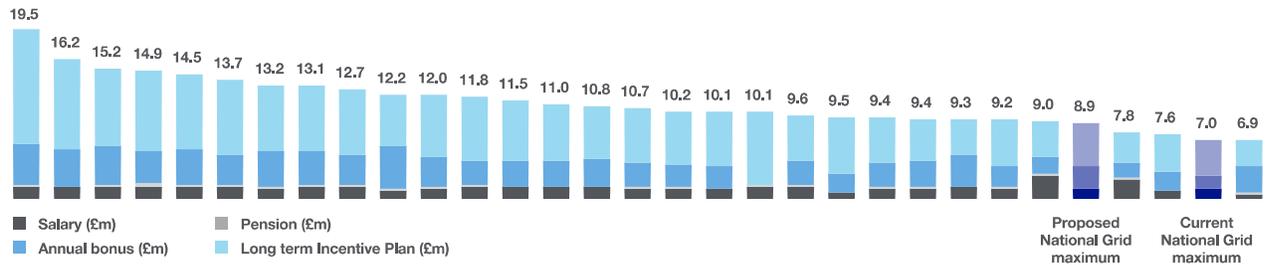
To support our unprecedented step up in capital investment, as shown below, investment is also required to ensure we are able to continue to attract and retain the talent needed to achieve our long-term goals.

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

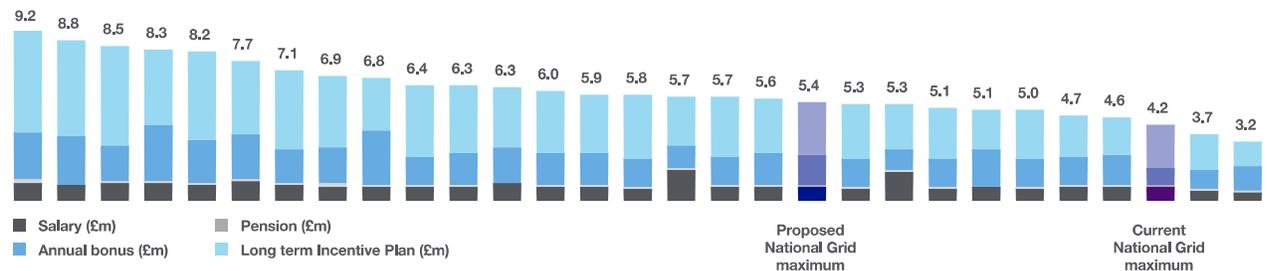


The total incentive opportunity for Executive Directors at National Grid has not increased in over a decade, with the current variable pay arrangements having been in place since 2014. It is also resulting in us experiencing pay compression issues with the level below Executive Director. The current 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 Wyrsh

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.

	Implementation in 2024/25 (pages 128 - 137)	Implementation in 2025/26 (pages 147 - 149)																								
Salary	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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%) 																								
Pension and benefits	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Pension and benefits will remain unchanged 																								
APP	<p>2024/25 APP</p> <p>Maximum opportunity of 125% of salary for both Executive Directors</p> <table border="1"> <thead> <tr> <th>Performance measures (% weighting)</th> <th>Outturn (% of max)</th> </tr> </thead> <tbody> <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> </tbody> </table> <p>2024/25 APP outcome</p> <table border="1"> <thead> <tr> <th></th> <th>% of Maximum</th> <th>Actual (£'000)</th> <th>Maximum (£'000)</th> </tr> </thead> <tbody> <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> </tbody> </table>	Performance measures (% weighting)	Outturn (% of max)	Group Underlying EPS (35%) 	100 %	Group RoE (35%) 	96.5 %	Operational (15%)	54.2 %	Individual (15%): John Pettigrew	100 %	Individual (15%): Andy Agg	90 %		% of Maximum	Actual (£'000)	Maximum (£'000)	John Pettigrew	91.9 %	1,349	1,468	Andy Agg	90.4 %	874	966	<p>2025/26 APP</p> <p>Maximum opportunity of 200% of salary for both Executive Directors</p> <p>Measures for 2025/26:</p> <ul style="list-style-type: none"> Group RoE (35%) Group Underlying EPS (35%) Operational measures – Capital delivery and effectiveness, Leadership of change (15%) Individual measures (15%)
Performance measures (% weighting)	Outturn (% of max)																									
Group Underlying EPS (35%) 	100 %																									
Group RoE (35%) 	96.5 %																									
Operational (15%)	54.2 %																									
Individual (15%): John Pettigrew	100 %																									
Individual (15%): Andy Agg	90 %																									
	% of Maximum	Actual (£'000)	Maximum (£'000)																							
John Pettigrew	91.9 %	1,349	1,468																							
Andy Agg	90.4 %	874	966																							

 Indicates an alternative performance measure

	Implementation in 2024/25 (pages 128 - 137)	Implementation in 2025/26 (pages 147 - 149)																											
LTPP	<p>2022 LTPP</p> <p>Award levels were 350% of salary for the CEO and 300% of salary for the CFO</p> <table border="1"> <thead> <tr> <th>Performance measures (%) weighting</th> <th></th> <th>Outturn (% of max)</th> </tr> </thead> <tbody> <tr> <td>Underlying EPS (40%)</td> <td><=></td> <td>100 %</td> </tr> <tr> <td>Group RoE (40%)</td> <td><=></td> <td>46.0 %</td> </tr> <tr> <td>Reduction of Scope 1 emissions (10%)</td> <td></td> <td>100 %</td> </tr> <tr> <td>Enablement of energy transformation (10%)</td> <td></td> <td>79.0 %</td> </tr> </tbody> </table> <p>2022 LTPP outcome</p> <table border="1"> <thead> <tr> <th></th> <th>% of Maximum</th> <th>Actual (£'000)</th> <th>Maximum (£'000)</th> </tr> </thead> <tbody> <tr> <td>John Pettigrew</td> <td>76.3 %</td> <td>3,392</td> <td>4,445</td> </tr> <tr> <td>Andy Agg</td> <td>76.3 %</td> <td>1,913</td> <td>2,507</td> </tr> </tbody> </table>	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 %		% of Maximum	Actual (£'000)	Maximum (£'000)	John Pettigrew	76.3 %	3,392	4,445	Andy Agg	76.3 %	1,913	2,507	<p>2025 LTPP</p> <p>Award levels will remain at 350% of salary for the CEO and 300% of salary for the CFO</p> <p>Measures for 2025 LTPP:</p> <ul style="list-style-type: none"> • Group RoE (40%) • Group Underlying EPS (40%) • Reduction of Scope 1 emissions (10%) • Enablement of strategic growth initiative (10%)
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 %																											
	% of Maximum	Actual (£'000)	Maximum (£'000)																										
John Pettigrew	76.3 %	3,392	4,445																										
Andy Agg	76.3 %	1,913	2,507																										
Shareholding requirements	<p>John Pettigrew and Andy Agg have met their shareholding requirements</p> <p>The chart shows two stacked bars. The first bar for John Pettigrew has a total height of 1618%. The bottom segment is 1067% (Shareholding requirement) and the top segment is 551% (Shares subject to performance conditions). A horizontal line at 500% is labeled '500%'. The second bar for Andy Agg has a total height of 978%. The bottom segment is 514% (Shareholding requirement) and the top segment is 464% (Shares subject to performance conditions). A horizontal line at 400% is labeled '400%'.</p> <p> <ul style="list-style-type: none"> ■ Shareholding requirement ■ Shares counting towards shareholding requirement (beneficially owned shares as well as shares held in trust as part of the APP deferred share awards) ■ Shares subject to performance conditions (2022, 2023 and 2024 LTPP awards) </p> <p>The above chart excludes shares subject to continued employment (shares held as part of the Sharesave scheme).</p>	<p>Shareholding requirements remain unchanged</p>																											
Non-executive Director fees	<p>All Non-executive Directors' fees, including the Chair, increased by 4.5% – below the average increase of 5.0% across the UK wider workforce</p>	<ul style="list-style-type: none"> • 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	73.0	100%
			73.3		
Group RoE (%)	35%	8.2%	8.6%	9.0%	96.5%
			8.97%		
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: <ul style="list-style-type: none"> • 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
<p>Continue the journey to a Networks Plus company</p> <ul style="list-style-type: none"> 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 	
<p>Elevate the regulatory and public affairs profile of National Grid</p> <ul style="list-style-type: none"> Effectuated 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 	
<p>Address the challenges of true transformation</p> <ul style="list-style-type: none"> 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 	
<p>Invest in Talent and Leadership</p> <ul style="list-style-type: none"> 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 	100 %
Individual objectives and performance summary – Andy Agg	
<p>Ensure financing decisions that deliver the Group strategy are well understood by the Board with strong external investor support</p> <ul style="list-style-type: none"> 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 	
<p>Deliver regulator outcomes in line with Board expectations and yield a positive investor reaction</p> <ul style="list-style-type: none"> 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 	
<p>Deliver a step change in organisational capabilities that enable Group-wide efficiency targets to be met, and facilitate capital growth to time and cost</p> <ul style="list-style-type: none"> 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 	90 %
<p>Build capability: Drive the identification and development of talent into the right pipelines and succession for CFO</p> <ul style="list-style-type: none"> 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	Maximum 100% vesting	Outcome (% of max)
Cumulative three-year Underlying Group EPS 	40 %	185p	203p	100%
		213p		
Group RoE 	40 %	11.0%	12.3 %	46.0%
		11.4%		
National Grid Scope 1 emissions	10 %	-56ktCO ₂ e	-132ktCO ₂ e	100%
		-139ktCO₂e		
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 Wyrsh (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 Wyrsh: 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.

Year	Method	UK			Group-wide
		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

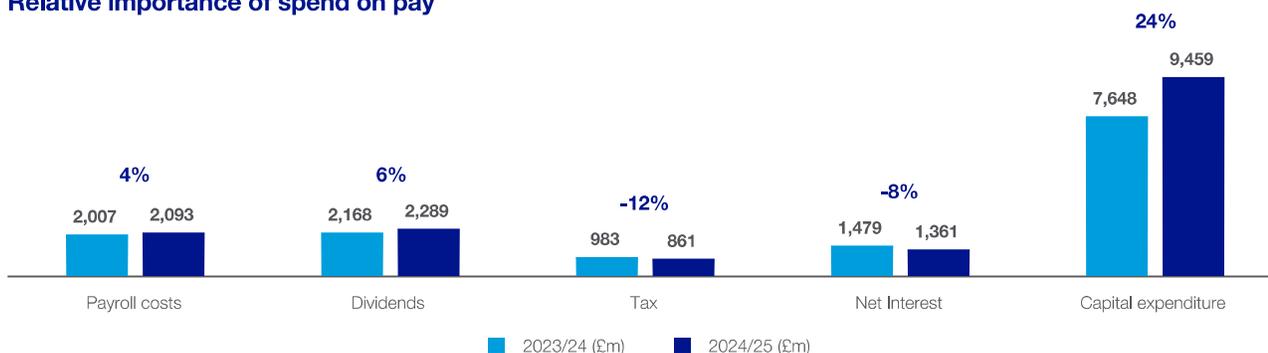
Statement of implementation of Policy in 2024/25 continued

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

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.

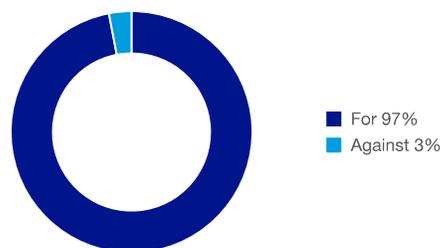
The Committee considers the views of the Chair on the performance and remuneration of the Chief Executive, and of the Chief Executive on the performance and remuneration of the other members of the Group Executive Committee. The Committee is also supported by the Group Company Secretary, and either he 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



Directors' Remuneration Report 2023/24



Notes:

- 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.
- 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	<ul style="list-style-type: none"> Change the benchmarking peer group from FTSE 11-40 to FTSE 30.
Annual Performance Plan (APP)	<ul style="list-style-type: none"> 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)	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Remove the flexibility to award up to 50% of salary in either the APP or LTPP in exceptional circumstances.
Non-executive Director fee governance	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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
<p>Salary</p> <p>Purpose and link to business strategy: to attract, motivate and retain high-calibre individuals.</p>	<p>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:</p> <ul style="list-style-type: none"> • 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. 	<p>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.</p>	<p>Not applicable.</p>
<p>Benefits</p> <p>Purpose and link to business strategy: to provide competitive and cost effective benefits to attract and retain high-calibre individuals.</p>	<p>Benefits currently provided include:</p> <ul style="list-style-type: none"> • 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. <p>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.</p> <p>Share Incentive Plan: UK employees may use gross salary to purchase shares. These shares are placed in trust.</p> <p>Employee Stock Purchase Plan (ESPP) (423(b) plan): eligible US employees may purchase ADSs on a monthly basis at a discounted price.</p> <p>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.</p>	<p>The cost of providing benefits will vary from year to year in line with the market.</p> <p>Participation in tax-advantaged all-employee share plans is subject to limits set by relevant tax authorities.</p>	<p>Not applicable.</p>

Directors' Remuneration Report continued

Directors' Remuneration Policy continued

Element	Operation	Maximum levels	Performance assessment
<p>Pension</p> <p>Purpose and link to business strategy: to help with future financial wellbeing and assist in attraction and retention.</p>	<p>Externally hired Executive Directors may participate in a defined contribution arrangement or alternatively choose to receive cash in lieu.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>US Directors: Defined contribution: contributions of up to 9% of salary plus APP award with additional 401(k) plan match up to 4%.</p> <p>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.</p>	<p>Not applicable.</p> <p>The current Executive Directors are not active members of a defined benefit plan.</p>

Element	Operation	Maximum levels	Performance assessment
<p>Annual Performance Plan (APP)</p> <p>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.</p>	<p>The APP comprises reward for achievement against financial and non-financial measures and achievement against individual objectives.</p> <p>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.</p> <p>APP awards are normally paid in June.</p> <p>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.</p> <p>Awards are subject to malus and clawback provisions.</p>	<p>The maximum award is 200% of salary in respect of a financial year.</p> <p>The payout levels at threshold, target and stretch performance levels are 0%, 50% and 100%, respectively.</p>	<p>At least 50% of the APP is based on performance against financial measures.</p> <p>The Committee may use its discretion to set financial and non-financial measures, including individual objectives that it considers appropriate in each year.</p> <p>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.</p>
<p>Long-Term Performance Plan (LTPP)</p> <p>Purpose and link to business strategy: to drive long-term business performance, aligning Executive Director incentives to key shareholder interests over the longer term.</p>	<p>Awards of shares may be granted each year, with vesting subject to long-term performance conditions.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Awards are subject to malus and clawback provisions.</p>	<p>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.</p> <p>For each performance measure, threshold performance will trigger up to 20% of the award to vest; 100% will vest if maximum performance is attained.</p>	<p>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.</p> <p>Awards have a three-year performance period followed by a two-year holding period post-vesting.</p> <p>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.</p>

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: <ul style="list-style-type: none"> • 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.

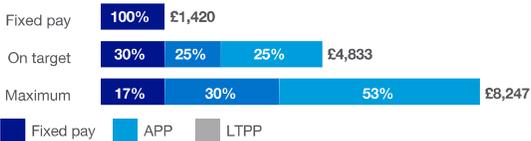
Directors' Remuneration Report continued

Directors' Remuneration Policy continued

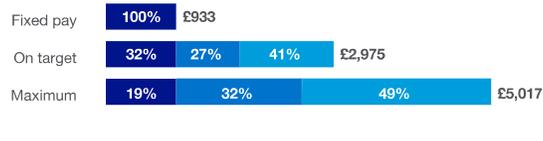
Total remuneration opportunity

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:

- 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.
- 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.
- 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.
- 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 LTTP.

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 Wyrsh

Chair of the Remuneration Committee

14 May 2025