

2025/26 performance highlights

**Statutory
operating profit**2024/25: £4,934m
+10% y-on-y**£5,431m****Underlying
operating profit**2024/25: £5,357m
+6% y-on-y**£5,680m****Statutory
earnings per share**2024/25: 60.0p
+9% y-on-y**65.5p****Underlying
earnings per share**2024/25: 73.3p
+6% y-on-y**78.0p****Capital
investment**2024/25:
£9.85bn
+18% y-on-y**£11.58bn****Asset growth**2024/25: 9.0%
+190bps y-on-y**10.9%****Dividend per share**2024/25: 46.72p
+3.8% y-on-y**48.49p****Alternative performance measure**

In addition to International Financial Reporting Standards (IFRS) figures, management also uses a number of alternative measures to assess performance. Definitions and reconciliations to statutory financial information can be found on pages 236 – 247. These measures are highlighted with the symbol above.

Reporting currency

Our financial results are reported in sterling. We convert our US business results at the weighted average exchange rate during the year, which for 2025/26 was \$1.34 to £1 (2024/25: \$1.27 to £1).

2025/26 performance highlights cont.



Network reliability

2024/25: 99.9%
in line with prior year

99.9%

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

2024/25: 0.10
+10% y-on-y

0.11

**Scope 1 and 2 GHG
emissions in mtCO₂e**

2024/25: 7.4
+1.2% y-on-y

7.5

**Employee engagement in our
twice annual Grid:Voice survey**

2024/25: 80%
+100bps

81%



2024/25 Deloitte assured data



2025/26 Deloitte assured data

Denotes information subject to limited assurance (see pages 26)

We Bring Energy to Power Possibilities

Chair's statement page 6

Technology changes our existence – and is inextricably linked to energy

National Grid is in the right place at the right time to take part in the evolving energy landscape, with extensive grids in the UK and US primed for expansion. We have announced our intention to invest at least £70 billion over the next five years to enhance our networks. This is an ambitious effort and demands that we increase our agility, our productivity, and our speed of technology adoption.

Chief Executive's review page 8

Energy is the foundation of modern economies and the grid is the platform that makes energy usable at scale

The networks we plan, build and operate today will serve customers for decades. The choices we make now, on sequencing, design, capital discipline and system architecture, will shape investment, resilience and economic growth for a generation.

Responsible Business review page 38

Responsible business is important to us and our stakeholders

Over the past year, we have navigated a complex landscape characterised by significant economic and political uncertainty. In this environment, energy security and affordability remain priorities. Part of being a responsible business is taking account of, and responding to, the expectations of our customers, communities, colleagues and other stakeholders.

National Grid at a glance

Infrastructure at the heart of energy systems

National Grid businesses play a vital role in energy systems in the UK and US, connecting sources of power to the customers that use them and shaping the future of our critical energy networks.

[See our business model on page 12 – 13](#)

Our businesses



UK

UK Electricity Transmission (UK ET/NGET)

We own and operate the high-voltage electricity transmission network in England and Wales. This connects and transmits electricity between generators, storage, large customers and distribution networks while delivering the major strategic infrastructure for a resilient and clean power grid.

[Read more on page 18](#)

UK Electricity Distribution (UK ED/NGED)

We own and operate the UK's largest electricity distribution network, serving a population of 20 million people across the East Midlands, West Midlands, South West and South Wales. This includes a Distribution System Operator overseen by an independent panel.

[Read more on page 19](#)

Our values

Do the right thing

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

Find a better way

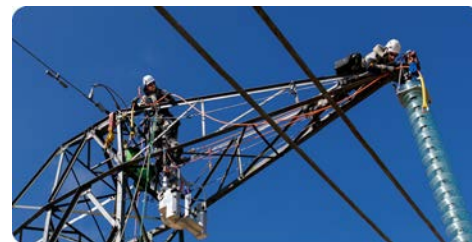
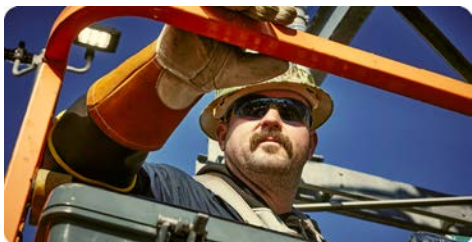
- Embrace the power and opportunity of diversity
- Increase efficiency to help with customer affordability
- Work with others to find solutions for customers
- Commit to learning and new ideas

Make it happen

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

National Grid at a glance cont.

Our businesses



US

New York (NY)

We own and operate electricity transmission, electricity distribution and gas distribution networks in Upstate and Downstate New York, delivering energy to 4.2 million customers (1.7 million electric and 2.5 million gas).

New England (NE)

We own and operate electricity and gas distribution networks in Massachusetts, serving 2.3 million customers. We also own and operate electricity transmission networks across Massachusetts, New Hampshire and Vermont.

International

National Grid Ventures (NGV)

We develop and operate large-scale energy projects across the UK and US. They represent a broad mix of energy assets and businesses, including six electricity interconnectors between the UK and Europe, US competitive transmission, power generation and battery storage.

Other activities

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

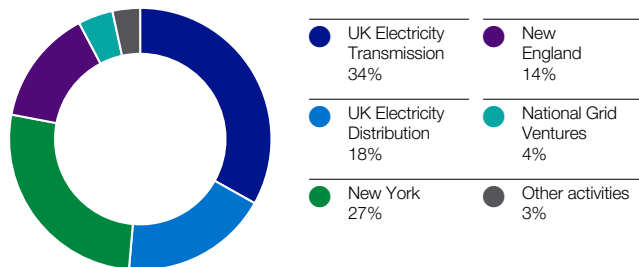
[Read more on page 20](#)

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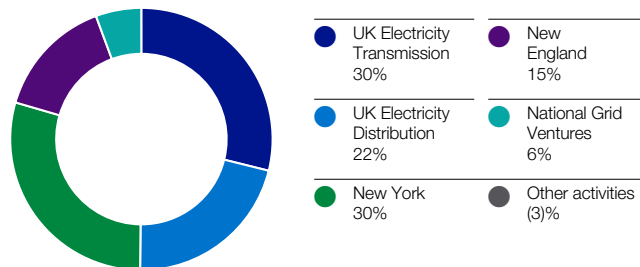
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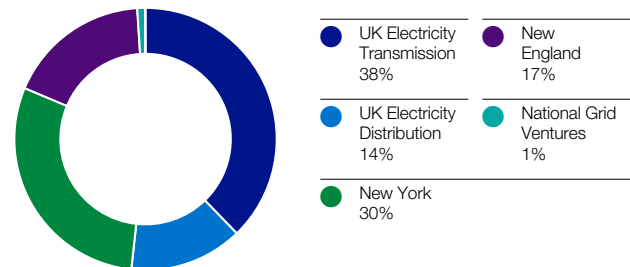
2025/26 Regulatory asset value (RAV), rate base and other assets (% of Group)



2025/26 Underlying operating profit (% of Group)



2025/26 Capital investment (% of Group)



Alternative performance measure

Chair's statement

Paula Rosput Reynolds

Technology changes our existence – and is inextricably linked to energy

National Grid is in the right place at the right time in this evolving landscape.



Chair's statement cont.

“National Grid is a guardian of the integrity and capability of the energy system. It’s our job to ensure that energy grids in our regions – both electricity and natural gas – have the capability to move energy to where it is needed, when it is needed.”

At least

£70bn

capital investment over the next five years

Dear fellow shareholder,

At the very moment you are reading this letter, more than five billion people around the world are using the internet. In fact, three-quarters of the global population are internet users. Yet there are still two billion people, primarily in Central and Eastern Africa and South Asia, who have yet to experience what most of us take for granted. But whether you are in New York or London, or in rural Myanmar or on a remote island in Indonesia, progress only moves one way. Technology changes our existence – and is inextricably linked to energy.

Technology saves energy, but it also creates the need for energy. Artificial intelligence (AI) is the classic example of both. AI has been years in development, and it already operates within every domain of the digital world. But it relies on increasingly sophisticated microchips, which consume more energy than early generations of chips. Concerns about the proliferation of data centres and how existing utility customers' bills might be affected are among the issues yet to be fully resolved.

Against this backdrop, National Grid is a guardian of the integrity and capability of the energy system. We design, build and operate long lead-time, capital-intensive infrastructure. It's our job to ensure that energy grids in our regions – both electricity and natural gas – have the capability to move energy to where it is needed, when it is needed. Whether it's connecting a wind farm in the North Sea or providing natural gas to a new chip fabricator in central New York, it's our job to plan for the future.

National Grid is in the right place at the right time in this evolving landscape. We have extensive land-based electric power and natural gas grids in the UK and US. With years of planning well underway, these grids are primed for expansion. In addition, we operate the most extensive subsea network of high-voltage direct current (HVDC) interconnectors in the world, linking the UK with Europe, with further expansions planned. Given the complexity of our networks, we are an early adopter of technologies to make our grids more efficient.

Through sensors, automated controls, unmanned surveillance, and AI, we are changing how infrastructure operates. We both support the energy requirements of AI and are a major user of its capabilities.

National Grid has announced its intention to invest at least £70 billion over the next five years to enhance our networks. This is an ambitious effort but, rest assured, our focus on safety and reliability does not waver. The enormity of the challenge demands that we increase our agility, our productivity, and our speed of adoption. To this end, in November 2025, National Grid welcomed a new Chief Executive, Zoë Yujnovich, who succeeded our long-serving leader, John Pettigrew.

In this report, you'll hear Zoë's voice on how she is bringing new perspectives, discipline, and energy to National Grid.

No annual report issued by an energy company in May 2026 would be complete without some commentary on the situation in the Middle East. The global disruption in the movement of hydrocarbons through the Strait of Hormuz affects all participants in the energy value chain. Affordability for our customers remains a concern. Efficiency – like the kind that Zoë is driving – is the most powerful tool that we have to deploy.

Though we can debate the merits of how much AI, and how quickly it is adopted, technology will create opportunities we can only begin to imagine. The geopolitics of the moment are troubling, but the future is still bright.

Your ownership in National Grid underpins our ability to deliver critical new transmission and distribution infrastructure on two continents. On behalf of the Board, I thank you for your continued support of our company and our mission.

Paula Rospit Reynolds

Chair

13 May 2026

Chief Executive's review



Zoë Yujnovich

**Energy is
the foundation
of modern
economies and
the grid is the
platform that
makes energy
usable at scale**

Chief Executive's review cont.

Energy is the foundation of modern economies, and the grid is the platform that makes energy usable at scale. For decades, it operated largely out of sight. Today, it sits firmly at the centre of national economic strategy, and it is not moving back.

Across the UK and the north-eastern United States, there has been a fundamental shift. Electricity demand is rising again after years of low or negative growth. The large-scale build-out of low-carbon generation and storage, the electrification of transport and industry, advanced manufacturing and the rapid growth of artificial intelligence are reshaping how and where energy is produced and consumed. These shifts are also influencing natural gas demand, particularly as systems balance resilience with transition.

What has not changed is our responsibility: to move energy safely, reliably, at scale and in real time, from where it is produced to where it is needed. What has changed is the urgency, and the recognition that networks can either be an essential catalyst for growth or a constraint.

The connection between supply and demand depends on networks, that's why National Grid sits at the centre of national economic strategy.

National Grid is well positioned for this moment. We operate extensive electricity and natural gas networks across the UK and the north-eastern US, regions where demand is growing and the pace of change is accelerating. Our networks are ready to support expansion and modernisation. The essential nature of what we do defines both our responsibility and our opportunity.

Our value proposition is clear. We build, own and operate high-quality, regulated infrastructure that supports economic growth, strengthens energy security and delivers tangible benefits to the communities we serve.

Our model offers investors exposure to sustained long-term growth in energy demand, without the day-to-day volatility that can characterise other sectors. The strategic nature of our assets is well understood in investment circles, often described as HALO: heavy assets, low obsolescence.

We are investing at unprecedented scale to expand and modernise the networks that will underpin this next phase of economic growth. At the same time, we are determined to make better use of the networks we already have and connect customers faster.

As Chief Executive, I am clear about what this moment demands: disciplined capital allocation, excellence in execution and a culture that values accountability as much as ambition. Growth matters, but never at the expense of safety, reliability, affordability or trust.

National Grid offers growth and resilience



2025/26 financial performance highlights

Capital investment¹

£11.58bn

2025: £9.54bn +21%

Asset growth

10.9%

2025: 9.0% +190bps

Return on Equity

9.8%

2024/25: 9.0% +80bps

Underlying operating profit

£5.7bn

2024/25: 5.2bn +9%

Underlying EPS¹

78.0p

2024/25: 72.0p +8%

Dividend growth in line with policy

48.49p

2024/25: 46.72p +3.8%

1. Underlying results from continuing operations excluding exceptional items, remeasurements, deferrable major storm costs (when greater than \$100m), timing, and the impact of deferred tax in the UK regulated businesses (NGET and NGED). Underlying EPS and capital investment calculated at constant currency.

Chief Executive’s review cont.

Over the past six months, I have mobilised our senior leaders in a rigorous review of the business, testing our ambition against industry-leading peers and customers’ rising expectations of us. This culminated in a refreshed strategic framework – not a change in direction, but a clearer and more effective way of translating strategy into delivery across a complex organisation.

At its core is our mission: **we bring energy to power possibilities.**

First, we are focusing on the operational fundamentals: delivering our capital programme on time and on budget; maximising asset performance and reliability; providing a consistently strong customer experience; and functions that support the businesses effectively. We call these the “brilliant basics” – where credibility is earned and trust is built, because execution is what turns investment into impact.

Second, we are driving three “big shifts” that will improve performance and enhance delivery capacity: strengthening leadership, capability and performance management; scaling technology, data and AI to unlock productivity and faster connections; and stepping up our external positioning and policy engagement to help shape outcomes that work for our customers and investors.

As system needs evolve, regulatory and policy frameworks must evolve too. We are being more focused and deliberate in shaping outcomes that support affordability, resilience and growth for customers, communities and investors, building coalitions and taking clearer positions.

Affordability is central to everything we do. We recognise the pressure that energy bills place on households and businesses, and we take seriously our responsibility to deliver our part of the system as efficiently as possible. How we invest and operate has a direct impact on what customers pay, both today and over the long term. History shows that under-investment does not remove cost; it merely defers and ultimately increases it, through connection delays leading to lost economic opportunity and higher system operating and constraint costs.

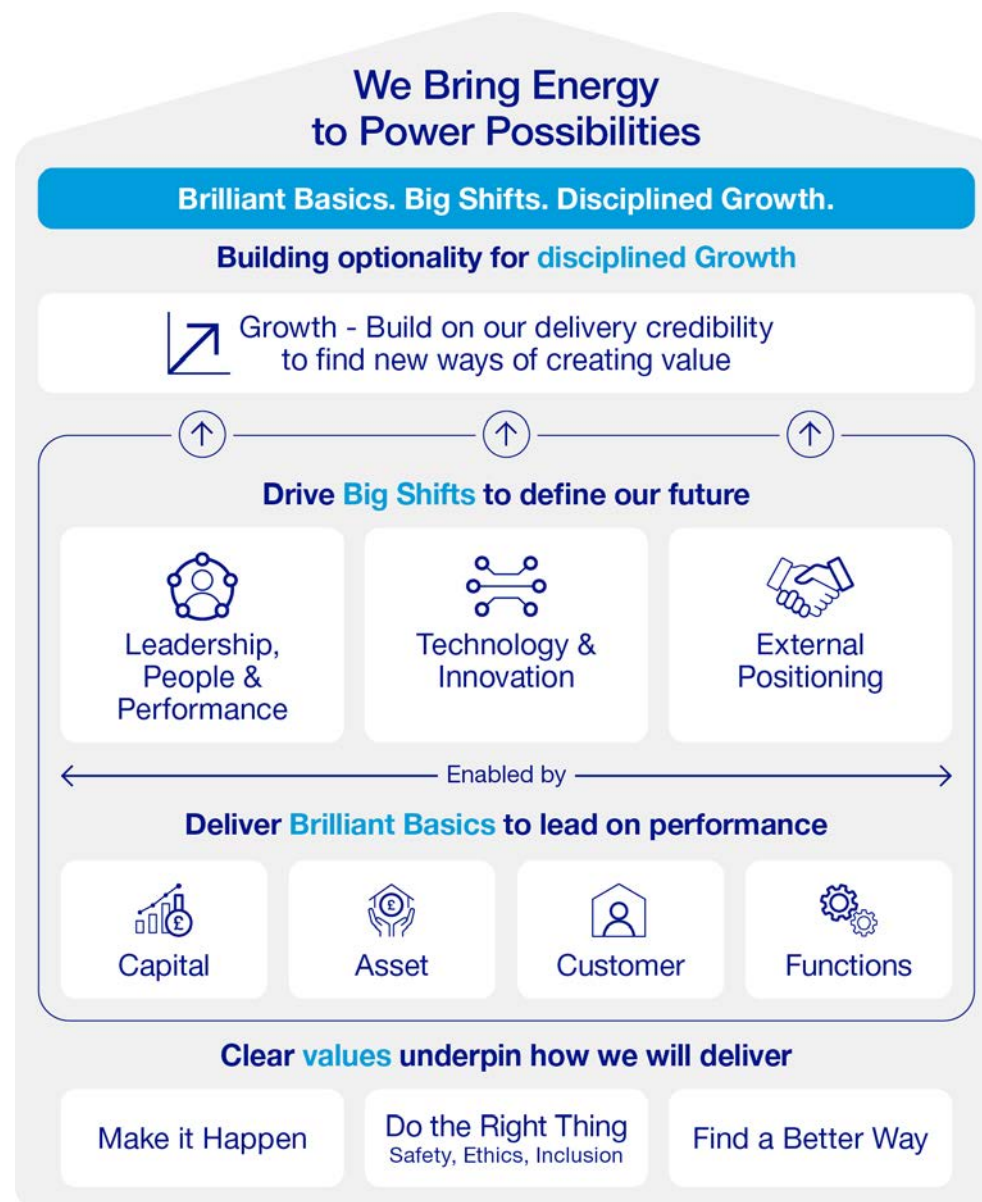
Our focus is therefore on getting more from the networks we have, investing efficiently, making trade-offs transparent and maintaining discipline as we grow.

Achieving this transformation at pace also depends on effective policy and the right regulatory frameworks. Strategic planning, efficient permitting and fair cost allocation are essential. Rate impacts perceived as unfair, or new loads that compromise reliability, cannot be the outcome of this growth cycle. We work closely with our regulators, who challenge our thinking and help ensure we deliver for customers. We are working towards a shared objective: networks that are affordable, resilient and support economic growth.

Delivering new infrastructure also means earning the trust of the communities that host it. These are long-lived assets that create lasting national and local benefits, but we are candid that construction and maintenance can bring disruption and visual impact. Engagement therefore matters as much as engineering. We are raising our ambition by being clearer about the benefits projects bring, innovating to reduce impacts wherever possible, enhancing the natural environment and ensuring communities share in the value created, including through skills development, apprenticeships and local employment.

Our people sit at the heart of this effort. Each year, we bring hundreds of new colleagues into National Grid. For many, this is not just a job, but the start of a long-term career. The next generation of colleagues will operate networks that are more flexible and intelligent than ever before. Data, sensors, automation, advanced system design and digital tools, including artificial intelligence, are already changing how we plan, operate and deliver work. These technologies help us unlock capacity from existing networks, connect customers faster and improve decision-making, while maintaining the safety and reliability on which our reputation depends.

Our refreshed strategic framework focuses our organisation



Chief Executive’s review cont.

“I am deeply grateful for the opportunity to lead National Grid through a period of profound change. The networks we plan, build and operate today will serve customers for decades.”

In 2025/26, we increased capital investment by more than 20% to £11.6 billion, driving asset growth of 10.9%. Higher operating profit, combined with lower financing costs, increased underlying operating profit to £5.7 billion, delivering 8% growth in underlying earnings per share at constant currency, in line with our guidance. And we grew our dividend by 3.8%, in line CPIH inflation.

These results give me confidence in the quality of our assets and the strength of the business. The professionalism and dedication of my colleagues make all of this possible, and I thank them for another year of keeping energy flowing safely and reliably.

I also want to thank our shareholders. In my first months as Chief Executive, I have met with many of you and listened carefully to your perspectives. I have taken that guidance seriously, and I hope you will see it reflected in this report and in the way we are positioning National Grid for the future.

I am deeply grateful for the opportunity to lead National Grid through a period of profound change. The networks we plan, build and operate today will serve customers for decades. The choices we make now, on sequencing, design, capital discipline and system architecture, will shape investment, resilience and economic growth for a generation.

Energy will power the next economy. Networks will carry it.

Our task is to build those networks safely, efficiently and at the pace required, so that energy can unlock the growth, innovation and resilience on which modern economies depend.

Zoë Ujnovich
Chief Executive

13 May 2026

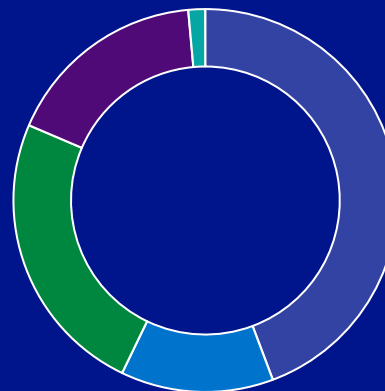
Five-year financial framework 2026/27 – 2030/31

announced 2 March 2026

Capital investment

at least
£70bn

to meet decarbonisation and energy security goals and accelerating demand growth from data centres and industrial electrification



- UK ET c.£31bn
- UK ED c.£9bn
- New York c.£17bn
- New England c.£12bn
- NGV c.£1bn

Group asset growth

c.10%
CAGR¹

Underlying EPS

8-10%
CAGR²

1. Group asset compound annual growth rate from a 2025/26 baseline. Forward years based on assumed USD FX rate of \$1.35:£1 and long run UK CPIH and US CPI assumptions.
2. EPS compound annual growth rate from a 2025/26 baseline. Forward years based on assumed USD FX rate of \$1.35:£1, long run UK CPIH, US CPI and interest rate assumptions and scrip uptake of 25%.

Our business model

Delivering today, building for tomorrow

We operate and invest in regulated infrastructure that supports economic growth while delivering resilient returns for shareholders and benefits for the communities we serve.

We deploy our resources effectively...

Physical assets

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

 [Read more on page 18](#)

Efficient financial capital

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

 [Read more on page 69](#)

Strategic and responsible leadership

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

 [Read more on page 8](#)

Expert colleagues

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

 [Read more on page 47](#)

...and nurture our partner relationships...

With our **customers**, including the electricity generators that own the energy that flows through our networks.

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

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

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

Our business model cont.

...to shape the future of energy systems...

Sources of energy

Generation and storage

In the US, we own and operate fossil fuel electricity generation facilities on Long Island. We also operate modern solar and battery storage projects with NextEra Energy Resources on Long Island.

Integrating cleaner energy

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

Networks and infrastructure

Interconnectors

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

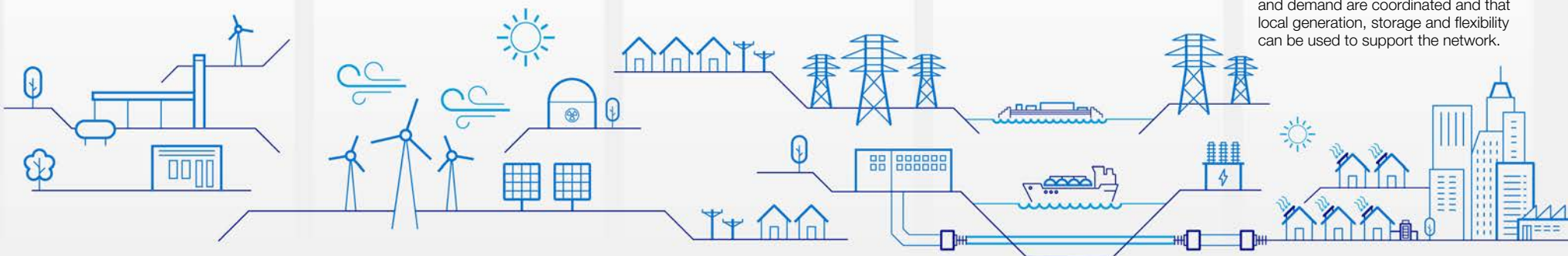
Transmission

Our transmission networks transport energy over long distances, safely and efficiently from where it is produced to distribution networks. We facilitate the connection of energy generation assets and large loads to our transmission systems and we charge generators and distributors for putting energy through our networks, based on prices set by regulators.

Delivering for customers

Distribution and supply

In the UK and US, we deliver electricity. In the US, we also deliver gas and act as a supplier. Our distribution networks take high-voltage electricity and high-pressure gas from the transmission networks, and deliver it at lower voltages and reduced pressures to homes and businesses. They also enable two-way flows as customers generate, store and export electricity locally. Through our UK Electricity Distribution System Operator (DSO) we ensure that supply and demand are coordinated and that local generation, storage and flexibility can be used to support the network.



...to create lasting value and deliver positive outcomes for our stakeholders.

Customers

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

99.9%

Network reliability
2024/25: 99.9%

Investors

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

78.0p

Underlying EPS
2024/25: 73.3p

Colleagues

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

33,017

Employees
2024/25: 31,645

Supply chain and delivery partners

Responsible and efficient supply and delivery chains with aligned interests.

c.£8bn

Electricity Transmission Partnership launched in UK

Communities

Creation of jobs, skills and employability pathways, alongside charitable community work and the long-term benefits of reliable supply through infrastructure investment.

52,620

Colleague volunteering hours
292,611 hours since 2021

Political and regulatory

Trusted relationships at national and regional levels to ensure alignment and delivery of our shared energy, growth and environmental objectives.

£9,834m

Green capital expenditure¹
2024/25: £7,667m

Our business environment

Our business environment is being shaped by rising electricity demand, an evolving supply mix, and major reforms which are changing how energy systems are planned, built and operated. Against a backdrop of geopolitical uncertainty and rapid technological change, we are delivering the adaptive and reliable infrastructure needed to support economic growth for customers and communities.



Energy supply and demand

Shifts in energy supply and demand are accelerating the need for larger and smarter electricity and gas networks. This is driven by low-carbon generation, storage, electric vehicles, electrification of heating and industry, and increasingly from data centres to power AI. This is creating new opportunities and reshaping where and how capacity is needed.

Impact on our industry

- New generation continues to shift towards low-carbon sources. In 2025, renewables generated a record 52.5% of UK electricity and accounted for nearly 88% of new generation capacity in the US. The UK's Contracts for Difference auction in early 2026 secured 8.4GW of future offshore wind capacity.
- Natural gas is expected to remain a key part of the energy mix in the UK and US, playing a critical role in managing renewable intermittency and peak demand, as well as home heating.
- Electricity demand continues to rise in the UK and US, driven by electrification of transport and heat, and more recently, by the rapid growth in data centres and advanced manufacturing. These trends are reshaping long-term network planning and connection requirements.
- Battery storage capacity and other flexible assets are reaching commercial scale, becoming increasingly important for system balancing and to avoid excess power going unused.

How we are responding

- National Grid is expanding and upgrading its networks to keep pace with rising demand and the shift to cleaner generation. In 2025/26, we connected 1.8GW of new capacity across our electricity networks.
- We are increasing the capacity of our electricity and gas networks where demand is growing fastest. In the UK, we are constructing a new substation at Uxbridge Moor which is expected to connect more than a dozen new data centres to the grid from 2029.
- We are enabling our customers to connect and operate flexible assets including solar, storage and other technologies. In New England, we are piloting new technology to help customer assets come online faster and adjust output at times of grid stress.



Technology and innovation

Technology and innovation are unlocking new ways to plan, build, operate and maintain our networks. They are transforming the customer experience with smart meters, flexible services and better billing. AI is reshaping every aspect of our business, accelerating our ability to plan, respond and deliver across our electricity and gas networks.

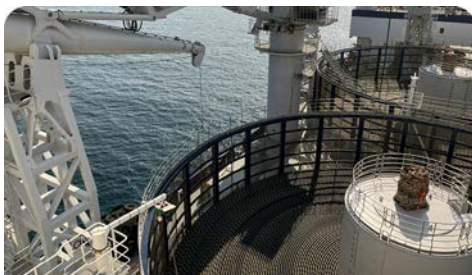
Impact on our industry

- AI is creating opportunities to improve operational efficiency across the value chain, through enhanced grid intelligence, predictive and autonomous maintenance, and customer service. Across our operating areas, AI adoption continues to accelerate, with increasing agentic and autonomous applications.
- Grid-enhancing technologies, such as smart sensors, are unlocking capacity on the existing network by allowing optimisation of how much electricity can be safely carried on power lines at any moment.
- Customer-facing digital platforms are enabling customers to manage their energy, lower bills and track real-time outages. Utility companies are responding with better apps and smart software.

How we are responding

- We are upgrading and operating our infrastructure with state-of-the-art technology including dynamic line rating, digital twins and drones. These technologies are transforming how we plan and operate the network, easing constraints and supporting faster connections.
- In the UK, we have installed dynamic line rating technology on more than 600 km of electricity transmission infrastructure, which has saved £21m in constraint costs over the last five years.
- We are leveraging AI technology across our businesses. Our collaborations with Emerald.AI and GridCARE are helping to unlock additional grid capacity and supporting our large load customers, including data centres, to connect faster. Our partnership with Rhizome helps us identify and prevent wildfire risks across our networks in the US and UK.

Our business environment cont.



Global uncertainty

Economic and political uncertainty continues to impact energy supply around the world, making it more important to focus on resilience and security.

Impact on our industry

- Global conflicts are increasing uncertainty across the energy landscape and countries are refocusing on domestic energy security.
- Oil and gas markets remain volatile, as the UK and Europe phase out Russian gas imports and supply from the Middle East becomes unpredictable.
- Trade disputes are increasingly unpredictable with new tariffs impacting global trade and supply chains and creating challenges for major energy infrastructure projects.
- Transmission and distribution systems are under pressure from physical and cyber security threats.

How we are responding

- We remain focused on delivering resilient and secure infrastructure – helping to reduce the risk of disruption for the communities we serve.
- We participate in key working groups including the Energy Networks Association in the UK and the Edison Electric Institute and American Gas Association in the US, to advocate for policies that deliver a smooth energy transition.
- We are building resilience in our supply chains. In the UK, our new supply chain partnership model is propelling a c.£8 billion programme of substation upgrades by providing exclusive long-term contracts to regional suppliers.
- We are supporting the Northeast Supply Enhancement (NESE) project to expand natural gas capacity in Downstate New York, strengthening energy reliability and supporting economic growth for homes and businesses.
- We build resilience against the increase in physical and cyber threats into our networks and operations.



Affordability and reliability

Affordability and reliability are shaping customer and regulator expectations of energy networks. Households feel pressure from persistently higher bills, while business and industry navigate increasing costs which impact growth. Meanwhile, regulators are strengthening their focus on resilience and reliability of supply as electricity demand grows, extreme weather events intensify, and systems become more dependent on variable renewables.

Impact on our industry

- Customers are facing sustained pressure from higher energy costs and inflation across many consumer goods. Affordability remains at the forefront of public expectations and policy debates.
- Grid reliability faces a dual challenge of ageing infrastructure which requires accelerated replacement while simultaneously absorbing rapid growth in intermittent generation, large demand loads, and flexible assets. The scale of investment required to maintain and expand the network is increasing, and customers expect services that can withstand extreme weather and rising peak demand.

How we are responding

- Since 2023, NGV's subsea interconnectors have saved UK customers more than £1.65 billion by importing electricity from Europe, compared to generating the same power from gas in the UK.
- In Upstate New York, we are offering \$290 million in bill discounts and energy efficiency improvements for income-eligible electric customers. In New England, we provide eligible low-income customers up to 70% off their bills.
- Our UK transmission network had a reliability rate of 99.99999%. Since 2024, we have replaced or refurbished over 1,000 assets including transformers, switchgear and cables.
- On Long Island, New York, we provide reliable, affordable electricity and critical support to the tightening electric system. National Grid Generation (operated by NGV) owns and operates 3.8GW of power generation – about 65% of the island's total generating capacity.
- We prevented over 19 million minutes of customer outages in Massachusetts and 13.5 million minutes in Upstate New York by deploying fault location, isolation and service restoration technology on our networks.





Performance against our strategic priorities

We have been guided by five strategic priorities in 2025/26

 See our key performance indicators on page 26 – 29

 See our business units on page 18 – 22

Business environment links

-  Energy supply and demand
-  Technology and innovation
-  Global uncertainty
-  Affordability and reliability

1 Enable the energy transition

Our networks play an important role in the energy transition. We work with policymakers, regulators and the wider industry to shape policy and regulatory frameworks needed to reach shared energy objectives.

1.8GW

of new energised capacity connected across our power networks in 2025/26

Business environment:



KPIs

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

2025/26 achievements

- We connected 1.1GW of energised renewable capacity to our networks across the UK and US.
- In UK ET, we accepted Ofgem’s RIIO-T3 Final Determination, locking in a 2026–31 framework that enables major expansion of our network and supports plans to nearly double capacity. The T3 contract incentivises timely completion of strategic projects and innovation.
- In UK ED, we responded to Ofgem’s ED3 Sector Specific Methodology Consultation, highlighting that transforming the UK’s energy system will require investment at an unprecedented scale, supported by a regulatory framework that enables economic growth, decarbonisation and strong customer outcomes.
- In New England, we secured Massachusetts Department of Public Utilities approval for the cost recovery of Electric Sector Modernization Plan projects, balancing customer affordability with the state’s clean energy objectives.
- In New York, we gained approval from our regulators for new rates at Niagara Mohawk and our Long-Term Gas Plan, supporting greater renewable integration and planning for the Northeast Supply Enhancement pipeline.
- NGV announced the world’s first 100% hydrogen-fuelled commercial linear generator at Northport power plant.

2 Build the networks of the future now

We are scaling a once-in-a-generation increase in network capacity to connect and transport electricity. We are modernising our electricity networks to improve capacity, visibility, security and reliability, and drive economic growth. We will ensure the safety and reliability of our gas networks.

at least £70bn

cumulative capital investment over our five-year financial framework to 2030/31

Business environment:



KPIs

- Group capital investment
- Asset growth

2025/26 achievements

- In UK ET, we advanced major construction activity across our portfolio, progressing delivery of the transmission infrastructure required to connect new generation capacity at pace.
- In UK ED, we added 250MVA of capacity to our distribution network and are on track to deliver an increase in capital investment of over £100 million versus prior year.
- In New England, we established strategic contractor partnerships to accelerate timelines, reduce risk, and lower costs across more than \$3 billion of planned capital work over the next five years.
- In the US, we have cumulatively installed over 2 million smart meters – covering 68% of customers in Upstate New York and 35% of customers in New England.
- NGV is developing projects in the UK and US which will contribute to future capital investment. In the UK, NGV recently gained agreement on a regulatory framework for its LionLink hybrid interconnector project, which is planned to be delivered in partnership with TenneT. In the US, in conjunction with partners NY Transco and NY Power Authority, NGV are engaged with communities to gain support for NY Propel, a high-voltage enhancement to New York’s electricity grid.

Performance against our strategic priorities cont.

3

Deliver for customers

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

99.9%

reliability across our UK and US electricity networks

Business environment:



KPIs

- Network reliability
- Customer satisfaction

2025/26 achievements

- Our UK and US networks maintained a high level of service reliability. Our UK transmission network had just one loss of supply event, the lowest number in ten years.
- In UK ED, we are connecting new sources of renewable low-carbon generation to our network, increasing the total amount across our region to over 14GW. Our Vulnerability Strategy has supported over 21,000 customers to save £22m on their bills in 2024/25.
- In UK ET, we drove Connections Reform with NESO, establishing a new delivery pipeline and prioritisation framework intended to speed up connections and to enable more efficient delivery of the transmission capacity required for Clean Power 2030.
- In the UK, we modernised our contact centre by deploying Amazon Connect, improving service speed and management of service restoration after unplanned outages.
- Across New York and New England, we replaced 315 miles of leak prone gas pipe.
- In the US, we expanded access to emergency bill assistance, home weatherisation and energy usage education by partnering with more than 10 local organisations in New York and Massachusetts.

4

Operate safely and efficiently

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

0.11

lost time injury frequency rate LTIFR)

Business environment:



KPIs

- Group LTIFR
- Underlying EPS
- Group RoE

2025/26 achievements

- In UK ET, we improved operational efficiency by modernising how the network is controlled, including upgrades to our transmission control centre, alongside innovations including drones, use of AI, and dynamic line rating, the latter of which has saved £21m in constraint costs over the last five years.
- During Storm Goretti, our UK ED business dealt with over 1,300 incidents and restored approximately 246,000 customers across the region. We also made over 97,000 proactive calls to the Priority Service Register (PSR).
- Our New York and New England gas systems performed well during the extended winter storm season, keeping our customers warm during heavy snow and hurricane-force winds. Our power restoration efforts were recognised with Edison Electric Institute (EEI) Emergency Response Awards.
- In NGV, our UK interconnectors delivered 90% availability across the fleet (up from 86% in 2024/25) and provide a total import capacity of 7.8GW.
- Our LTIFR stood at 0.11, compared with 0.10 in 2024/25 and against our Group target of 0.10. In response, we have implemented targeted Group and business unit initiatives to strengthen risk awareness, leadership engagement and control effectiveness.

5

Build tomorrow's workforce today

Delivering on our ambitions requires one big team. We're developing and recruiting for the skills and roles we need so we can build tomorrow's workforce today. From apprentices to leaders, we're creating the place to develop a career that positively impacts energy infrastructure and the planet.

703

graduates, apprentices and interns welcomed in the UK and US

Business environment:



KPIs

- Employee engagement index

2025/26 achievements

- Across the UK and US, we welcomed 3,790 new employees during the year.
- All new starters receive training on our mission, values and standards, supported by role-appropriate technical and leadership development.
- Over half of vacancies continue to be filled through internal moves and promotions, reflecting our strong focus on developing and retaining talent.
- In response to the scale and complexity of our capital program, we are working with the University of Oxford and the Saïd Business School to strengthen project management capability, improve delivery at scale and reduce risk across our major infrastructure programmes.
- Employee feedback matters and all permanent staff are invited annually to share their views on working at National Grid. Our employee engagement score remains strong at 81%.

Our business units



UK

UK Electricity Transmission

Highlights

- Agreed the RIIO T3 price control, securing the regulatory framework for April 2026–March 2031 and enabling up to £31bn of capital investment.
- Delivered 2025/26 financial results in line or ahead of expectations, with underlying operating profit up 18% year on year and capital investment up 46%.
- Started construction of three new or significantly expanded substations, including Uxbridge Moor, which is supporting multiple data centre connections and is expected to be the largest capacity substation in the UK.
- Launched the Electricity Transmission Partnership (ETP) to strengthen supply chain relationships, capacity and productivity, with c.£1.7bn already allocated to partners under the framework.

Looking ahead

- Make submissions to Ofgem across the various stages of the reopeners process for up to £14bn of additional funding to deliver new connections and system reinforcements.
- Work closely with customers and industry partners to deliver Connections Reform.
- Connect up to 35 GW of generation and 19 GVA of demand through RIIO T3, supporting economic growth and decarbonisation.
- Deliver the ASTI portfolio, enabling power flows from 50GW of offshore wind across our network.
- Go live with our next generation Electricity Control Centre and SCADA system.

Investment

Over the course of 2025/26, we have delivered £4.37bn of capital investment. We are working to deliver up to £31bn capital investment in our RIIO-T3 investment plan, acting as an engine for growth and powering the country through the shift to a cleaner economy.

The volume of investment planned over RIIO-T3 will stretch our supply chain, with transmission owners around the world upgrading their grids. In July, we launched our Electricity Transmission Partnership (ETP) to help power Britain's clean energy future. This is designed to unlock long-term supply chain capacity and skills across England and Wales. The ETP remodels how we engage with suppliers, moving to a longer-term collaborative approach that builds strong regional partnerships and rewards partners for high-quality performance over time. It will accelerate the delivery of vital substation infrastructure across England and Wales and support the UK's clean energy transition, with c.£8bn of substation construction work to be awarded over the RIIO-T3 period across c.130 projects.

Work on our Accelerated Strategic Transmission Investment (ASTI) projects continues at pace and the primary supply chain is now in place for all 17 ASTI projects. We have made good progress on the six ASTI projects where construction commenced in 2024/25. Our ASTI portfolio is crucial to a lower carbon energy future and we are working to minimise the carbon emissions from construction while balancing that with the cost to the customer and delivery at speed. We now model future emissions so that we can take action to reduce our impact on the environment without delaying programmes.

Innovation

We are building a brand new, state-of-the-art control centre to manage the transmission network of tomorrow. This will reinforce network resilience, uphold our world-class reliability standards and power the clean energy transition. The control centre will use our new SCADA (Supervisory Control and Data Acquisition) system, expected to go-live in June 2027, providing real-time visibility and control of our assets and allowing us to respond quickly to changing network conditions and customer needs.

We are systematically testing new technologies and ways of working. Over the course of 2025/26, we have worked with Hyperion Robotics and the University of Sheffield on a UK-first trial of low-carbon 3D-printed concrete substation foundations. If deployed across all substations, this technology could save over 700 tons of concrete and over 300 tons of CO₂ over ten years. In addition, we engaged over 300 km of Dynamic Line Rating (DLR) technology in 2025/26 and installed a further 300 km to enable the flow of more renewable generation. Digital (weather-based) and sensor-based DLR has saved consumers over £23.4m over the year and £230m over RIIO-T2. We plan to install a further 260 km of DLR in 2026/27.

Customers

We are connecting new energy users as well as new sources of renewable and flexible power to deliver secure, reliable and increasingly decarbonised energy. Over the course of 2025/26, we connected Britain's largest solar array in Kent and the nation's biggest battery energy storage system at Tilbury substation.

We have long advocated for reform as critical to achieving the UK Government's Clean Power 2030 ambition. However, there are key dependencies outside ET's direct control. This year Ofgem has approved proposals from the National Energy System Operator (NESO) to reform Britain's connection arrangements and prioritise the energy projects that are most ready and most needed to meet the country's clean power targets. In addition, NESO has now published the new connections pipeline, including details of the strategic alignment of generation technologies to the UK Government's Clean Power 2030 capacity targets. We continue to work closely with NESO to support the implementation of Connections Reform and are now taking major steps towards having a better view of the future needs of the transmission network.

Reliability and safety

The reliability of our network remains world-class. Network reliability was 99.99999%, with just one Energy Not Supplied event, the lowest number in ten years. This is underpinned by delivery of asset health interventions and maintenance compliance. Our new Enterprise Asset Management (EAM) platform will support the transformation of our asset management capabilities and management of an intelligent network with granular asset data and a shared view of risk and total cost of ownership.

As we grow, maintaining a strong safety culture and ensuring everyone is competent and confident in their roles is essential. We narrowly missed our LTIFR target (0.11 vs a 0.10 target) but have worked with our supply chain to enable growth and delivery while embedding safety compliance, best practice and innovation.

People

Delivery of the energy network of tomorrow will require a significant expansion of our workforce. We've made great progress in attracting new talent. Our permanent headcount is now 4,718, with 712 experienced hires and 261 graduates and trainees joining over the year. We're investing in the future and expanding our training and authorisation programmes. This year we have created new pathways for colleagues to build critical skills, gain the right authorisations, and take on work that matches their experience.



[Read more about our business units on page 220](#)

Our business units cont.



UK Electricity Distribution

Highlights

- Maintained high Broad Measure Customer Satisfaction score of 9/10.
- Our Vulnerability Strategy has supported over 21,000 customers to save £22m on their bills in 2025, and our Winter Campaign drove a 71% increase on Priority Services Register impact.
- Increased the total amount of generation connected to our network to over 14GW.
- Enabled 120,000 low-carbon technology (LCT) connections, including a 30% increase in EV chargers.
- Delivered a material increase in our Distribution System Operator's (DSO) flexibility market offerings – registering 309,514 of flexibility assets and securing 3,064MW of flexibility capacity available to dispatch.
- The EQUINOX trial, one of the UK's largest domestic heat pump flexibility programme, delivered 8,000+ heat pumps into business-as-usual flexibility markets alongside Octopus Energy and Scottish Power.

Looking ahead

We remain focused on developing a strong, region-led ED3 business plan for the period out to 2033 that delivers for customers, supports growth, and enables the region's net zero transition in an efficient and affordable way. We will continue our engagement with customers, communities and stakeholders as we refine our proposals, ahead of submitting our final ED3 business plan to Ofgem in December 2026.

Investment

Every day, we work to provide safe, reliable electricity, connect customers to the energy they need, and create the network capacity required for a cleaner, more flexible energy system in an evolving climate and market.

In 2025/26, we remained focused on investing at pace to expand capacity and enable the region's growth and net zero ambitions. We delivered record capital investment, up 13% year-on-year. We are connecting new sources of renewable low-carbon generation to our network, increasing the total amount across our region to over 14GW and increased capacity in our secondary network by 250MVA (a 39% increase on the previous year). We also continued to shape the evolving regulatory framework, responding to Ofgem's ED3 Sector Specific Methodology Consultation and submitting Early Proposals that emphasised the need for focusing on customers' needs and the role of the DSO as we deliver unprecedented investment levels to support the UK's clean power transition. We are pleased that seven of these early proposals have been taken forward by Ofgem.

Innovation

Innovation is at the heart of our strategy to deliver greater value to customers. Through initiatives such as the deployment of monitors across the low-voltage network, we are enhancing network management and swiftly locating faults. Our adoption of AI technologies is specifically targeted at improving customer experiences, with predictive analytics forecasting scores for customer service, automated curtailment reporting that will streamline project lifecycles, and an AI-powered chatbot making data on our public data portal more accessible and understandable. Our use of AI is also supporting improvements in our DSO, ensuring the final outputs better meet customer expectations, which include visibility and access to our flexibility markets and products that have grown significantly this year. These advancements collectively demonstrate our ongoing commitment to utilising innovation to unlock customer benefit.

Customers

UKED plays a vital role in keeping over 8 million homes and businesses powered and supporting the region's growth. In 2025/26, we placed a strong emphasis on enhancing customer service and engagement. We achieved a Broad Measure Customer Satisfaction score of 9/10, thanks in part to the modernisation of our contact centre through the roll-out of Amazon Connect and the complete digitisation of agent knowledge with a new knowledge management platform. We also improved customer journeys for unplanned outages and connections, making it simpler for customers to access information and support whenever they need it.

During the year, we responded proactively to a number of severe weather events, mobilising teams to restore supplies safely and keeping customers informed throughout. Notably, we acted quickly during Storm Goretti, one of the worst storms on record to specifically hit the South West. The South West saw winds of over 90mph, the biggest storm in the region for two decades. We recorded over 1,300 incidents related to Goretti, with approximately 246,000 customers impacted; impressively, 73% had their supply restored within 24 hours.

Our commitment to customer engagement extended beyond immediate service improvements. Ahead of ED3, we launched our BIG Conversation initiative, engaging directly with customers and stakeholders, and established our Independent Stakeholder Group to ensure our business plan is customer led and reflects regional priorities. Furthermore, our largest ever winter campaign achieved record engagement, driving a 71% increase on Priority Services Register impact and in 2025, we earned the accolade of Campaign of the Year at the Energy Awards 2025.

Reliability and safety

Maintaining a safe, resilient and reliable network remains central to our 2025/26 performance. We delivered network reliability of 99.98795%. We strengthened our safety culture and learning, training operational leaders and safety professionals in incident investigation and root cause analysis to enhance the quality of investigations and the actions that follow. We also made progress on safety performance, with our LTIFR decreasing year-on-year as we continue to work towards our strong safety target of less than 0.10.

People

We continued to invest in our workforce, building the capability and capacity needed to deliver a safe, reliable and growing regional network. We strengthened our teams through targeted recruitment and development, supporting colleagues to build the skills required for an increasingly complex energy system and the delivery of our ambitious investment programme.



[Read more about our business units on page 220](#)

Our business units cont.



Highlights

- New York delivered strong performance across its 26,400 square mile service territory. We met or exceeded key reliability targets, delivered record gas throughput during extremely cold temperatures, and continued to invest in a smarter and more reliable energy system for our customers.
- The Public Service Commission (PSC) unanimously approved Niagara Mohawk's joint proposal, establishing a three-year electric and gas rate plan. The agreement authorises approximately \$5.5 billion in capital investment, delivers more than \$290 million in bill discounts for income eligible customers, and strengthens Climate Leadership and Community Protection Act (CLCPA) aligned grid modernisation and storm resilience.
- In September, the PSC affirmed that the proposed Northeast Supply Enhancement (NESE) project is necessary to enhance reliability and resilience of the downstate gas system. We also helped shape the New York State Energy Plan, which recommended a diversified approach that expands renewables and invests in electric and gas infrastructure.

Looking ahead

Our priorities are clear: delivering safe, reliable, affordable energy to the millions of customers who depend on us every day; raising the bar on customer satisfaction; executing our capital programme efficiently and safely; accelerating the pace of connecting new customers to our networks; and advancing regulatory and policy outcomes that serve the long-term interests of both our customers and business – all the while maintaining disciplined investment and continuing to modernise how we operate.

Investment

We delivered approximately \$4.6bn in capital investment, up \$440m year-over-year, and remain on track against our \$23bn five-year capital framework. Under the approved KEDNY and KEDLI rate plans, we replaced over 220 miles of leak prone pipe to modernise gas infrastructure. The Upstate Upgrade progressed, with Smart Path Connect energised, enabling large-scale renewable interconnections and strengthening transmission resilience. Climate Leadership and Community Protection Act (CLCPA) Phase 1 and 2 are progressing, with major construction and material contracts awarded, ready to support renewable growth and improved reliability for our 1.7 million upstate customers.

Innovation

Innovation centred on modernising operations for our workforce. We launched Gas Business Enablement in Downstate New York, streamlining daily work, improving field execution, and elevating customer interactions by embedding digital innovation across gas operations. We successfully deployed horizontal directional drilling at Greenpoint LNG facility using a laser guided boring machine to complete a fully trenchless installation of foundation heating elements beneath an active LNG tank. This approach minimised disruption, maintained operational integrity, and enhanced long-term reliability.

In our electric business, we exceeded deployment targets for fault location, isolation and service restoration (FLISR), reducing customer minutes interrupted by more than 13.5 million and supporting over 290,000 customers. We reduced interconnection times for electric vehicles and distributed energy resources (DERs) by 10% and advanced remote sensing, including drones for data capture and light detection and ranging (LiDAR) for vegetation management.

The gas business leveraged advanced technologies to enhance pipeline inspection. With the use of robotic internal inspection tools, we can assess pipelines in previously inaccessible locations, reducing inspection costs while strengthening reliability and system integrity. In response to recent federal rulemaking, we have also been an early adopter of non-destructive technologies that determine pipeline material properties without physical sampling, conserving resources and supporting compliance with evolving regulatory requirements.

We have made strong progress in advancing our approach to large load growth where demand from data centres and advanced manufacturing continues to increase. We are focused on accelerating speed to power through a combination of interconnection process improvements, digitising the customer connection journey, and flexible connections.

This year we also launched the Kraken programme, a cutting-edge customer information and relationship management platform. This innovative step forward will transform the way we interact with and serve all of our US customers, driving significant advances in operational efficiency and service quality.

Customers

We earned three Edison Electric Institute (EEI) Emergency Response Awards for restoration efforts following severe storms in Upstate New York. We responded to twelve major storms, restoring service for 95% of impacted customers within 7.94 hours.

We launched an after-call survey via text message to capture real-time customer feedback and improve digital experience. We continue to install Advanced Metering Infrastructure (AMI), with over 1.5 million meters now completed, reaching 67% of Upstate customers. AMI will improve outage response, customer insights, and operational efficiency.

Our Grid for Good Initiative delivers community benefits and during the Annual Day of Service, 1,167 volunteers served at 38 events across New York.

Reliability and safety

We delivered exceptional reliability performance, achieving Customer Average Interruption Duration Index (CAIDI) and System Average Interruption Frequency Index (SAIFI) targets for the 18th consecutive year, the only New York utility in the state to do so. During the extended historic cold winter in 2026, the downstate network recorded six of the ten highest gas throughput days in KEDLI's history, underscoring resilience during peak demand.

Safety performance remained a core strength. The New York Electric team achieved zero switching errors across nearly 110,000 switching steps. We advanced proactive safety practices through Digital Job Briefs, improving hazard recognition and consistency in field execution. We deployed telematics across nearly 10,000 vehicles, giving more than 1,500 daily users improved fleet visibility and safety performance that outpaces peers. We ended the year with an LTIFR of 0.11.

People

We continued to strengthen our workforce through meaningful labour engagement and investments in our employees and workforce pipeline. We reached a four-year collective bargaining agreement with members of IBEW Local 1049, a labour union, providing stability and reinforcing our commitment to collaboration and safety. We were awarded the Bell Seal for Workplace Mental Health, the highest level of recognition with Platinum status from Mental Health America.



[Read more about our business units on page 220](#)

Our business units cont.



New England

Highlights

- Improved customer satisfaction (CSAT) significantly while reducing complex connections cycle time by approximately 10%.
- Announced partnership with Kraken to replace customer platform.
- Replaced 95 miles of leak prone pipe.
- Completed construction of the VT-NH portion of the A1B2 project, upgrading a transmission line in service since 1909.

Looking ahead

Moving forward, our priorities remain: significantly enhancing customer performance, obtaining regulatory and policy results that benefit our customers, fulfilling our capital commitments, and continuing to strengthen our safety plans that support everything we do.

Investment

We invested \$2.7 billion in 2025/26, \$500 million more than last year, to deliver a smarter, stronger, cleaner electric grid and to ensure the safety and reliability of our gas system. To deliver projects in our electric business, we stood-up strategic contractor partnerships for transmission line, substation and distribution work that will allow us to build long-term strategic relationships with selected suppliers. We expanded our FLISR capability to 34% of customers, enabling self-healing networks and avoiding over 19 million minutes of outages. Construction was completed on the Vermont-New Hampshire portion of the A1B2 asset condition replacement transmission project that is upgrading a line which has been in service since 1909.

Natural gas plays an essential role in the Commonwealth's all-of-the-above energy strategy, providing a reliable foundation for economic growth, helping to meet rising demand, and keeping customer bills affordable. That energy mix requires continued investment to ensure safety and reliability. We replaced 95 miles of leak prone pipe to improve network safety and reduce emissions. Additionally, we awarded the contract for the Tewksbury Vaporizer project, which will replace ageing LNG vaporisation equipment, and are undertaking a \$283m investment to replace the South Yarmouth LNG storage tank, both of which are essential to assure peak day reliability on the natural gas system.

Innovation

We are using AI across the business. For example, we implemented the NICE CX One platform in our contact centres and AI is now evaluating 100% of calls and directly linking call quality to customer satisfaction. In our electric business, we partnered with AiDASH to use satellite imagery and AI to predict and remove vegetation threats, reducing outages by nearly 30%.

This year we also launched the Kraken programme, a cutting-edge customer information and relationship management platform. This innovative step forward will transform the way we interact with and serve all of our US customers, driving significant advances in operational efficiency and service quality.

Customers

The business made significant gains in customer service and operations: customer satisfaction (CSAT) increased significantly year over year to 72% while after-call survey scores increased 22%, and complex connections cycle time dropped by approximately 10% this year, following last year's 10% reduction. We also connected over 160MW of distributed energy resources, enabled the installation of 41MW of EV charging infrastructure, and have now installed nearly 500,000 AMI (smart meters). Our management of storms continues to be recognised for exemplary performance, including an emergency

response award from the EEI. We continue to make day-to-day operational improvements as we pursue breakthroughs aligned with our broader strategy to transform the customer experience.

As part of our most recent electric rate case, we developed a first-of-its-kind tiered income discount rate to better align bill support with household need. We proposed a similar tiered income discount rate for gas customers as part of our gas rate case, and are now working with the Massachusetts Department of Public Utilities, government, community agencies, and other utilities to develop a standardised tiered low income discount programme for all Massachusetts customers.

Reliability and safety

On our electric network, performance remains strong; our reliability puts us in the 1st quartile for System Average Interruption Duration Index (SAIDI) and the top of 2nd quartile for System Average Interruption Frequency Index (SAIFI) when using Institute of Electrical and Electronics Engineers national criteria. In the gas business, we continued our high leak response performance with over 99% of odour calls responded to within 60 minutes, compared to a statutory target of 97%. The gas distribution system demonstrated its importance to the region once again, performing well during a cold and snowy winter with our LNG assets supporting over 20% of our supply portfolio during periods of peak demand.

Safety remains fundamental to our operations. Incident rates remain low overall, with LTIFR at 0.09 and an Occupational Safety and Health Administration (OSHA) recordable rate of 1.64, approximately 14% below the three-year average. However, there is opportunity to improve, and we will continue to mature high-energy awareness and controls, bolster first-and second-line assurance, strengthen contractor oversight and readiness, and improve learning quality.

People

Our Strategic Workforce Development team leverages partnerships between community-based training providers, colleges and universities and vocational technical schools to create and develop short, medium, and long-term talent pipelines to fill critical roles. This year we welcomed UMass Lowell, a Research 1 public university with a deliberate strategy to partner with industry, to the cohort. Since inception in 2023, approximately 150 graduates have joined our company in critical roles, with 21 promotions in the current year.



[Read more about our business units on page 220](#)

Our business units cont.



International

National Grid Ventures

Highlights

- National Grid Ventures (NGV) develops, builds, and operates energy assets and businesses in the US and through its interconnectors business in the UK. It drives growth for the organisation through investment in new projects, with earnings underpinned by stable long-term regulated frameworks and contracts.
- In 2025/26, NGV sold two of its businesses, National Grid Renewables in the US for approximately \$2.1 billion and Grain LNG in the UK.

Looking ahead

NGV looks to continue to grow its businesses on both sides of the Atlantic. This year, NGV signed memoranda of understanding with both TenneT Germany and EirGrid to explore developing hybrid interconnector projects with Germany and Ireland respectively. NGV US continues to progress its competitive transmission strategy with more bids anticipated to be submitted as part of its new partnerships in the coming year.

Investment

In addition to its large fleet of operational assets, NGV is actively developing projects in the high-voltage transmission markets in both the UK and the US, which will contribute to future capital investment.

NGV operates six HVDC interconnectors with a total capacity of 7.8GW, connecting the UK to France, Belgium, the Netherlands, Denmark, and Norway. With LionLink, an upcoming major capital project in partnership with TenneT Netherlands, NGV is planning for the construction of a first-of-its-kind hybrid interconnector which would connect the UK and the Netherlands. The project reached a major milestone this year, gaining agreement for a regulatory framework with Ofgem.

NGV US operates 3.8GW of conventional generation assets across its sites in Long Island, New York. In addition, NGV US owns and operates the Providence Rhode Island LNG peak-shaving plant which provides approximately 2 billion cubic feet of LNG storage capacity, along with vaporisation and liquefaction capabilities. NGV US owns part of the NYTransco joint venture, which oversees \$1bn worth of transmission assets. NGV has a growing competitive transmission business in the US and has formed its first partnerships to bid for transmission projects across multiple transmission markets.

Innovation

This year, NGV US announced it will install the world's first 100% hydrogen-fuelled commercial linear generator at Northport power plant to demonstrate the capability of H2 generation with a small-scale pilot project. NYTransco is currently progressing Propel NY, a capital project aimed at strengthening the electric connections between downstate and upstate New York.

In the wake of rapidly growing energy demand across the UK and Europe, NGV partnered with RenewableUK in chairing the new Multipurpose Interconnector (MPI) task force, which published its report and recommendations on how to enable delivery of MPIs in January 2026. NGV is now working with industry and regulatory leaders to progress the recommendations made in the report.

Customers

This year showed a strong performance for NGV in terms of delivering for customers. In the US, the generation business was required to deliver significant additional capacity as a result of the seasonal cold weather this winter. From December 2025 through February 2026, the generation fleet produced 36% higher energy output than the prior four-year average, including a 260% increase from 2025 in steam generation during the cold-snap that affected the US Northeast from 23 January to 9 February 2026.

On 2 March 2026, NGV received a final FERC Order approving the rate case settlement for the LNG facility in Providence, RI. The rate case allows the facility to continue to add critical capacity to the gas system.

February 2026 marked the energisation of the Dover Station substation in Dutchess County, New York, which was delivered by NGV's NYTransco joint venture. This upgrade is allowing for increased power flows and system improvements, demonstrating the value of modernised energy systems.

Reliability and safety

Availability across the interconnector portfolio was 90%, exceeding the full-year target with a 4% improvement from 2024/25. To further improve reliability in the future, NGV is working towards modernising the IFA interconnector in the coming years along with resilience initiatives spanning the entire fleet.

In the US, Providence LNG is embarking on a modernisation effort to improve the efficiency and reliability of the plant.

NGV operates with safety always top of mind for all colleagues, across all business areas. LTIFR was on target this year at 0.10. Across the organisation, efforts to centre leading indicators at the heart of safety discussions have been adopted to foster a proactive safety culture.

People

To support the progress of National Grid's growth ambitions, NGV utilises a broad mix of talent, from business originators to skilled asset operators. NGV continues to build capability in the competitive transmission space by bring in new talent and ensuring growth opportunities for existing talent.



[Read more about our business units on page 220](#)

Other activities

Other activities primarily relate to National Grid Partners, the corporate venture capital and innovation arm of National Grid, as well as UK property, insurance and corporate activities. In 2025/26, National Grid Partners invested in three new portfolio companies and 16 follow on rounds. We exited one company, Urbint, during the year. We now have 41 active companies in the portfolio investments in five strategic venture funds. We have invested more than \$550 million to date. Some examples of companies and technologies in our portfolio include: LineVision (dynamic line rating technology), Sensat (capital project design software) and Emerald.ai (demand flexibility software for data centres). Looking ahead, we will continue to innovate and invest in the latest technologies to support the Group.

Our stakeholders

Strong stakeholder engagement drives our success

[Read our Section 172 Statement on page 85](#)

How we engage

Our stakeholder community continues to broaden and evolve, and engaging with them remains fundamental to our daily operations. We focus on timely, effective engagement on the issues and decisions that matter most to them, with the right colleagues leading each interaction. This spans the full organisation – from our Board of Directors, who maintain regular dialogue with key stakeholders, to the working-level teams who support engagement on our day-to-day activities. The insights we gain through these interactions directly inform the decisions that shape and deliver our strategy. Structured reporting mechanisms ensure that information flows seamlessly from stakeholders to the Board and its Committees, helping us understand what we are hearing and enabling us to act on it.

Customers

Why our customers are important to us

Customers are the heart of our business, representing a diverse community that includes residential customers and large and small businesses. Regular and effective engagement with them is essential to delivering what they need and expect from us.

Interests

Our customer base, made up of longstanding customers and an increasing number of new ones, have wide ranging interests. However, they all share an expectation that we will deliver efficient, reliable and affordable service, with transparency and fairness in how we work with them. We strive to understand their needs and challenges, along with how our activities impact their daily lives and businesses.

Our engagement

- The Board and Group Executive Committee actively engage on customer matters to better understand their needs and perspectives and leverage that feedback into improving customer experience.
- Strategic account teams have gained momentum in 2025/26, positioning themselves as trusted advisors who bring innovative strategic solutions that can deliver at speed to accelerate customers' expansion opportunities.
- We lead or participate in industry initiatives to find solutions for: general business planning, expedited grid connections, and affordability challenges faced by our customers.

- The Board receives regular updates on customer matters and undertook two customer deep dives during the year, including updates on the implementation of the Kraken programme which will enhance US customer experience and an operational visit of the UKED customer call centre.
- Teams across the business engage with customers on a day-to-day basis – in one-to-one meetings and community forums – regarding connections, bill-related matters and social obligations.

Outcomes

- Our customer engagement helps shape what we do both operationally and strategically. Understanding our customers means we can better meet their needs for new connections and ongoing account management, and informs longer-term policy.
- As companies increasingly adopt advanced technologies, resilient, high-quality power and the ability to timely connect new loads have become paramount.
- In the US, our work with consumer advocates continues to make a difference to many of our customers' ability to meet the rising challenge of cost of living.
- In 2025 we launched our BIG conversation – engaging with thousands of customers and stakeholders on the future of their local electricity network. This engagement will continue throughout 2026/27 and is key to shaping our future business plan.

Investors

Why our investors are important to us

We engage with equity and debt investors on our strategy and performance. Their involvement supports the investment needed for a resilient, future-ready network and provides important accountability – ensuring we remain transparent, disciplined, and aligned with our long-term commitments.

Interests

Investors look to our financial and operational performance as indicators of our capacity to generate attractive returns and uphold creditworthiness. They are also interested in our Responsible Business commitments and reporting to ensure their investments are sustainable, ethical and responsible.

Our engagement

- During the year, the Chair, Chief Executive and CFO met with institutional investors in the UK and overseas as part of our comprehensive investor relations programme.
- The Group Treasurer and Deputy Group Treasurer met with Debt and Fixed Income investors in the UK and overseas as part of our debt engagement programme.
- Meetings followed our full and half-year results and the announcement of our updated five-year financial framework and acceptance of Ofgem's RII0-T3 price control in March 2026.

- The Board engaged with shareholders at our 2025 AGM, which was held as a hybrid meeting to enable participation both in person and online. Shareholders were able to put questions to the Board in advance of, or during, the meeting.
- The Board receives regular monthly updates on investor relations matters from the Director of Investor Relations, including the outcome of an investor sentiment exercise which affirmed our investor relations approach.
- Debt investors received an overview of our US regulated businesses from the Group Treasurer along with the Presidents and CFOs of our US businesses.
- Held an investor event in May 2025 that shared full-year results with a focus on major projects in UK ET and New York.

Outcomes

- Through our engagement, investors understand our investment case and have visibility of our strategy, performance and financial strength. This engagement helped us to efficiently access new debt and equity funding during the period, including £4.2 billion of newly issued senior debt.
- The Remuneration Committee considered feedback from its engagement with investors in relation to the Directors' Remuneration Policy, with 98.38% of voting investors voting in favour of the Policy at the AGM.

Our stakeholders cont.

Colleagues

Why our colleagues are important to us

We listen to and engage extensively with our colleagues and with the bodies that represent them through several channels and processes. This enables us to understand their needs and requirements and build a culture that not only drives our performance and shapes our plans, but also empowers colleagues to take ownership for delivering results. Through fostering an inclusive, supportive and collaborative environment, we create the conditions for a skilled and motivated workforce where everyone feels valued and able to contribute to our shared success.

Interests

Colleague interests are wide-ranging. They have an interest in company performance and what this means for them individually, but also want to understand – and play a part in – shaping our role in the industry, contributing to our social impact, and supporting the delivery of our strategic objectives.

Our engagement

We continued our extensive programme of colleague engagement in 2025/26. This included:

- Twice yearly live webcasts to all employees hosted by the Chief Executive.
- Regular Chief Executive posts and interaction on social media platforms.
- Regular all-hands calls hosted by members of the Group Executive and senior management.
- The Chair visited two training facilities during the year, one in the UK and one in the US.
- The Chair and members of the Board visited operational sites in the UK and US, including a segment of the ASTI transmission facilities under construction in July and the Long Island Power plant facilities in March, to observe work underway and engage in small group conversations with key team members.

- A series of colleague engagement events were hosted by the Chair of the People & Remuneration Committee to discuss reward structures and talent development. Please see page 95 for further information.
- Operational site visits by senior management.
- The Chief Executive and Chief People Officer provided regular updates on employee matters to the Board, including the results of our twice-yearly employee engagement survey, Grid:Voice.

Outcomes

- Direct engagement informed Board challenge and discussion, reinforced the importance of visible leadership and open dialogue, and fed into Safety & Operations Committee consideration of safety reporting, contractor management and on-site safety behaviours.
- Direct engagement enabled the Board to hear directly from a broad cross-section of colleagues, strengthening its understanding of workforce culture, values and lived experience beyond formal reporting.
- 82% of colleagues took part in our Grid:Voice survey in February, with an employee engagement index score of 81% favourable. The results and feedback helped to identify areas where we could do more to support employees.

 [Read more in the Responsible Business Committee report on page 106](#)

 [Read more about Board engagement with colleagues on page 95](#)

Supply chain and delivery partners

Why our supply chain and delivery partners are important to us

Working closely with our supply chain and delivery partners is essential to delivering our long-term ambitions. Through strong partnerships and consistent engagement, we share insights, drive innovation, and build the resilience needed to meet changing expectations. This coordinated, transparent approach ensures a future-ready supply chain that supports effective delivery of our commitments.

Interests

Effective communication and strong coordination are essential to how we work with our supply chain and delivery partners. Clear forward visibility and longer-term commitments help us plan and support partners in building the skills and capacity they need. Early alignment and consistent dialogue foster collaboration and innovation, enabling us to meet evolving needs and deliver successful outcomes.

Our engagement

- Structured and timely engagement takes place with strategic suppliers and contractors, complemented by Executive-sponsored senior-level engagement to foster collaboration and discuss strategic issues facing the sector.
- Continued collaboration between UK operators and suppliers through an industry skills and workforce planning group, consisting of representatives from key external partners, to address the industry skills gap challenge through a focus on critical specialist workforce roles.
- The Board receives updates on our supplier engagement programmes via business unit updates during the year.
- We engage in detailed safety forums with suppliers to drive industry-wide safety performance.
- In New England, we established strategic contractor partnerships to accelerate timelines, reduce risk, and lower costs across more than \$3bn of planned capital work over the next five years.
- In the UK we entered into a novel long-term contracting relationship, the Great Grid Partnership. Members of the Board visited with the Great Grid Partnership in July 2025, including presentations from partners to understand strategic supply chain management.
- The Board considered and approved the Group's Modern Slavery Statement.

Outcomes

- Sharing key priorities with our supply chain and gaining a better understanding of their needs allows us to jointly manage continuity of supply and shape our approach to future challenges, such as the acceleration of investment required to connect new sources of energy.
- Working with other energy network operators and suppliers, we have contributed to the creation of a comprehensive interim Electricity Networks Sector Growth Plan published in December 2025 by the Energy Networks Association (ENA) and BEAMA, the UK manufacturing trade association for the electrotechnical sector, setting out a collaborative roadmap to shape national growth.
- We are signatories to the Prompt Payment Code and encourage our suppliers to adopt the principles of this code in their own supply chains.

Our stakeholders cont.

Communities

Why our communities are important to us

We engage extensively with the communities where we work, and with their representatives, to understand their needs, enhance our contribution to their wellbeing, and ensure we support them in the most meaningful and appropriate ways.

Interests

Our communities need us to deliver energy safely and reliably, while strengthening the positive contributions our operations bring to their wellbeing and offering meaningful support to the individuals and communities who need it most.

Our engagement

- We engage extensively with local communities as part of our major projects planning consultations, and we use their feedback to inform the proposals we submit for development consent.
- During the year, Board members visited operational sites and received updates on community matters, including:
 - strategic infrastructure projects and the RIIO-T3 business plan submission
 - a dinner with community, civic and policy leaders in NYC to discuss policy considerations, community needs, and how National Grid could support positive outcomes.
- On an ongoing basis, we develop and implement safety programmes, and work with first responders and communities, so that all parties have a heightened awareness of how our system operates and what we do to assure the highest possible reliability and safety of the public.
- We lead with listening and lived experience through structured community feedback, ensuring our approach is responsive and informed.

- We build trust-based, inclusive partnerships with local organisations and under-represented groups to share ownership and strengthen long-term outcomes.
- We use data and community insight to target investments, improve decisions, and measure social and business value.

Outcomes

- Our outreach programmes continue to support economic growth and help upskill communities, particularly in the most disadvantaged areas.
 - During National Engineers Week, partners across the US delivered hands-on Energy Through Engineering activities, reaching more than 1,500 students.
 - In February 2026 we launched BioBus with the Long Island Children’s Museum – a mobile lab that will reach over 45,000 students annually.
- Consultation with communities and residents near proposed UK infrastructure projects enables us to shape proposals and progress projects.
- We’ve invested heavily in supporting vulnerable customers and education programmes:
 - 21,000 customers supported to save £22 million via our fuel poverty programmes in UK ED.
 - 5,000 people supported to save £4 million via our Low Carbon Transition services.
 - >100,000 education and STEM outreach interactions in the UK ED region alone.

Political and regulatory

Why our regulators and political stakeholders are important to us

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

Interests

The interests of our regulators and political stakeholders are based around a common theme – whether UK or US, state or federal – to protect the interests of customers and to deliver a secure and reliable energy future.

Our engagement

- Our Chief Executive has engaged with key appointed and elected officials, including Downing Street, the Federal Energy Regulatory Commission (FERC), and key US Secretaries to discuss energy security, infrastructure delivery and innovation.
- Business unit executives and external affairs leaders engage with state and local leaders, the New York Public Service Commission, the MA Department Public Utilities (MADPU), and relevant agencies to inform and foster communication so that rate cases, major projects, and the regulatory environment are meeting the needs of customers today and in the future.
- Our US Federal Government Relations team engages with Congress, the Trump Administration, and federal agencies on affordability, load growth, reliability, tax and permitting.
- Members of the Board and UK executive and working-level colleagues engaged with Ofgem on UK ET’s RIIO-T3 business plan and the ED3 regulatory framework, and with the UK Government on its policy agenda, including planning, connections, resilience, supply chain and skills.

Outcomes

In the US:

- Delivered stakeholder engagement plan in line with the MADPU new public outreach requirements for Gas Rate Case filing while addressing heightened affordability concerns.
- Engaged with the MA Administration and members of the legislature to inform the development of energy affordability legislation consistent with company priorities.
- Collaborated on the new State Energy Plan, supporting our New York business unit strategy and reinforcing the role of gas in an affordable, achievable energy transition.
- Through joint advocacy and coalition building, achieved the approval and permitting of the Northeast Supply Enhancement (NESE) pipeline to increase reliability and affordability in New York.
- Engaged with federal lawmakers on One Big Beautiful Bill Act (OBBBA) to prevent corporate tax policy that would negatively impact National Grid.

In the UK:

- Supported planning reform, with the Planning and Infrastructure Act becoming law in December 2025. Specific to UK ED, the Government has announced its intent to make legislation changes following the Electricity Infrastructure Consents, Land Access and Rights consultation, which should speed up and reduce costs of delivery for our customers.
- Delivered an interim Electricity Networks Sector Growth Plan to boost jobs, supply chain opportunities, and UK network investment.
- Supported the ongoing implementation of a new regime for grid connections.

Our key performance indicators

We use a range of metrics to measure Group performance. In 2025/26, these metrics were aligned to our five strategic priorities.

Link to remuneration

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

 [Read more on page 107](#)

Responsible Business assured data

We engaged Deloitte LLP in the current and prior year and PricewaterhouseCoopers LLP (PwC) in 2023/24 to undertake a limited assurance engagement, using the International Standard on Assurance Engagements (ISAE) 3000 (Revised): 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' and ISAE 3410: 'Assurance Engagements on Greenhouse Gas Statements' over a range of data points within our Responsible Business data tables. The metrics identified with the leaf symbol, featured on page 2, pages 27 – 28, 38 – 52 and page 68 are included in the scope of their work. Details of National Grid's reporting methodology and Deloitte's Assurance Opinion can be found on page 52.

Financial measures

Underlying EPS (p)

78.0p 

2025/26	78.0p
2024/25	73.3p
2023/24	72.1p

Link to strategy

[1](#) [2](#) [3](#) [4](#) [5](#)

Description

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

We expect underlying earnings per share CAGR to be 8-10% from the 2025/26 baseline, aligned with our asset growth.

Progress in 2025/26

Underlying EPS increased by 4.7p (6%) year-on-year driven by strong performance across our regulated businesses including new rate agreements in the US, higher revenues from totex allowances driven by investments in the UK and disciplined cost efficiency across the Group. These more than offset the impact of divestments, the increased number of shares after the Rights Issue and the adverse impact of the change in FX rates.



Deloitte assured data 2025/26



Deloitte assured data 2024/25

Group capital investment (£m)

£11,576m

2025/26	£11,576m
2024/25	£9,847m
2023/24	£8,235m

Link to strategy

[1](#) [2](#) [3](#) [4](#) [5](#)

Description

Measures our annual investment into property, plant and equipment, including capital prepayments, intangible assets and equity contributions to joint ventures and associates.

Investing in our assets helps to increase our future revenue allowances.

We expect to invest at least £70 billion between April 2026 and March 2031.

Progress in 2025/26

We delivered a record year of capital investment driven by the ramp up of spend on Wave 1 ASTI projects in UK ET and increased electricity distribution and transmission investment in both New York and New England (including CLCPA and Smart Path Connect in New York and system capacity, asset condition and programme spend in New England). These were partially offset by lower investment in NGV following the impact of divestments.



PwC assured data 2023/24



1 Enable the energy transition



4 Operate safely and efficiently

Green capital expenditure (£m)

£9,834m

2025/26	£9,834m
2024/25	£7,667m
2023/24	£5,992m

Link to strategy

[1](#) [2](#) [3](#) [4](#) [5](#)

Description

Measures the amount of capital expenditure invested in decarbonisation of energy systems and considered to be aligned with the principles of the EU Taxonomy for climate change mitigation and adaptation activities. Green capital expenditure excludes any capital prepayments and equity investments in joint ventures and associates.

We expect around 85% of our £70 billion capital investment between April 2026 and March 2031 to be aligned with the principles of the EU Taxonomy legislation.

Progress in 2025/26

Green capital expenditure increased by £2.2 billion to £9.8 billion, driven by investment in key infrastructure projects. Green alignment for capital expenditure increased to 88.5%, up from 81.1% in 2024/25, demonstrating continued progress in aligning investment with the clean energy transition. The share of green capital expenditure as a proportion of group capital investment, which includes capital prepayments and equity contributions, was 85.0%.



2 Build the networks of the future now



5 Build tomorrow's workforce today



3 Deliver for customers



Indicates an alternative performance measure

Our key performance indicators cont.

Financial measures

Group RoE (%)

9.8%

2025/26	9.8%
2024/25	9.0%
2023/24	10.5%

Link to strategy



Description

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

We aim to optimise Group RoE through driving performance across our operating companies.

Progress in 2025/26

Group RoE has increased by 80bps year-on-year due to increased regulated performance including new rate agreements in the US, higher revenues supported by increased allowances in the UK and disciplined cost efficiency. This is partially offset by reduced performance in our non-regulated business following the divestments and increased financing costs due to our increased capital spend.

Asset growth (%)*

10.9%

2025/26	10.9%
2024/25	9.0%
2023/24	9.7%

Link to strategy



Description

Maintaining efficient growth in our regulated and non-regulated assets ensures we are well positioned to provide consistently high levels of service to our customers and increases our future revenue allowances. This includes critical investment on network safety and resilience and to meet increased demand.

We aim to achieve Group asset growth CAGR of around 10% to March 2031.

Progress in 2025/26

Asset growth has increased by 190bps year-on-year driven by growth across our regulated businesses including ASTI investment and connections work in UK ET, CLCPA investment in New York and GSEP investment in New England.

Non-financial measures

Scope 1 and 2 GHG emissions (mtCO₂e)

7.5

2025/26	7.5	
2024/25	7.4	
2023/24	6.9	

Link to strategy



Description

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

We will continue to work towards our ambitious climate targets.

Progress in 2025/26

Scope 1 and 2 emissions for 2025/26 were 7,511 ktCO₂e, an increase of 1% from 2024/25. While this is a decrease of 3% against our 2018/19 baseline it is outside of the range set out in our Climate Transition Plan. The year-on-year increase is primarily due to increased Scope 1 emissions from our Power Generation assets in New York, which provide critical system reliability. Scope 2 emissions have decreased year-on-year, attributable to lower grid carbon intensity. Our Scope 3 emissions (excluding sold electricity) for 2025/26 as per our Science Based Targets initiative (SBTi) target were 26,833 ktCO₂e, representing an 11% increase against our 2018/19 baseline. This increase is primarily due to increased capital investment in constructing new energy infrastructure. You can read more about our GHG emissions and environmental performance on pages 40 – 44. You can read more about the Task Force for Climate-related Financial Disclosure (TCFD) and our wider sustainability activities on pages 53 – 68.

Scope 3 GHG emissions (mtCO₂e)

29.5

2025/26	29.5	
2024/25	28.4	
2023/24	27.4	

Link to strategy



* Normalised for the sales of NG Renewables and Grain LNG in the year.

Our key performance indicators cont.

Non-financial measures

Group lost time injury frequency rate (LTIFR)
(LTIs per 100,000 hours worked)

0.11

2025/26	0.11	
2024/25	0.10	
2023/24	0.08	

Link to strategy



Description

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

Our aim is to achieve 0.1 or below lost time injuries per 100,000 hours worked per year.

Progress in 2025/26

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

Our LTIFR stood at 0.11, compared with 0.10 in 2024/25 and against our Group target of 0.10. We are disappointed in this result and in response, we have implemented targeted Group and business unit initiatives to strengthen risk awareness, leadership engagement and control effectiveness.

You can read more about our LTIFR performance in the Responsible Business section (pages 38 – 52).

Employee engagement index (%)

81%

2025/26	81%	
2024/25	80%	
2023/24	81%	

Link to strategy



Description

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

Our aim is for our employee engagement metrics to remain at or above the high-performing norm.

Progress in 2025/26

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

This year, 26,000 employees completed the survey, which resulted in the highest response rate in six years. Engagement scores remain strong and leadership will continue to monitor to increase by 1% in line with the high-performing norm.

Network reliability and interconnector availability

99.9%

2025/26	99.9%	
2024/25	99.9%	
2023/24	99.9%	

Network reliability %

	2025/26	2024/25	2023/24
UK ET	99.99999	99.99983	99.999998
UK ED	99.98795	99.98294	99.99261
NE ET	99.96594	99.98544	99.97549
NY ET	99.92740	99.84345	99.97168
NE ED	99.96434	99.97724	99.94327
NY ED	99.95060	99.94077	99.92823

Interconnector availability %

	2025/26	2024/25	2023/24
IFA interconnector	74.81	79.42	82.01
IFA2 interconnector	87.55	74.87	71.19
BritNed interconnector	99.97	75.60	98.00
Viking interconnector	95.96	91.75	N/A
NSL interconnector	95.22	94.96	95.87
Nemo Link interconnector	98.72	98.75	96.80

Link to strategy



Description

Delivering network reliability is critical to our licence to operate. We achieve this through disciplined capital investment aligned to demand and supply risks, robust network design and construction, targeted maintenance and asset replacement, and well-tested incident response plans. Reliability is measured separately across each business area.

Progress in 2025/26

We continued our track record of delivering consistent network reliability for our customers, demonstrating our continued investment in asset health and resilience. Overall Group network reliability was 99.9%, consistent with both 2024/25 and 2023/24. Interconnector availability improved by 4% year-on-year, closing at 90%, the maximum available for the year. This was driven by improved availability for both IFA2 and BritNed, driven by decreased unplanned outages.

Our key performance indicators cont.

Non-financial measures

Customer satisfaction

	2025/26	2024/25	2023/24	Target
UK ET (/10) ¹	7.0	6.5	7.2	7.7
UK ED (/10) ¹	9.01	8.98	8.97	9.12
NE – (%) ²	72.2	53.9	57.5	67.33 ³
NY – (%) ²	72.8	61.1	64.5	73.23 ³

Link to strategy



Description

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

Progress in 2025/26

In UK ET, we follow the Quality of Connections Incentive and our score demonstrates a positive shift compared to last financial year, marked by significant industry reform and rapid change. We have strengthened and developed our workforce, invested in digital transformation capabilities and upheld customer-centric principles in a dynamic and unpredictable environment. NESO initiated reforms to the existing connections queue that will aim to help UK ET deliver faster, fairer and more strategic grid connections for existing and future customers.

In UK ED, we continue to deliver year-on-year improvements as we strive to achieve our target with several connection initiatives driving benefits for customers during the year.

In the US, satisfaction levels improved over the course of the year, reflecting continued progress in how we serve and support our customers. At the same time, colder weather and increased energy use contributed to higher bills, creating affordability pressures.

Read more about our customer satisfaction scores in the Responsible Business review on pages 38 – 52.

1. The UK ET and UK ED scores are included as part of the regulatory framework.
2. Customer trust metrics are based on survey questions that differ year-on-year, with the current year reflecting overall experience and the prior years focusing on trust of advice provided. The current year score is a weighted average from four survey inputs that run continuously across both residential and commercial customers throughout the year. Please see our reporting methodology on the Responsibility section of our website for details.
3. 2025/26 New York and New England targets for the newly introduced Customer Satisfaction metric.

Internal control and risk management

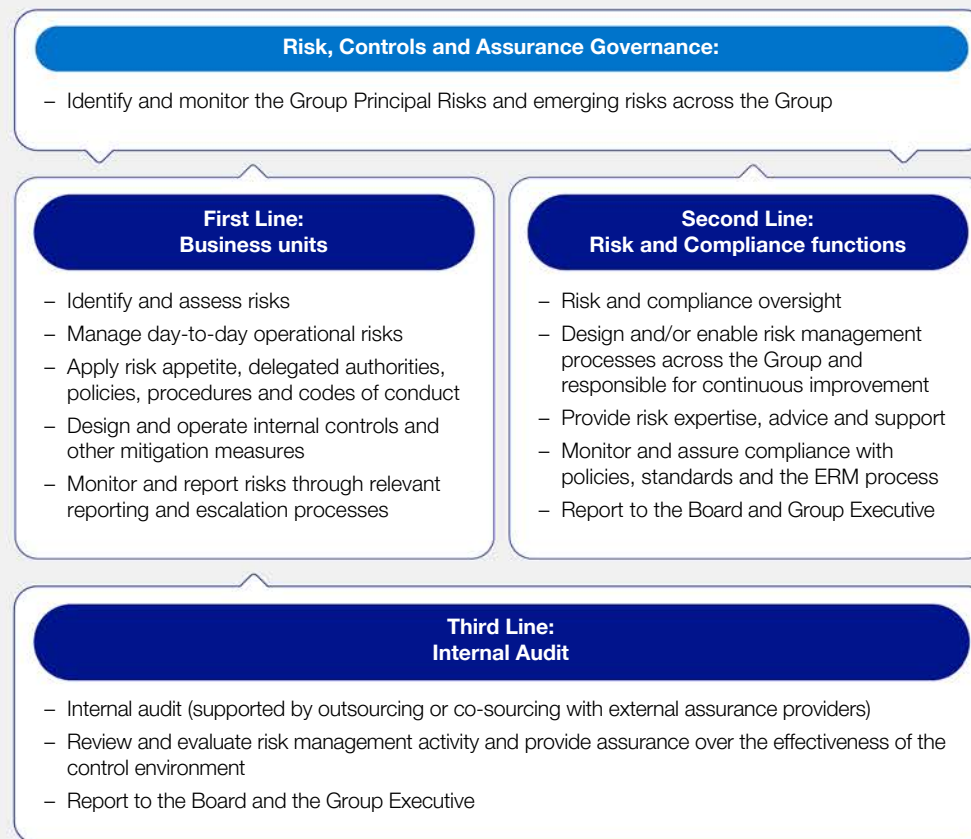
The Board is committed to effective risk management to deliver our strategy, protect our people, reputation and assets, and safeguard the interests of our stakeholders.

Our Enterprise Risk Management (ERM) Framework

National Grid is exposed to a variety of uncertainties (threats and opportunities) that could have a material effect on the Group’s financial position, our operations, our reputation and stakeholder interests; represented by our Group Principal Risks. These uncertainties are managed through our ERM Framework and system of internal control. We maintain and monitor the application of the Framework throughout the year and formally assess its effectiveness annually. This ongoing oversight, alongside continuous improvement, enables us to respond effectively to changes in the internal and external environment and to inform our Group Principal Risks and related risk management activities.



Our risk management and internal control activities are delivered via a “Three Lines” model:



Governance and oversight

The Board is accountable for the Group’s system of risk management and internal control, including the amount of risk the Group is prepared to accept in delivering our strategic priorities (our risk appetite).

The Group Principal Risks are monitored throughout the year. Each Group Principal Risk is also subject to a detailed review annually by the Group Ethics, Risk and Compliance Committee and the relevant Board committees. A consolidated summary of the Group Principal Risks and how they are being managed is then reviewed bi-annually by the Audit & Risk Committee. Reporting includes consideration of changes in the internal and external context, a review of the effectiveness of mitigations and internal controls, and an assessment of whether risks are being managed within risk appetite, together with any additional actions required.

Our Group Principal Risks

Business context

The external context in which we operate has changed significantly in recent years, particularly in relation to the political and regulatory environment, technological developments, affordability considerations, and how we deliver for customers. We adapt our business and risk management activities and mitigations accordingly.

Group Principal Risks

Operational Group Principal Risks

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

- Catastrophic security incident
- Significant safety or environmental event
- Loss of supply*
- Major capital projects

Strategic Group Principal Risks

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

- Satisfactory regulatory outcomes
- Climate change mitigation
- Political and societal expectations
- People capability and capacity

Financial Group Principal Risks

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

- Financing our business

Compliance Group Principal Risks

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

- Legal and regulatory compliance frameworks operate at a jurisdictional level (i.e. UK, US federal, New York and Massachusetts) and therefore apply across all relevant National Grid businesses rather than being amalgamated at Group.

* Significant disruption of energy was renamed to Loss of supply during 2025/26 to better reflect the nature of the risk. Upstream supply considerations are included as a key cause.

A summary of actions taken by management to manage our Group Principal Risks is provided on pages 32 – 36. The Board reviewed these risks as part of the bi-annual Group Principal Risk review, which incorporates feedback and recommendations from relevant Board Committees. Further information can be found on pages 100 – 104.

Strategic priorities

1

Enable the energy transition

2

Build the networks of the future now

3

Deliver for customers

4

Operate safely and efficiently

5

Build tomorrow’s workforce today

Risk trend

↑

Increasing

↓

Decreasing

–

No change

Our Group Principal Risks cont.

Operational Group Principal Risks

Catastrophic security incident

1 2 3 4 5

Oversight: Board and
Audit & Risk Committee

Description

There is a risk that we are unable to adequately anticipate and manage disruptive forces on our critical systems, facilities and personnel, because of cyber attacks, physical attacks, malicious internal or external actors, or inadequate recovery capabilities, resulting in disruption of business operations, tampering or abuse of assets, safety hazards, or loss of confidentiality, integrity, and/or availability of systems and data.

Developments during 2025/26

The Board recognises that the risk of a catastrophic security incident is being driven by an increasingly hostile and complex threat environment, with potential for severe operational, financial, and reputational consequences for critical national infrastructure providers. Against these drivers, the Board's focus is on whether the Group has robust, layered defences and recovery capability to prevent, detect and respond to catastrophic security events.

Actions taken by management

Management actions are focused on preparedness and rapid recovery, recognising that the threat landscape is constantly evolving. These actions include:

- Expansion of the risk to incorporate physical security incidents, recognising the hybrid nature of threat, and reducing visibility gaps to physical security controls and management.
- Employing technical, administrative, and physical/cyber security controls for both IT and operational technology aligned to the National Institute of Standards, and Technology Cybersecurity Framework (NIST CSF) v2.0, as well as all applicable laws and regulations.
- We consistently verify and validate our risk management through internal and external audits and risk assessments, penetration tests, adversary simulation, incident response exercises, compromise assessments, continuous control measurements and other assessment methods.

Significant safety or environmental event

1 2 3 4 5

Oversight: Safety &
Operations Committee

Description

There is a risk of a significant safety or environmental event because of network asset failures or operability issues, extreme weather, third-party damage or security attacks, resulting in a major public or employee safety impact, or environmental damage.

Developments during 2025/26

The Board recognises that the risk of a significant safety or environmental event is influenced by a combination of asset-related factors, operating environment pressures, and heightened stakeholder expectations. The Board's focus is on whether the Group has robust, consistently applied controls and culture to prevent serious safety or environmental incidents, and to respond effectively if they occur. National Grid takes a holistic approach focusing on proactive preventative measures including inspection and maintenance of assets as well as appropriate recovery and response procedures.

Actions taken by management

Management actions are focused on prevention, preparedness, and continuous improvement, recognising that the consequences of a significant safety or environmental event could be severe, including:

- Reduction in risk exposure following the sale of Grain LNG.
- Updates to Group-wide Process Safety Business Management System to further strengthen prevention of process safety events through tighter control of safety-critical maintenance.
- Delivering proactive inspection, maintenance and integrity management programmes to reduce the likelihood of asset failures that could lead to safety or environmental harm.
- Maintaining and testing emergency response arrangements to ensure rapid, coordinated action to protect people, communities, and the environment if an incident occurs.
- Using incident investigations, near miss reporting, assurance activity, and leadership engagement to embed learning and reinforce a strong safety and environmental culture across the organisation.
- Responding to new regulatory requirements in the US which provide opportunities to strengthen process safety management.
- Although primarily related to the Loss of supply Group Principal Risk, the proposed New York Northeast Supply Enhancement (NESE) pipeline project would not only mitigate some gas supply constraints, it could also reduce the potential risks relating to major hazard assets that are caused by extensive manual relighting efforts when service disruptions occur, and will reduce the number of Compressed Natural Gas (CNG) sites required in Downstate New York.

Our Group Principal Risks cont.

Operational Group Principal Risks

Loss of supply

1 2 3 4 5

Oversight: Safety & Operations Committee



Description

There is a risk of a loss of supply event because of network asset failures or operability issues, upstream supply issues, extreme weather, third-party damage or security attacks, resulting in disruption of energy to our customers.

Developments during 2025/26

Increasing system complexities, system demand and network stress, coupled with legacy assets, are of key focus to ensure the Group continues to concentrate on proactive prevention and efficient recovery from loss of supply events to reduce the risk of significant disruption of energy to our customers. The UK Government's new Energy Resilience Strategy and associated taskforce will provide enhanced sector-wide coordination, and new regulatory requirements in the US have created further opportunities to strengthen asset management and resilience practices.

In response to the North Hyde substation fire in March 2025, we have undertaken extensive, multi-stakeholder engagement to understand the root causes, including comprehensive internal and independent investigations and close collaboration with regulators, government bodies and industry partners to ensure all lessons are identified and issues addressed.

Actions taken by management

Management actions are focused on reducing the likelihood of supply interruptions and minimising customer impact when events occur, including:

- Acceptance of Ofgem's RIIO-T3 final determinations which recognise the need for significant investment in the electricity transmission sector to continue to deliver world-leading reliability while nearly doubling the amount of power we can transfer around the country.
- Reduction in risk exposure following the sale of Grain LNG.
- Alleviated supply conditions are expected with the proposed New York NESE pipeline project.
- Preparing our UK ED3 submission to Ofgem which will seek to evidence the need for greater investment in climate resilience.
- Updating our risk assessments to incorporate upstream supply failure scenarios.
- Continued collaboration with energy suppliers, regulators, and government departments to explore industry wide mitigation strategies aimed at maximising supply, managing demand and enhancing storage.
- Gas main replacement programmes and a storm-hardening programme, along with main outage planning to ensure swift response and recovery.
- Reviewing and updating Group-wide assessments of climate vulnerabilities and monitoring progress against multi-decade climate adaptation plans, complemented by existing resilience investments to ensure long-term preparedness.
- Further development of emergency response plans covering wildfire and cyber scenarios, along with asset risk assessment and integrity management plans.
- We continue to monitor wildfire risk and have engaged a third party to carry out specialist wildfire risk assessments.
- Ongoing flood contingency plans and robust preparedness for winter and summer, including scenario planning, and testing response plans with proactive communication strategies.
- Acceleration of proactive maintenance and asset checks ahead of winter to maximise network availability, with an emphasis on system reliability assets, sub-sea cable monitoring and ongoing year-round maintenance.

Major capital projects

1 2 3 4 5

Oversight: Safety & Operations Committee



Description

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

Developments during 2025/26

Delivery of the Group's major capital projects remains a central strategic priority, with the scale of our cumulative capital investment reaching at least £70bn over the next five years to modernise energy networks, support growing demand, and enable the energy transition. The focus on execution is being shaped by numerous external developments such as supply chain constraints, and regulatory complexities which influence project cost, schedule, planning, and stakeholder expectations.

Actions taken by management

Management actions are focused on strengthening delivery discipline and resilience, including:

- implementing more consistent, Group-wide frameworks, to clarify decision gates, strengthen and schedule controls and improve transparency over delivery performance;
- enacting earlier engagement strategies with regulators, planning authorities, and communities to reduce late stage changes or delays; and
- strengthening procurement strategies, supplier relationships, and commercial disciplines to mitigate supply chain risk. We are also actively monitoring the current geopolitical landscape and considering impact on our risks, including Catastrophic security incident and Loss of supply in particular.

Our Group Principal Risks cont.

Strategic Group Principal Risks

Satisfactory regulatory outcomes



Oversight: Responsible Business Committee



Description

There is a risk that we fail to influence future energy policies and secure satisfactory regulatory agreements because of lack of insight or unsuccessful negotiations given the scale of investment needed to meet load growth and clean energy requirements, while balancing affordability and reliable concerns. This will lead to poor regulatory outcomes, energy policies that negatively impact our operations, reduced financial performance, fines/penalties, increased costs to remain compliant and/or reputational damage.

Developments during 2025/26

The scale of change required to enable the energy transition is unprecedented, driving our focus on whether the Group has the insight, engagement, and capability to secure satisfactory regulatory outcomes. Specifically ensuring the Group is proactively shaping price controls and rate case filings with clear positions and engagement/advocacy to support economic growth, affordability, reliability and a cleaner energy system. Affordability remains a prominent theme, influencing public sentiment and regulatory scrutiny. Customers are seeking to understand what steps utilities are taking to manage costs that end up on customer bills. The impact on customers has always been a concern in utility infrastructure planning and the costs on the bill beyond delivery service are growing, leaving less room for necessary grid investment.

Actions taken by management

Management actions are focused on proactive engagement, robust regulatory frameworks and disciplined delivery, specifically including the following:

- Ensuring well-evidenced submissions that clearly articulate investment need, customer impact, and long-term value, with a focus on achieving fair and sustainable outcomes.
- Demonstrating cost discipline, delivery efficiency, and value for customers, including consideration of incentives, reopeners, and performance mechanisms within regulatory frameworks.
- Continuously monitoring regulatory developments, decisions and emerging risks across jurisdictions to inform strategy with escalation where necessary.
- We have accepted the RIIO-T3 price control, achieving a satisfactory outcome. We are now focused on delivering against our commitments with continued focus on capital delivery efficiency and responding to the highly incentivising framework that aligns outperformance with outcomes customers value (for example, faster connections and reduced constraint costs).
- We are actively engaging on the ED3 price control (price control 2028-33), focusing on well-evidenced submissions that balance investment requirements with delivering value for customers and affordability.
- We are focusing on core regulatory principles in ongoing gas base rate cases and engaging constructively with regulators to support balanced and sustainable outcomes, having successfully agreed our 2025/26 US rate cases.
- We are participating in affordability and rate design dockets in the US to educate on the regulatory compact.
- Our interconnector structures continue to deliver net benefits to customers, including supporting system efficiency and enabling funding for energy assistance programmes.

Strategic priorities

- 1 Enable the energy transition
- 2 Build the networks of the future now
- 3 Deliver for customers
- 4 Operate safely and efficiently
- 5 Build tomorrow's workforce today

Risk trend

- Increasing (up arrow icon)
- Decreasing (down arrow icon)
- No change (minus sign icon)

Our Group Principal Risks cont.

Strategic Group Principal Risks

Climate change mitigation

1 2 3 4 5

Oversight: Responsible
Business Committee

Description

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

Developments during 2025/26

Achieving climate change targets remains a central long-term objective. The strategic focus on delivery is increasingly shaped by external developments that influence the pace, cost, and feasibility of the energy transition. These developments continue to evolve across policy, markets, technology and stakeholder expectations, and are actively monitored as part of the Group's risk and strategic planning processes. Against these drivers, the Board's focus is on whether the Group has appropriate governance, controls and flexibility to manage climate change targets within appetite.

Actions taken by management

Management actions are focused on credible target management, governance and transparency, recognising the importance of adapting to a changing external environment. These actions include:

- implementing a revised US operating model with sustainability teams embedded within business units, and integrating Environment, Social, Governance and Risk teams to strengthen oversight and coordination;
- undertaking an internal review of the Group's climate targets and maintaining current targets while keeping alternative pathways under active consideration, reflecting evolving external dependencies;
- updating greenhouse gas emissions analysis to reflect changes in policy, regulation and market conditions, and using peer benchmarking to inform ongoing risk assessment; and
- improving our sustainability narrative to better reflect our wider societal contribution to emissions reduction.

Political and societal expectations

1 2 3 4 5

Oversight: Responsible
Business Committee

Description

There is a risk that we do not position ourselves appropriately to navigate political and societal expectations because of a failure to proactively monitor the landscape or anticipate and respond to changes, leading to political intervention, an inability to meet our core energy objectives, uncovered costs or pressure on returns or the inability to gain necessary regulatory approvals.

Developments during 2025/26

The Board recognises that the risk associated with political and societal expectations arises from a rapidly evolving external environment, where energy affordability, climate policy and public trust are increasingly intertwined with political decision making. Against these drivers, the Board's focus is on whether the Group is appropriately positioned to navigate political and societal expectations, while continuing to deliver its strategic priorities.

Actions taken by management

Management actions are focused on anticipation, engagement and alignment with policymakers, recognising that many external drivers are outside the Group's direct control:

- Implementing a more regionally focused external affairs operating model to improve engagement with governments, regulators, communities and other stakeholders in key markets.
- Monitoring political, regulatory, media and societal trends across jurisdictions to identify emerging issues early and inform decision making.
- Defining policy priorities aligned to the Group's strategic objectives and engaging constructively with policymakers to support stable, investable regulatory frameworks.
- Conducting scenario analyses to ensure the Group can adapt its response to changes in the external environment.

People capability and capacity

1 2 3 4 5

Oversight: People &
Remuneration Committee

Description

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

Developments during 2025/26

We continue to focus on future workforce needs, recognising that the ability to deliver the Group's strategic priorities, including the energy transition and major capital projects, is fundamentally dependent on having sufficient workforce capacity, capability and leadership depth, now and in the future.

Actions taken by management

Management actions are focused on building resilience, flexibility, and future ready capability, while balancing near-term delivery needs with longer-term workforce sustainability. These actions include:

- maintaining a consistent, forward looking, Group-wide approach to strategic workforce planning to have visibility on future capacity and capability requirements;
- expanding our early careers programmes to build sustainable talent pipelines for critical roles and support diversity of talent pools; and
- monitoring recruitment and retention metrics closely to ensure capacity is stable and delivery risk is reduced.

Our Group Principal Risks cont.

Financial Group Principal Risks

Financing our business

1 2 3 4 5

Oversight: Audit & Risk Committee



Description

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

Developments during 2025/26

The Board recognises that the ability to finance the Group's strategy is increasingly influenced by a combination of macroeconomic conditions, capital market dynamics, and regulatory outcomes, alongside the scale and duration of the investment programme. The Group is undertaking a multi-year investment programme of unprecedented scale to modernise networks, meet rising demand and enable the energy transition. The duration and magnitude of this investment mean that continued access to debt and equity markets on acceptable terms is essential. The Board considers the long-term nature of these funding needs to be a key structural driver of financing risk.

Actions taken by management

Management actions are focused on maintaining financial resilience, flexibility and market access, recognising that many financing drivers are external and cyclical. Key actions and developments include:

- We have agreed an updated five-year financial framework to 2030/31, including cumulative capital investment of at least £70bn over the next five years.
- Delivered positive regulatory outcomes, including approval of NIMO Niagara Mohawk (National Grid's electric and gas distribution business in Upstate New York) rate agreement joint proposal and acceptance of the RIIO-T3 final determinations.
- Ensured maintenance of appropriate headroom against key credit metrics, supporting confidence in the Group's ability to access debt capital markets.
- Maintained strong engagement with current and potential investors through both the Group's equity and debt investor relations programmes.
- Maintaining strong liquidity, a robust credit rating and access to a diversified range of funding sources to raise debt efficiency to fund our investment programme.
- Completion of portfolio actions, including the disposals of National Grid Renewables and Grain LNG in 2025/26, with proceeds retained for reinvestment in the regulated business.
- Frequent engagement with credit rating agencies, with no changes to credit ratings or outlooks expected.

Strategic priorities

- 1 Enable the energy transition
- 2 Build the networks of the future now
- 3 Deliver for customers
- 4 Operate safely and efficiently
- 5 Build tomorrow's workforce today

Risk trend

- Increasing
- Decreasing
- No change

Cyber security and emerging risks

Cyber security risk management and strategy

Cyber security risk is overseen and continuously monitored by the Group Executive and the Board. We apply the NIST cyber security framework to identify, assess, monitor and respond to cyber security risks, supported by a risk management process aligned to the Group’s ERM Framework and covering all IT and operational technology assets including systems and data, legacy technology risk and those operated by third parties. Our cyber security risks are managed via the “Three Lines” model, supplemented by external specialist support including cyber security firms, providing independent validation of our approach and specialist expertise for specific regulatory requirements and technologies. Further assurance is obtained through risk assessments, penetration testing, adversary simulation, incident response exercises and compromise assessments. An independent Supply Chain Risk Management (SCRM) function identifies and oversees cyber risks arising from third-party service providers, with controls implemented by SCRM that are proportionate to the supplier’s access to Group systems and the sensitivity of data processed.

There have been no cyber security incidents to date that have materially impacted the Group’s business strategy, results of operations or financial condition. Notwithstanding this, we recognise that the cyber threat environment for critical infrastructure providers remains highly challenging and dynamic. We recognise that digital transformation blurs the boundary between physical and cyber security. Modern hybrid threats can combine common cyber attacks with physical dimensions such as intrusion or sabotage. We have emphasised a converged model that strengthens our ability to detect, prevent and respond to these complex, multi-vector threats, providing a more robust and resilient security framework.

Cyber security governance

The Board is responsible for oversight of cyber security. The Audit & Risk Committee regularly reviews reporting on our approach to cyber security risk management and developments throughout the year. National Grid’s Chief Information and Digital Officer (CIDO) and Chief Information Security Officer (CISO) regularly attend the Audit & Risk Committee and hold additional briefings to the Board at least once per year. The Audit & Risk Committee and Board work collaboratively to ensure oversight with the proper focus of each respective Board committee.

Cyber risk reporting includes, among other things, current and emerging cyber security threats to National Grid and relevant sectors, the status of key risk indicators and controls, the results of any relevant internal or external assessments, key incidents escalated to management during the prior and current reporting period and the status of cyber security improvement programmes. At the executive and management level, the CIDO is the owner of the cyber security risk and the CISO has primary responsibility for the development, operation and maintenance of National Grid’s cyber security programme. Under the CISO’s oversight, National Grid’s cyber security team implements and provides governance and functional oversight for cyber security services, controls and processes.

In line with our ERM Framework, cyber security processes include the escalation of material risks and incidents, including those that originate or occur from third parties, through the organisation to the Group Executive Committee, Audit & Risk Committee and Board as appropriate, based on an assessment of likelihood and severity of impact.

Emerging risks

We consider emerging risks and trends throughout the year to assess potential future material impacts on our risk profile. Each risk is assigned an appropriate owner or subject matter expert, who monitors developments and is responsible for implementing relevant mitigations as necessary. Emerging risk reviews are reported at least bi-annually to the Group Ethics, Risk & Compliance Committee, the Audit & Risk Committee, and the Board, for review and input.

Our top three emerging risks at the date of this report are:

Emerging risk	Impact on strategy	Velocity		
		Immediate < 3 years	Short term 3–5 years*	Medium term 5–10 years
Geopolitical tensions (business or supply chain disruption)	1 2 3 4 5	[Progress bar: 100%]		
Artificial intelligence (strategic opportunities or disruption)	1 2 3 4 5	[Progress bar: 100%]		
Affordability (customer affordability issues)	1 2 3 4 5	[Progress bar: 100%]		

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

Responsible Business review

Delivering our Responsible Business Charter

We aim to act as a responsible business and play our part in delivering an affordable, secure and clean energy system. Our Responsible Business Charter (RBC) details our approach to being a responsible business and the commitments we have made. It focuses on three core pillars: Our environment, Our customers and communities, and Our people, supported by our Responsible Business Fundamentals.

Further details on our Responsible Business activities and metrics can be found on our website. See links below.

Our Responsible Business Pillars and UN Sustainable Development Goals where we have the most material impact:

<h2>Our environment</h2>  <p>By building out the network of the future, we are continuing to connect low-carbon generation and storage and use our networks to support the electrification of heat and transport. We are also working hard to manage the impact of energy infrastructure on the natural environment.</p> <table border="1"> <tr> <th>2025/26 progress</th> <th>Looking forward</th> </tr> <tr> <td> <ul style="list-style-type: none"> Replaced 315 miles of leak prone pipe Reduced SF₆ emissions by 43% through leak repairs and investing in alternatives </td> <td> <ul style="list-style-type: none"> Continuing to connect low-carbon generation to our networks Collaborating with suppliers to reduce their own emissions </td> </tr> </table> <p>Read more on page 40</p>	2025/26 progress	Looking forward	<ul style="list-style-type: none"> Replaced 315 miles of leak prone pipe Reduced SF₆ emissions by 43% through leak repairs and investing in alternatives 	<ul style="list-style-type: none"> Continuing to connect low-carbon generation to our networks Collaborating with suppliers to reduce their own emissions 	<h2>Our customers and communities</h2>  <p>As we help to build out the network of the future, we aim to create social value for our customers and communities. We work to support economic growth in the communities we serve, support affordability as a key part of the energy transition, and engage in volunteering and community skills development.</p> <table border="1"> <tr> <th>2025/26 progress</th> <th>Looking forward</th> </tr> <tr> <td> <ul style="list-style-type: none"> Assisted over 20,000 households through our UK Grid for Good Energy Affordability Fund Exceeded our Skills Development </td> <td> <ul style="list-style-type: none"> Continuing to listen to and address customer feedback Expanding new and existing community partnerships </td> </tr> </table> <p>Read more on page 45</p>	2025/26 progress	Looking forward	<ul style="list-style-type: none"> Assisted over 20,000 households through our UK Grid for Good Energy Affordability Fund Exceeded our Skills Development 	<ul style="list-style-type: none"> Continuing to listen to and address customer feedback Expanding new and existing community partnerships 	<h2>Our people</h2>  <p>We are focused on providing development opportunities to all our colleagues, creating an inclusive culture, and enhancing the health and wellbeing of our employees.</p> <table border="1"> <tr> <th>2025/26 progress</th> <th>Looking forward</th> </tr> <tr> <td> <ul style="list-style-type: none"> 81% Group-wide employee engagement score A Glassdoor 2026 Best Place to Work </td> <td> <ul style="list-style-type: none"> Expanding recruitment and development programmes Continuing to promote healthy practices and wellbeing resources </td> </tr> </table> <p>Read more on page 47</p>	2025/26 progress	Looking forward	<ul style="list-style-type: none"> 81% Group-wide employee engagement score A Glassdoor 2026 Best Place to Work 	<ul style="list-style-type: none"> Expanding recruitment and development programmes Continuing to promote healthy practices and wellbeing resources
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Our Responsible Business Fundamentals

At National Grid, it is a priority to run our business and engage with our supply chains in a responsible way. Our Fundamentals include governance and activities that are essential to day-to-day business.



2025/26 progress

- Transitioned supply chain sustainability risk assessments and data to EcoVadis to support supplier assessments
- Invested in new innovations, such as AI demand response in data centres and enhanced pipeline imaging

[Read more on page 49](#)

Looking forward

- Continuing to improve our safety programme with insights from our new reporting system
- Increasing our workforce AI and data capabilities
- Further embedding sustainability into supplier sourcing



To view our Responsible Business data tables, scan or click the QR code



To explore our Responsible Business website, scan or click the QR code



To read more about our Responsible Business Charter, scan or click the QR code

Responsible Business review cont.

Our progress in 2025/26

Responsible business is important to us and our stakeholders. Over the past year, we have navigated a complex landscape characterised by significant economic and political uncertainty. In this environment, energy security and affordability remain priorities. Part of being a responsible business is taking account of, and responding to, these expectations to deliver for our customers, communities, colleagues and other stakeholders.

While clean power retains support from the UK Government, energy costs remain a significant challenge and energy resilience has emerged as a key issue. In the US, both New York and Massachusetts have acknowledged affordability concerns related to the energy transition.

We, alongside other network companies, have a unique role to play in supporting the energy system transition. While we remain focused on reducing our own carbon emissions, by building out the network of the future, we are supporting the deployment of renewable energy supply to meet society's growing electricity needs and bringing down overall emissions. We are also innovating through new technologies and approaches to maximise the pace and scale of system-wide decarbonisation. We are therefore looking beyond our own emissions at the emissions reductions we influence through our delivered and future business activities.

In 2025/26, we connected 1,125 MW of energised renewable generation to our transmission and distribution networks and saw further uptake of heat pumps and electric vehicles across our jurisdictions. We expect these new assets to deliver emissions savings year-on-year and estimate they will help avoid 5 MtCO₂e from 2026/27 to 2030/31 as renewable electricity

generation replaces carbon intensive generation, heat pumps replace gas and oil boilers, and EVs replace internal combustion engines¹.

Looking forward, a significant uptick in National Grid activity, underpinned by at least £70 billion of capital investment in the next five years, will deliver infrastructure that is expected to support reliable, cleaner and affordable energy. We expect to support further avoided emissions through our continued role in connecting renewable generation and facilitating the uptake of heat pumps and electric vehicles in our jurisdictions.

We also have a wider enabling role in the energy transition. Our infrastructure helps deliver clean power generated by assets connected to other networks, to both existing and new sources of demand served by our network or in other locations. For example, in the UK we are delivering transmission projects to increase power flows between Scotland and England and developing new links to mainland Europe, better connecting clean power to demand. In the residential, commercial and industrial sectors, electrification can be a key driver of emissions reductions, including through fuel switching to electricity supplied through our networks for heating and transport. In collaboration with others, we therefore expect our infrastructure to enable significant emissions reductions across a range of sectors.

A range of activities will contribute, including:

- our Great Grid Upgrade, the largest overhaul of the UK electricity grid in generations;
- the Upstate Upgrade, a collection of complex, multi-year high-value transmission line projects in support of New York's Climate Leadership and Community Protection Act; and

- innovation through regulatory funded projects, working with our supply chain partners and through our venture capital arm National Grid Partners.

Our Scope 1 and 2 emissions are down 3% vs our 2018/19 baseline. This is outside of the range set out in our second Climate Transition Plan (CTP), published in May 2024. We stated in our CTP that progress is unlikely to be linear. Scope 2 emissions were lower than last year, but Scope 1 emissions were higher than expected due to increased generation from our Long Island facilities that burn oil and gas. These units are crucial to reliability and are contracted to the Long Island Power Authority (LIPA), which controls when and how much they run to maintain reliable energy supply in the region.

Our Scope 3 emissions increased by 11% in 2025/26, primarily due to an increase in supply chain emissions, as anticipated in our CTP, as we build out new infrastructure. We continue to identify opportunities to reduce supply chain emissions and aim to decouple spend growth from emissions growth.

Affordability continues to be a concern for households and businesses. In the US, we've continued to raise awareness of financial assistance and support available and, in the UK, we've seen reforms to the connection queue that will help us to prioritise connection-ready low-carbon generation projects to expand availability and maximise capacity.

We also support our local communities through volunteering and skills development programmes. We maintain partnerships with charities, non profits and educators to create skills and employability pathways for everyone in our communities and to provide opportunities for colleagues to volunteer.

We are committed to creating a work environment where people are treated fairly and where everyone feels respected, valued, and empowered to reach their full potential. For our colleagues, safety remains our top priority as project work is scaled up to meet our commitments, and we have a range of initiatives underway in our business units to ensure we meet our safety targets.

The following sections highlight the progress made in the last year against our RBC and where there is more to do. Working with our stakeholders, we will continue to make progress on all of our commitments.

1. Avoided emissions represent the difference between baseline (counterfactual) emissions and emissions after the implementation of the low-carbon alternative. We have estimated cumulative avoided emissions to 2030/2031 from low-carbon solutions delivered in 2025/26, specifically 1) Renewable electricity connections (direct connections to our transmission and distribution networks) 2) Electric heat pumps replacing fossil-fuel boilers (in our distribution/customer regions) and 3) Electric vehicles replacing internal combustion engine vehicles (in our distribution/customer regions). Renewable electricity connections are sourced from our Responsible Business data tables. Heat pump and electric vehicle data is sourced at the NY, MA and UK level on a calendar year basis, and National Grid's share is estimated by using NGED's share of electricity distribution network customers in the UK and our delivered electricity load in our US jurisdictions. Grid carbon intensity and marginal plant intensity are calculated on a calendar year basis.

Responsible Business review cont.
Our environment



Our environment

By building out the network of the future, we enable the deployment of low-carbon energy supply and support the electrification of heat and transport. We are also working hard to manage the impact of energy infrastructure on the natural environment.

Our second Climate Transition Plan (CTP), published in May 2024, outlines our roadmap to achieve net zero by 2050. As part of this, we have set near-term science-based GHG emissions reduction targets at a Group level. These have been approved by the Science-Based Targets initiative (SBTi) as aligned with limiting global warming to a 1.5°C pathway and the ambition of the Paris Agreement, and have been developed using an SBTi sectoral decarbonisation approach where available. SBTi is currently developing the Corporate Net Zero Standard Version 2, and we have been actively engaged in their consultation to shape the new standard.

Actions by our stakeholders are crucial to us being able to deliver our emissions reductions targets. We engage with policymakers and regulators aiming to achieve the required planning and permitting changes in the UK and US, and in the US where we are an energy supplier, policies that promote energy efficiency and the use of low-carbon fuels. We also work with customers to promote efficient solutions, industry groups to advance new technologies, and our suppliers to help decarbonise the value chain.

We have always viewed our targets as ambitious. Achieving them relies on a combination of actions we take ourselves, as well as technological dependencies, policy and regulatory frameworks in the regions we operate, and actions by others including businesses and energy consumers. Our ability to achieve our climate targets is driven by the policies put in place by the jurisdictions where we operate that support decarbonising their energy systems at a rapid pace. Political and economic headwinds have intensified in the past year. Governments face multiple pressures, including budget constraints and customer affordability concerns, which may impact the pace of decarbonisation. While the costs of some technologies continue to fall, the costs of other renewable technologies have risen, which is also impacting policy and the pace of the transition.

We've made good progress across multiple areas of our emissions inventory, including where we have direct control. Where we don't have direct control, achieving our near-term targets looks increasingly challenging as we are reliant on policy and regulatory dependencies. Below, we provide an update on progress against some of our targets, including some of the most material dependencies that could impact our progress. Moving forward, we will continue to prioritise reductions where we have operational control and influence areas where we do not, refining our approach based on our results. More detail on our targets, key dependencies and challenges can be found in our CTP, available on our website.

We committed to

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

We continue to work towards our ambitious targets. However, we are reliant on external dependencies such as policy and regulatory support and wider sectoral decarbonisation.

Scope 1 and 2 GHG emissions for 2025/26 were 7,511 ktCO₂e, outside of our range set out in the CTP, and down 3% from our 2018/19 baseline.



Scope 1 GHG emissions in areas where we have greater direct control have fallen from the baseline year. Gas operational emissions from fugitives and venting comprise about 10% of our Scope 1 and 2 emissions and have decreased 4.2% from the prior year. These emissions are largely driven by the volume of gas travelling through our pipes and are being addressed through investments in cross compression, pipeline coatings, vacuum purging, and rehabilitation of leak-prone piping.

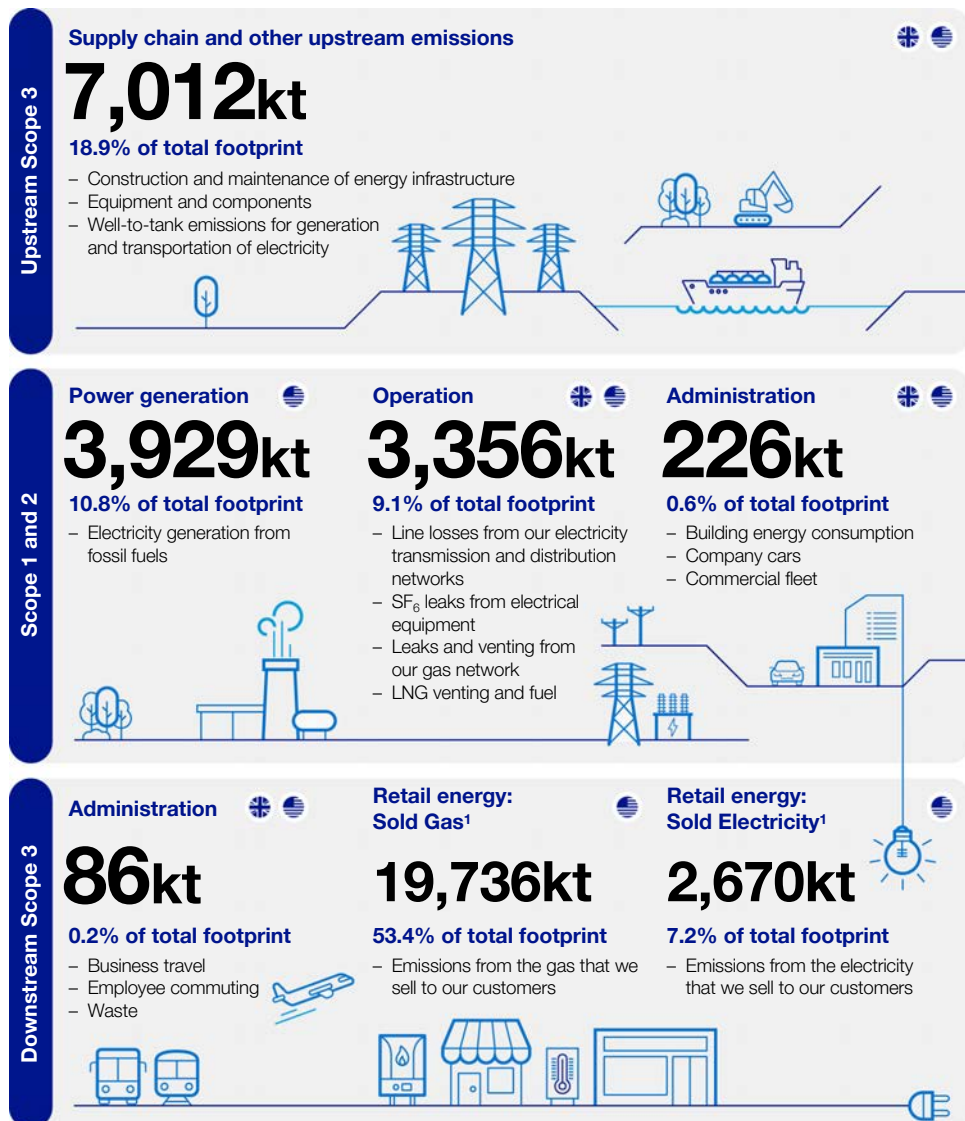
In 2025, we replaced 315 miles of leak-prone pipe in New York and Massachusetts. This long-standing programme delivers emissions reductions each year. This programme is progressing within the projected ranges of our CTP. We are also evaluating advanced leak detection technologies, including stationary, satellite, aerial and ground based solutions to quickly identify and mitigate emissions sources.

Scope 1 GHG emissions where we have less direct control are outside of the range that we set out in our CTP. The most challenging area is emissions from our Long Island generation facilities, where emissions increased by 19% from the previous year. These units burn oil and gas and are contracted to the Long Island Power Authority (LIPA), which controls when and how much they run to maintain reliable energy supply in the region.

1. Includes Scope 2 location-based emissions only.
2. Near-term targets approved by Science-Based Targets initiative (SBTi) and aligned to the Paris Agreement and a 1.5°C pathway.

Responsible Business review cont.
Our environment

Our 2025/26 GHG emissions footprint across direct and indirect sources was 37,015 ktCO₂e



1. Retail energy emissions are primarily driven by the gas and electricity we sell to our customers. Reducing these emissions depends on a combination of actions we take, customer choices, wider energy system decarbonisation, and policy and regulatory frameworks.

Our Long Island generation assets are currently expected to be materially depreciated by 2040, aligning with New York State’s zero-emissions electricity targets. However, given delays to offshore wind and anticipated load growth, achieving a sufficient reduction in operating hours in the timeframe required to hit our near-term targets will be challenging, and fossil-fuel generation assets may continue to operate beyond 2040 to support grid resilience.

Our Scope 2 emissions decreased by 15% during 2025/26. These are almost entirely comprised of electricity network line losses and are broadly in line with the trajectory set out in our CTP.

Electricity network line loss emissions are primarily influenced by the location and carbon intensity of generation and the location and magnitude of demand, which are outside of our control. If our jurisdictions see a slowdown in the pace of decarbonisation, this will slow the pace of emissions reductions from line losses. We indirectly reduce the emissions from electricity line losses by connecting low-carbon generation to our networks. We calculate emissions from losses using the average carbon intensity of electricity in the regions where we operate, as published by the UK Government and the US Environmental Protection Agency (EPA).

In the UK, there has been significant progress in decarbonising the grid. The continued implementation of various policy reforms, including connections and planning, is required to support ongoing progress. For US line loss emissions to decrease in line with our wider targets, we would need to see a wider societal increase in the pace of clean energy development. This would require addressing wider challenges around permitting, interconnection, and customer affordability in addition to current state government activities related to renewable generation.

Regarding specific sub-targets for Scope 1 and 2, from a 2018/19 baseline:

- The carbon intensity of our power generation (Scope 1 GHG emissions) has increased by 3% per MWh against a target of reducing by 90% by 2030/31 and 92% by 2033/34.

- We’ve reduced absolute Scope 1 and 2 GHG emissions (excluding generation) by 26% against a target of 50% by 2030/31.

We report on our power generation emissions intensity as part of our SBTi targets. Since we completed the sale of National Grid Renewables in 2025, our generation portfolio is made up solely of gas and oil generation assets, which are operated by LIPA. With this change, achieving this target is very challenging, requiring fuel switching or carbon capture technologies which are not yet commercially viable.

20% of our light-duty vehicles are electric vehicles.



We are making progress against our target to move to a 100% electric fleet for our light-duty vehicles, however, we continue to face challenges with vehicle cost and availability. This year, we have added 219 electric vehicles to our commercial fleets, bringing our total to 1,235 EVs, 20% of our total number of light-duty vehicles. Achieving this target is dependent on the cost, availability, and performance of vehicles with the required characteristics to meet operational needs, which makes achievement of this target increasingly challenging.

This year, we also introduced our first heavy duty electric vehicle to our fleet, a box truck with a 230-mile range based at our Sutton depot in Massachusetts.

Moving forward, we will consider strategies to reduce emissions from transport that are informed by vehicle availability, use cases and conditions in the regions where we operate, and cost effectiveness. We will keep this target under review.

Responsible Business review cont.
Our environment



SF₆ emissions from our operations are down 43%.



We continue to reduce SF₆ emissions caused by emerging leaks, resulting in GHG emissions reductions of 43% against our 2018/19 baseline. The majority (around 80%) of the SF₆ we use on our networks is in UK ET. Our focus is on SF₆ leak detection and repairs, as well as increasing our investment in SF₆ alternatives, working with other UK transmission owners.

Absolute energy consumption in our flagship offices is down by 48%, exceeding our 20% target.



We have reduced energy consumption in our flagship offices by 48% against our 2019/20 baseline, exceeding our 20% target, by optimising heating, ventilation, air conditioning, and lighting to promote efficiency while meeting the needs of our colleagues.

We also indirectly contribute to emissions reductions through the purchase of renewable certifications. In 2025/26 we achieved 62% (2024/25: 36%) of renewable electricity purchased with renewable certification globally, driven by the UK, where 99.7% (2024/25: 49%) of electricity purchased for operational purposes was with renewable Energy Attribute Certification (EACs) where we have choice over purchasing sources. For leased and other sites where we do not have purchasing decision choice, we do not have control over whether the electricity purchased is with renewable credentials. The increase compared with the prior year mainly reflects the disposal of Grain LNG; as the asset did not hold EACs, its exit from the Group has led to a significant increase in the UK percentage.

Our Scope 3 emissions (excluding sold electricity) were up 11% from our 2018/19 baseline.



Our Scope 3 emissions (excluding sold electricity) for 2025/26 were 26,833 ktCO₂e.

The majority of our Scope 3 emissions result from the use of sold gas we deliver to our customers in the US, with these emissions making up about 75% of our Scope 3 emissions target.

Meeting our Scope 3 sold gas target would require an additional estimated 1.2-1.8 million gas customers converting to electric heat by 2033/34. We continue to seek to enable the connection of low-carbon electricity generation that is necessary to support customers in switching to electric heat, and we offer incentive programmes to encourage customers to adopt heat pumps. However, to further motivate heat pump adoption, we would need to see reductions in the upfront cost of heat pumps, as well as efficiency gains in heat pump technology. Achieving the emissions reductions required to meet our Scope 3 target is therefore challenging.

Emissions within our supply chain represent approximately 18% of our Scope 3 emissions target, and we have seen emissions increase by 2% during 2025/26. We projected this in our CTP due to increased spend on goods and services associated with the construction of new energy infrastructure.

Regarding specific sub targets for Scope 3, from a 2018/19 baseline:

- The carbon intensity of power generation and sold electricity (Scope 1 and Scope 3 GHG emissions) decreased by 1% against a target of reducing by 86% by 2033/34¹.
- We've reduced absolute GHG emissions from gas sold by third parties by 10% against a target of 37.5% by 2033/34^{1,2}.

62% of our UK supply chain emissions³ are from suppliers that have formally committed to setting a science-based target (SBT). 32% of our US supply chain emissions³ are from suppliers that have established a roadmap towards science-based targets.



We continue to collaborate with key suppliers who contribute significantly to the emissions associated with the goods and services we procure. In the UK, 62% of our UK supplier GHG emissions are from suppliers who are committed to setting an SBT. In the US, 32% of our supplier GHG emissions are from suppliers who have established a roadmap toward SBTs. As our supply chain emissions data and insights have matured, we have moved from reporting a percentage of suppliers committed to SBTs or an SBT roadmap, to the percentage of our supply chain emissions covered by those suppliers.

Our suppliers have many dependencies that are outside of their control, including the lack of SBT pathways for certain sectors. SBTi is currently consulting on the standards used to set validated SBTs, with new standards expected to be formally in place at the start of 2027. Because of this, we are recommitting to our supply chain engagement, retaining the target but extending the target date to 2030/31 and reporting a percentage of emissions rather than a percentage of suppliers. We had stated that this target was under review in our 2024/25 disclosure.

1. Near-term targets approved by SBTi and aligned to a well below 2°C pathway.
2. Third-party sold gas, a US only emission, are downstream emissions associated with the combustion of natural gas delivered through our network but sold by a company other than National Grid. This differs from Scope 3 Cat. 11 GHG Protocol guidance, which otherwise advises to consider only the end use of goods sold by the reporting company itself.
3. Carbon Strategic Supplier Engagement: GHG emissions from Scope 3 Cat 1 and Cat 2: Purchased Goods and Services and Capital Goods only.

Responsible Business review cont.
Our environment

We have developed a new responsible supply chain strategy to work toward embedding sustainability criteria into our strategic sourcing process. This strategy focuses on the changes we need to make to our contracting approach, tender strategy, and engagement to drive change. More detail on this strategy is available on our website.

Key construction materials such as concrete and steel have significant carbon footprints and more sustainable alternatives are difficult to source and come at a higher cost. To see reductions in supply chain emissions in line with our Scope 3 target, we would need to see a significant reduction in the carbon intensity of construction materials. In UK ET, as part of our RIIO-T3 business plan, we've set targets against some of our key carbon hotspot areas, enabling us to influence how suppliers respond and make changes to their operations.

Air travel emissions are down 45% from our 2019/20 baseline.



This year, absolute emissions from business air travel are lower than the previous year at 6.1 ktCO₂e, a 45% reduction from our baseline.

Air travel emissions are a very small portion (0.01%) of our total Scope 3 emissions. While we have not hit our target, we have made good progress in this area. We've implemented hybrid working, consolidated meetings to reduce the number of trips necessary and embedded sustainability considerations into our travel policy, discouraging travel where it is not necessary. As a transatlantic business, we try to balance the business benefits of in-person meetings with creating efficiencies by reducing air travel. We remain focused on reducing emissions in our most material areas and reinforcing our travel policy to drive ongoing progress, and we will not renew this target.

We are committed to

Protecting our natural environment

In the UK we are committed to restoring the land we manage. We use a natural capital approach to measure the impact of improvements we make on the non-operational land at our own sites based on financial value estimations.

Due to significant differences in the conditions of habitats and levels of biodiversity present in the landscape between the UK and US, in the US our efforts focus on the preservation of the natural lands that we own. Acreage reported in the US includes lands we have enrolled in our integrated vegetation management (IVM) programme, which aims to preserve biodiversity by optimising trimming on our rights-of-ways, and other nature-related projects.

On the land we manage in the UK, we have restored the natural environment by 15%.



A natural capital approach allows us to demonstrate environmental restoration by supporting and measuring beneficial changes to land management and biodiversity. This is only driven by activities in our UK ET business.

We manage around 1,800 hectares of non-operational land in the UK, including hedgerows, ancient woodland, wildflower meadows, wetlands, grasslands and peat bog. We committed to improving its environmental value by at least 10% by 2026. Since 2020/21, we have achieved a 15% increase. In our final year of the RIIO-T2 Environmental Incentive (2025/26), we delivered a further uplift by introducing nine new strategic partnerships and expanding one existing agreement.

UK ED focuses on improving biodiversity on our operational sites. We have committed to a six-year formal partnership with Heart of England Forest to support woodland management and restoration in our West Midlands licence area. This past year, we surveyed 18 sites to establish baseline habitat type and quality, allowing us to develop habitat maintenance plans to guide vegetation management on these sites.

On the land we manage in the US, we have enrolled 1,162 acres in our IVM programme and other nature related projects.

This year, we launched a collaborative BioAudit biodiversity study with scientists and experts from ACRT Services to help us assess the habitat quality of our rights-of-ways. These corridors play an important role in enhancing plant biodiversity and ensuring that pollinators and wildlife have a place to call home.

The data from the on-site assessments help us to proactively plan and take measures to improve habitat on these sites.

We also completed a nature-based solutions pilot with Jacobs Engineering, Biomimicry 3.8, and EMX Industries on a substation rebuild in Massachusetts. The initiative aimed to solve common project challenges using nature-inspired solutions. Eight nature-based interventions were identified and scoped into the substation rebuild design, including moss walls, rain gardens and vegetated filter strips.



Responsible Business review cont. Our environment

We are

Investing in the decarbonisation of the future of energy

We invested £9.8 billion in green infrastructure and projects in 2025/26¹.

We play a key role in enabling and accelerating the move to a cleaner energy future. Network investment is vital for connecting new low-carbon power generation and storage that will be needed in the coming decade to accommodate the expected rises in electricity demand and the connection of renewable energy resources.

Our proportion of green capital expenditure increased in 2025/26, aligning with EU Taxonomy principles for climate change adaptation and mitigation. In 2025/26, around 88.5% (£9.8 billion) of our Group's capital expenditure was aligned, compared with 81% (£7.7 billion) in the previous year. Green capital expenditure share of total capital investment, which includes capital prepayments and equity contributions, was 85%.

Our first six projects in Wave 1 of our Great Grid Upgrade in the UK are now in construction, and in the US, we continue to progress with permitting requirements for our Upstate Upgrade projects in New York. The essential upgrades that we're delivering in the US and UK will help to create a modernised, stronger and cleaner energy network and will generate new jobs.

These infrastructure investments also support connections of renewable generation to the grid in our territories. In 2025/26, we connected 1,125 MW of energised renewable capacity to our networks across the UK and US.

1. Aligned to the principles of EU Taxonomy for sustainable investment.

We are committed to

Using resources responsibly

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

Various aspects of our work create waste, including cleaning up former gas plant sites, retiring old fossil fuel assets and leak-prone equipment, and building grid infrastructure. We work to ensure that our waste is correctly disposed of with appropriate environmental permits and in compliance with regulatory standards in the applicable regions.

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

We recycle, refurbish and reuse materials at asset refurbishment and investment recovery facilities in the UK and US, promoting circularity within our operations. We also work to reduce our waste through initiatives such as the deployment of reusable covers to replace plastic bags on units in our plant centres in the UK. We're also using recycled materials in our operations, including the use of copper with recycled content for transformers in our Eastern Green Link 2 project.

More on our commitments around resource use and waste management can be found in our Environmental Operations Policy.

Our water use relates almost entirely to water used for generation cooling purposes. Abstracted water is not altered other than being slightly warmed by the process. Water discharge temperatures are closely monitored and follow applicable regulations. This year, 1,234 million cubic metres were withdrawn. Of this total, 99.6% relates to the use of seawater for cooling generation assets in the US and is returned to the sea in accordance with permitted temperature limits.

We are

Adapting to a changing climate

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

Climate hazards are projected to increase in frequency and severity in the future, with high temperatures and coastal and river flooding of particular concern in the areas where we operate. Our approach to climate resilience, and addressing risks arising from global warming impacts is outlined in our TCFD report on pages 61-66. In addition, our EU Taxonomy report details our climate change adaptation expenditure.



For our Environmental Operations Policy scan or click the QR code

£9.8bn

2025/26 Green capital expenditure

Aligned to EU Taxonomy principles for climate change adaptation and mitigation

1,125 MW

Energised renewable capacity connected in 2025/26

Responsible Business review cont.
Our customer and communities



Our customers and communities

As we help to build out the network of the future, we aim to create social value for our customers and communities. We work to create economic growth in the communities we serve and support affordability as a key part of the energy transition.

We provide assistance to our customers and communities to help manage the rising costs of energy and necessary infrastructure upgrades, working to maintain positive relationships with our stakeholders.

Our skills development programmes provide people from disadvantaged communities with access to training and employment opportunities, helping to build our potential workforce of the future.

Our colleagues participate in volunteering events and projects to foster positive relationships with our customers, communities and local regulators.

We acknowledge that there is a need for further support to our customers. In both the UK and US, support is needed for customers facing high energy bills. In the UK, customers face long connection wait times, negatively impacting consumer sentiment. However, NESO has initiated reforms to the connections queue that will help us to deliver faster, more strategic grid connections for our customers.

We are committed to

Supporting an affordable energy transition

We have established the Grid for Good Energy Affordability Fund to provide assistance with energy bills.

National Grid remains committed to ongoing support for those that cannot meet energy costs and maintains the Grid for Good Energy Affordability Fund to provide bill assistance. This fund assists vulnerable households and businesses struggling with energy costs via our charity partners including the Fuel Bank Foundation, the Centre for Sustainable Energy and the National Energy Foundation.

We worked with key charity partners in the UK and US to provide assistance with energy efficiency upgrades, emergency financial support and provision of energy advice to low-to-moderate-income customers. In the last year in the UK, we supported over 20,000 households through our programmes.

The current Grid for Good Energy Affordability Fund will run through 2026/27 to continue financial support for organisations that assist vulnerable households. Each year, the fund commits £3.5 million of support in the UK and £3.3 million in the US.

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

In the US, we offer a range of programmes to help income-eligible families and customers manage their energy bills. These include tiered discount rates, bill discounts, energy efficiency programmes, budget billing structures and payment extensions. However, we acknowledge that there is more to be done to support bill assistance to help our customers manage rising costs.

More details on our contributions to UK bills and average billing to US households can be found in our Responsible Business data tables.

More information on our affordability initiatives in ED, NY and NE can be found on pages 19 – 21

We are committed to

Accelerating social mobility

We support social mobility in the communities we serve through partnerships with registered charities, not-for-profit organisations, social enterprises, educators, and our supply chain.

With these organisations, we have created skills and employability pathways that help ensure everyone has the opportunity to reach their potential, regardless of background. Our work is focused on improving awareness of the energy industry and National Grid as an employer, providing energy education programmes to disadvantaged youth and work-ready adults, and offering coaching for potential future talent.

We've exceeded our goal to upskill 45,000 people in our communities and we remain dedicated to actively supporting these programmes.

We ranked 8th out of the top 75 employers in the 2025 UK Social Mobility Index (SMI), rising 34 places from the previous year. This achievement demonstrates our leadership in building an inclusive, representative, and successful workplace that supports upward social mobility.

Responsible Business review cont. Our customer and communities

We are

Engaging directly in our communities through volunteering

Across the UK and US we have delivered **52,620 volunteering hours in 2025/26 to support our communities.**



Our volunteering programmes enable our colleagues across the UK and US to connect with their communities and have a tangible impact on the causes that matter. We work with many partner organisations to provide opportunities for colleagues to volunteer their time in local communities. Our volunteer efforts focus on increasing access to affordable energy, increasing access to STEM/STEAM education and building community resilience. Colleagues this year have logged 52,620 volunteering hours, bringing our total to 292,611 volunteering hours since 2021. Case studies on our volunteering engagement can be found on our website.

We act

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

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

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

US customer satisfaction

This year, our US businesses refocused their CSAT metric to better reflect overall customer experience. The metric is measured through our monthly Brand Image Relationship study and through post-interaction customer surveys, and it is designed to help us improve customer experience and strengthen customer-centred thinking across our business.

In 2025/26, New York saw a CSAT score of 72.8% and New England saw a score of 72.2%. Customers in both regions faced high fuel prices and temperature extremes that increased bills, which negatively affected customer perceptions.

We recognise that we need to do more to improve customer satisfaction. We are committed to raising awareness of financial assistance and other services that help customers manage their energy bills. In Massachusetts, we launched a new tiered discount rate programme that expands eligibility and assistance for our most vulnerable customers. In New York, our NIMO rate plan, approved by the Public Service Commission, includes enhancements to affordability programmes.

We also held in-person customer assistance events across our US jurisdictions. These events bring our customer service specialists into community centres, senior centres and other public gathering places, to meet directly with customers. Here, our customers can ask questions, discuss assistance programmes and get help with our energy efficiency initiatives. These events are critical to connect our customers to the support programmes and tools they need.

We are in the process of implementing Kraken, a groundbreaking, cost-effective platform that will support end-to-end ownership of the customer experience. We will be the first major regulated US utility to adopt Kraken, which will improve the

customer experience by simplifying and modernising how customers interact with us.

We continue to deploy Advanced Metering Infrastructure (AMI) technology across New York and Massachusetts, giving customers greater visibility of their energy use. We have cumulatively deployed over 500,000 smart meters in New England and over 1.5 million in New York.

UK ED customer satisfaction

In UK ED, we have delivered a high level of customer satisfaction for 2025/26 with a score of 9 out of 10.

We identify areas of best practice across our licence areas to expand those solutions across the business. We continue to undertake customer service training, have customer engagement group forums, and learn from the activities of other distribution network operators to ensure we are making the right decisions for our customers and improve the customer experience.

UK ET customer satisfaction

In UK ET, Quality of Connections remains a pivotal initiative, underpinning our commitment to capturing valuable customer insights at every stage of the connection lifecycle by measuring customer satisfaction and gathering feedback. In UK ET, our customer satisfaction score for 2025/26 was 7 out of 10, demonstrating a positive shift compared to last year, marked by significant industry reform and rapid change.

NESO initiated reforms to the existing connections queue that will aim to help UK ET deliver faster, fairer and more strategic grid connections for existing and future customers. For more on these reforms, see page 18.

UK ET also drives broader societal economic benefits to support customer satisfaction. For example, we are currently upgrading our Didcot substation in Oxfordshire to enable the connection of data centres and battery storage systems to the electricity transmission network. Located just two miles from the UK's first AI Growth Zone at Culham, Didcot substation will boost grid capacity for future digital projects. It will also connect 300

MW of battery schemes, helping to meet growing demand for flexible, zero carbon power in the region. Read more about the Didcot substation project on our website.

NGV customer satisfaction

NGV conducts customer satisfaction surveys across its business units and achieved good scores overall in 2025/26.

Our UK subsea electricity interconnectors and US NGV operations have scored the following:

IFA, IFA2 and Viking

92%

Prior year: 86%

BritNed

90%

Prior year: 87%

Nemo

91%

Prior year: 92%

The US Northeast

8 out of 10

Prior year: 8 out of 10

Responsible Business review cont.
Our people

Our people

Our 33,017 colleagues across the UK and US are central to delivering the grid of the future.

To deliver on our commitments, we need to attract, develop and retain the skilled workforce needed to respond to changes in our external environment and within the business.

The physical and mental health of our colleagues is central to everything we do. We continue to focus on ensuring fair pay for all our people and providing them with development opportunities.

81%

Employee engagement index in 2025/26

73%

'Safe to say' in Grid:Voice in 2025/26

77%

Employee wellbeing index in 2025/26

We are

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

Our workforce is increasing and new skills will be needed to deliver the grid of the future. Attracting, developing and retaining a qualified and competent workforce requires training programmes that are robust, comprehensive, in line with local regulations and focused on safety and competence.

In the UK, 132 graduates participated in our graduate scheme, which aims to enhance graduates' capabilities while emphasising leadership development.

In the US, 98 graduates joined our refreshed 12-month development programme, which includes a three-week orientation, blended virtual and in-person skills training, three months of coaching, and rotational placements for some roles in months six to twelve.

In the US, we also continue to have a strong Gridtern internship programme, welcoming 147 interns on summer internships in 2025.

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

Alongside early careers programmes, we provide a wide range of development opportunities to our colleagues through external learning providers, including on-demand digital learning, behavioural science-based development, team effectiveness sessions and tailored virtual coaching for leaders and senior colleagues.

We also run targeted leadership programmes to identify and develop future senior leaders and to support new and experienced managers in becoming effective people leaders.

To achieve our commitments and deliver the grid of the future, we need to attract, hire, and retain people from a wide array of backgrounds, who have different experiences and perspectives. We take a clear stance against discrimination. Our Global Recruitment and Hiring Policy ensures that individuals identifying themselves as having a disability receive fair consideration for all vacancies, with reasonable accommodations and additional resources provided whenever feasible. We are dedicated to equal opportunities in recruitment, training, promotion, and career development for all our colleagues, including those with disabilities.

We aim to drive proactive sourcing, create a best-in-industry candidate experience, and maintain recruitment practices that help us build a strong future workforce. We launched a new global careers website to provide a single, modern platform for candidates and a more tailored and intuitive job searching tool.

In 2025/26, 41% of our vacancies were filled by internal promotions and moves, demonstrating our commitment to developing talent. We are also increasing external hiring to secure the specialist skills required for the future. Our workforce planning helps us anticipate capability needs and shape targeted recruitment strategies, including engaging with relevant talent pools ahead of demand.

For more information, see our People Capability and Capacity Group Principal Risk on page 35.

Responsible Business review cont.
Our people

We are committed to

A workplace where all colleagues can thrive

At National Grid, we believe that diversity of thought drives innovation, enhances performance, and strengthens our ability to deliver for our customers and communities. We are committed to fostering a workplace that is inclusive, respectful and empowering, where every individual feels welcome and supported.

Our focus is on our work environment, ensuring colleagues are treated fairly, respecting the right to differing opinions, and maintaining a safe work environment. We will continue to adapt our approach to meet the needs of our people, our industry, and our stakeholders while staying true to our values of doing the right thing and finding a better way.

We are committed to

Creating an inclusive culture

Fostering a culture in which colleagues feel safe to speak up and confident their voices are heard by the Group Executive Committee and Board remains a priority.

Our leaders play a central role in shaping this culture, supported by a global learning curriculum that provides inclusive leadership training for people managers.

Our Employee Resource Groups (ERGs) play a vital role at National Grid. Open to all colleagues, 33% of our workforce are members of at least one ERG. ERGs help build awareness of inclusion and belonging by offering support and development opportunities, enabling colleagues to bring their true selves to work and reach their full potential.

We carry out two annual employee engagement surveys to provide the Group Executive Committee and Board with further insight and understanding of our culture and engagement. In our 2025/26 survey, our employee engagement index was 81% and our Safe-to-Say score was 73%, demonstrating that our employees feel engaged in their work and empowered to speak up.

Throughout the year we were recognised for numerous industry awards, including being named in Times Top 50 Employers for Gender Equality, a Glassdoor 2026 Best Place to Work, 8th out of the top 75 employers in the 2025 UK SMI, and The Equality 100 Award: Leader in LGBTQ+ Workplace Equality Distinction by the Human Rights Campaign Foundation.

In 2025, we participated in the Workforce Disclosure Initiative for the eighth consecutive year, achieving a disclosure score of 88% compared to the sector average of 67%.

We are committed to

Leading the industry on employee health and wellbeing

Our employee wellbeing index is 77%.

We aim to empower our colleagues to prioritise their health and wellbeing by promoting healthy practices and by offering wellbeing resources through multiple channels. By focusing on health and wellbeing, we aim to foster an environment where everyone can thrive together.

In 2025/26, we continued to deliver our Thriving Together health and wellness ambition to support our people in feeling engaged and empowered to prioritise health, wellbeing, and performance. We provide our colleagues with educational and support resources, materials for managers to promote health and wellbeing on their teams, a full range of health and wellness benefits, support for neurodiverse colleagues, and on-site health professionals. We also provide digital health and wellbeing apps and access to an Employee Assistance Programme to our colleagues in the UK and US.

We are committed to

Ensuring all colleagues receive fair and equitable pay

We are continuing to focus on our gender pay gap.

In the UK, we remain an accredited Living Wage Foundation employer, which demonstrates that we go beyond the Living Wage requirements, voluntarily paying our trainees the Living Wage. We undertake a Living Wage review each year to ensure continued alignment. Our commitment to the Living Wage for our direct workforce also extends to our contractors. In the US, colleagues are paid above the statutory minimums. We also provide a range of competitive benefits to our colleagues that go beyond statutory minimums.

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

We review gender and ethnicity pay gaps annually and our UK gender pay gap is reported one year in arrears in accordance with UK legal requirements on gender pay gap reporting. Our UK base gender pay gap continues to be minimal.

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

Gender demographic as at 31 March 2026¹

Our Board²

46%

Male 6 Female 5



Senior management³

44%

Male 90 Female 72



Whole company³

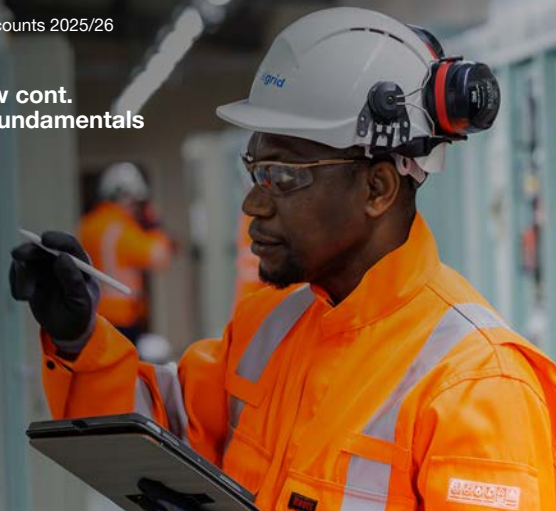
25%

Male 24,803 Female 8,214



1. Companies Act 2006 disclosure. We have included information relating to subsidiary directors, in accordance with the Companies Act 2006. Senior management is defined as those managers who are at the same level as, or one level below, the Group Executive Committee. It also includes those who are Directors of subsidiaries where we have a majority interest, or who have responsibility for planning, directing or controlling the activities of the Group, or a strategically significant part of the Group, and are employees of the Group.
2. Board refers to Directors of National Grid plc as defined on page 256 of this document.
3. In scope are active, permanent employees. Out of scope are non-employees, temporary staff and interns.

Responsible Business review cont. Our Responsible Business Fundamentals



Responsible Business Fundamentals

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

Our Responsible Business Fundamentals are the foundation of the pillars of our Responsible Business Charter. We aim to continue to deliver on what is expected of us and to be a compliant and ethical business in everything we do. We seek to do this by ensuring safe and reliable operations and living our values, while influencing our partners and supply chain and holding them to the same standards.

We invest in technology and governance, monitor security and risks, and advocate for responsible business practices.

We are committed to

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

Health and safety

The health and safety of all our colleagues and contractors is paramount. We require our people to demonstrate our company-wide safety principles of:

- Safe to Say: open and honest conversations
- Safe Choices: make smart decisions
- Safe to Stop: stop the job whenever there is a safety concern
- Safe to Learn: learn from every experience

We endeavour to mitigate risks and eradicate injuries to our workforce, supported by our safety management processes and Group safety reporting system. To promote safe practices, we maintain a full range of internal safety policies and procedures, including our Employee Safety Handbook and various process specific procedures. We are also in the process of implementing Cority, our enhanced safety reporting system, to drive continuous improvement and ongoing learning.

There have been no fatalities in 2025/26.

Lost time injuries (LTIs)

We have recorded a Group LTIFR of 0.11 this year, compared to 0.10 in the prior year against our Group target of 0.10 or less, per 100,000 hours worked (this includes contractors working on our behalf). The majority of the injuries were linked to common and well-known exposures such as slips, trips and falls, musculoskeletal injuries, and struck-by incidents.

Various initiatives have been undertaken to intervene with rising LTIs, including safety stand-down days, issuance of safety refocus packs, and various campaigns and intervention groups. We aim to prevent serious injuries and fatalities through a focus on our six fatal risk groups, with processes

in place to thoroughly assess and mitigate safety risks, select and apply appropriate safety controls, and intentionally monitor changes in the work environment.

Injuries to members of the public

This year, there have been three incidents resulting in injuries to members of the public which involved our assets. These events all related to our UK ET business.

Reliability and resilience

We have maintained reliability at 99.9% across our networks. Details per business unit can be found on page 28. We maintain a robust business continuity programme to ensure we maintain operations in the event of a disaster or significant disruption.

We are also innovating to use AI and technology to improve grid resilience. This year, we implemented solutions to automate crew management during storm response, piloted x-ray imaging of gas pipelines, and tested demand response solutions for data centres.

Further detail on resilience in our strategy can be found in our TCFD disclosure on page 56.

Efficiently connecting customers to the energy they use

We aim to deliver energy to the homes and businesses of our customers in an efficient way, and all our business units are undertaking network projects to improve efficiency and optimise connections.

In UK ET, we are modernising how the network is controlled, including making upgrades to our control centre, and engaging with NESO on connections reform. In the US, we've launched the Kraken programme to drive efficiency in the customer experience, and New York's Smart Path Connect programme is enabling large-scale renewable interconnections.

[Further information on how we operate safely and efficiently can be found on page 17.](#)

[Further details on our initiatives to improve efficiency can be found on pages 18 – 22.](#)

Responsible Business review cont. Our Responsible Business Fundamentals

We are committed to

Influencing our supply chain to operate responsibly

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

This year we transitioned our supply chain sustainability risk assessments and data to EcoVadis, a globally recognised platform widely used in the UK and US utility sectors. EcoVadis provides us with enhanced visibility, assurance and insights into our suppliers' sustainability practices. Our key suppliers are determined by our UK and US supply chain science-based targets and our strategic supplier lists. To date, over 50% of our key suppliers hold EcoVadis scorecards and we will continue to engage with the remainder to increase impact and accountability across our supplier base.

We are a partner of the Supply Chain Sustainability School in both the UK and US, providing free education and learning pathways to our key suppliers.

We are

Fair to our suppliers and committed to paying them promptly

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

In the UK, we are a signatory of the Prompt Payment Code and we also encourage our suppliers to adopt the principles of this code. In 2025/26, 91% of our supplier payments in the UK and 94% in the US were paid to contractual term.

We are committed to

Our Human Rights Policy

Human Rights are integral to our Code of Ethics. We aim to be an ethical company that stakeholders want to do business with and colleagues want to work for.

We have a separate Human Rights Policy to hold ourselves accountable to respect the rights of our workforce, our value chain and those impacted by our operations and to provide a safe, secure and inclusive work environment. We also publish an annual Human Rights Report and Modern Slavery Statement, outlining our approach to mitigating the risk of modern slavery in our business and supply chain. In our annual Modern Slavery Statement we summarise the progress we have made, our key policies, including their scope and focus, and the key measures we use to assess our progress and programme effectiveness. Further details of our human rights and modern slavery disclosures can be found on page 234. Further information and copies of our policies can be found in our Responsible Business reporting centre on our website.

We are committed to

Being a compliant and ethical business

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

A breach of the Code of Ethics can have different outcomes depending on the severity and impact on people and our organisation, including disciplinary actions, up to and including dismissal.

Sexual harassment prevention and response is included in our Respect at Work policy, Grievance policy, Code of Ethics, and Supplier Code of Conduct. Communications across the business have taken place to highlight our expectations and how colleagues can speak up and report concerns.

We have a communication and training programme for colleagues which aims to promote a strong ethical culture and includes mandatory e-learning for colleagues to understand and apply our Code of Ethics. We take a zero-tolerance approach to fraud, bribery and corruption of any kind. We have established policies and governance that set and monitor our approach to preventing financial crimes, fraud, bribery and corruption, including our Code of Ethics. These are available on our website.

To ensure compliance with relevant anti-fraud and bribery legislation, including but not limited to the UK Economic Crime and Corporate Transparency Act and the US Foreign Corrupt Practices Act, we conduct a periodic risk assessment and continuous monitoring of ethical conduct across our operations and ethics processes. This includes regular fraud and ethics risk assessments and dashboard-driven monitoring. These processes provide systematic verification of ethical behaviour, detection of potential misconduct, and timely response to ethics incidents.

Ethics, compliance and business conduct matters are discussed quarterly at the Group Executive Audit, Risk & Finance Committee and twice a year at the Audit & Risk Committee. Serious issues that meet our escalation criteria are reported in line with our escalation process to the General Counsel Litigation and Chief Compliance Officer, Chief Legal Officer, Chief Executive, Audit & Risk Committee and the Board, as appropriate. Investigations are conducted promptly and thoroughly and, where appropriate, acted upon.

Whistleblowing

We operate confidential internal and external helplines that are always available in all the regions where we operate for individuals to raise concerns about breaches of the Code of Ethics. This is supported by our "Speak-up" policy which sets out how we protect anonymity and have zero-tolerance for any form of retaliation.

Whistleblowing is regularly discussed at the Ethics, Risk & Compliance Committee and the Audit & Risk Committee.

Artificial intelligence

We use AI to solve problems and gain insights for ourselves, our customers and society. We recognise the importance of developing and using AI in a responsible manner. Our use of AI is guided by the principles of only using AI where appropriate, using it as a tool to streamline and accelerate ways of working, and always maintaining human accountability and intervention. Our Business Management Data Standard is reinforced by a dedicated Responsible AI policy and controls, due diligence assessments of both ourselves and external partners, and an AI Governance Council.

We've launched a Data and AI Academy with training programmes for employees at all levels of AI competence to develop the skills and knowledge they need to thrive in a data-driven future. We continually review and update our approach to AI in line with regulatory, sustainability, and technological advancements.

Responsible Business review cont. Our Responsible Business Fundamentals


We are committed to

Investing in developing technologies and innovations

National Grid Partners (NGP) has invested c.\$30.8 million in Responsible Business aligned companies since its creation in 2018.

This year, investments included:

- training AI models to reliably identify gas pipeline weaknesses in x-ray imagery, improving reliability;
- grid simulations to identify areas of underused capacity, ideal for connecting large-load customers; and
- AI technology for data centre demand response, reducing the need for costly network upgrades.

 **Further details on technological change can be found on page 14.**

 **Find out more about our innovative projects and investments on our NGP website.**

We are committed to

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

Through our Board and its five sub-committees, including the Responsible Business Committee of the Board, we receive strategic direction and structure to deliver sustainable shareholder value.

We also maintain an internal Responsible Business Management Standard that applies to all our employees and contractors and that sets out how we will create a positive impact while delivering excellent customer service.

 **For further information on the Board and Committees please refer to pages 88 – 126.**

We are

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

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

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

 **Please see our Operational Group Principal Risks on pages 32 – 33 for further information.**

We are committed to

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

 **Details on stakeholder engagement at National Grid can be found on pages 23 – 25.**

Community engagement

We engage extensively with communities affected by our infrastructure through planning consultations on major projects, and we use their feedback to inform our development proposals. Throughout the year, Board members visit operational sites and receive updates on community matters. This input is a key enabler for progression of new infrastructure projects, allowing us to support economic growth in local communities.

International engagement

At COP30 in November 2025, we partnered with the UK Government, Business Council for Sustainable Energy, US Council for International Business and other UK, US and international organisations to participate in discussions on the energy transition.

We focused on showcasing how we're helping to deliver the energy transition and on sharing best practice with international peers. We also were able to bring back key learnings from others to inform our own strategy and engage our colleagues on sustainability issues.

As part of our wider international engagement this year, we've provided technical support and participated in knowledge sharing with governments and initiatives worldwide. Early in the year, we welcomed a delegation of officials from around the world on a tour of the London Power Tunnels. Throughout the year, we hosted several international delegations to share insights on energy regulation, offshore wind infrastructure, and the UK power system.


We also partnered with the British embassies in Vietnam and Egypt and worked with global organisations and alliances on research and engagement. Finally, we were a major participant in New York Climate Week and London Climate Action Week.

Responsible political lobbying

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

All our lobbying and engagement is conducted in line with the principles and targets set out within our RBC.

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

 **Full details of our political donations and expenditure can be found on page 235.**

Responsible Business review cont. Our Responsible Business Fundamentals

Transparent reporting


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

Our approach

To determine which Responsible Business issues are important to our business and essential for us to embed in our strategy, we undertook a double materiality assessment in 2022. The double materiality assessment forms the basis of our reporting. We identified six topics that encompass the most significant factors for our business and that align with the priorities of our stakeholders.

We are currently in the process of refreshing our double materiality assessment to reflect the most current internal and external environment.

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

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

Our Responsible Business reporting methodology

The Directors are responsible for reporting our Responsible Business data as of 31 March 2026, in accordance with the reporting criteria as set out in Our Reporting Methodology document. Our reporting methodology document presents metric definitions, scope and calculations and underpins our reporting.

 **For further details, please refer to our Reporting Methodology document on our website.**

Scope of Responsible Business reporting

Our methodology applies the GHG Protocol operational control approach across all emissions and environmental metrics unless stated otherwise. Key changes to the Group's global operations over the past three years have been reflected in the scope of our Responsible Business reporting, namely:

- Grain LNG and National Grid Renewables were disposed of in November 2025 and May 2025 respectively and are excluded from 2025/26 Responsible Business reporting, in line with our disposals policy.
- The Electricity System Operator (ESO) separated from National Grid on 1 October 2024, with the NESO established under government ownership; ESO data is excluded from 2024/25 reporting in accordance with our disposals policy.
- Viking Link, the UK–Denmark subsea interconnector, became operational in December 2023 and is fully included across all relevant Responsible Business metrics from 2024/25, following inclusion of the “interconnector capacity” metric for 2023/24, as it was operational by 31 March 2024.

Assurance

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

The Board of Directors of National Grid plc has reviewed and approved the Responsible Business data tables for the 12-month reporting period ended as of 31 March 2026. The Board of Directors confirms that the information provided is accurate and in line with the mandatory requirements, and selected information has been independently assured by Deloitte.

Deloitte has issued an unqualified opinion on the metrics identified by the symbols within the Our KPIs and TCFD sections on pages 26 – 29 and 53 – 68 respectively.



2025/26 data externally assured by Deloitte.



2024/25 data externally assured by Deloitte.



2023/24 data externally assured by PwC.

The Responsible Business Assurance Opinion Statements from both Deloitte and PwC are available on our website. This Responsible Business review section of the Annual Report includes many externally assured metrics, though they are not separately marked with assurance symbols for presentational purposes. All Responsible Business metrics in the data tables not covered by Deloitte have been assured independently by our internal second-line Risk and Controls team. Further details are provided in the Responsible Business data tables.

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



Our reporting centre

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

- Responsible Business data tables
- EU Taxonomy
- Green Financing
- SASB
- GRI
- Our Reporting Methodology

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

Task Force on Climate-related Financial Disclosures (TCFD)

Understanding the potential impacts of climate change

CA 2006 requirement	TCFD recommendation
Governance	
Section 414CB (2A)(a)	a) Describe the Board's oversight of climate-related risks and opportunities: pages 54 – 55 b) Describe management's role in assessing and managing climate-related risks and opportunities: page 55
Risk Management	
Section 414CB (2A)(b)	a) We describe the organisation's processes for identifying and assessing climate-related risks: page 61 b) We describe the organisation's processes for managing climate related risks: page 61
Section 414CB (2A)(c)	c) We describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management: page 61 – 66
Strategy	
Section 414CB (2A)(d)	a) We describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term: pages 62 – 66
Section 414CB (2A)(e)	b) We describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning: pages 62 – 66
Section 414CB (2A)(f)	c) We describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2oC or lower scenario: pages: 56 – 60
Metrics and Targets	
Section 414CB (2A)(h)	a) Our metrics used to assess climate-related risks and opportunities in line with our strategy and risk management processes: pages 67 – 68
N/A	b) Our Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions and the related risks: pages 40 – 44 and 67 – 68
Section 414CB (2A)(g)	c) Our targets used to manage climate-related risks and opportunities and performance against targets: pages 67 – 68

At National Grid, we recognise that our networks and operations are crucial to transforming the energy system in the jurisdictions where we operate.

We support the Paris Agreement's long-term goal to keep the rise in global average temperature by 2100 to well below 2°C above pre-industrial levels, and to pursue efforts to limit the increase to 1.5°C.

Over the past year, we have operated in a complex environment of economic and political uncertainty, with energy security and affordability remaining key priorities. As a responsible business, we respond to these expectations across our stakeholders. While UK policy continues to support clean power, affordability and system resilience are pressing challenges; in the US, New York faces affordability challenges and Massachusetts is behind on key climate targets.

We fully comply with Financial Conduct Authority (FCA) UK Listing Rule 6.6.6R(8) and align our climate-related financial disclosures with the TCFD's four pillars – governance, strategy, risk management, and metrics and targets, with 11 recommended disclosures under these pillars.

Additionally, we meet the climate-related financial disclosure requirements outlined in sections 414CA and 414CB of the Companies Act 2006.

Task Force on Climate-related Financial Disclosures (TCFD) cont.

Governance

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

Responding to climate change and supporting the transition to net zero continue to be important considerations in shaping our strategy. The Board is responsible for setting the Group's climate-related strategy and goals, although delegates certain responsibilities to its Committees.

Board members bring a blend of skills and experience, including expertise in delivering sustainability and climate change strategies. Their backgrounds and executive experience, particularly in the energy sector, help ensure the requisite skills are available to support the Group's strategy and monitor climate-related risks and opportunities.

Several Board members, including Tony Wood, Martha Wyrsh and Earl Shipp, bring strong climate and sustainability experience. Martha, Chair of the People & Remuneration Committee, contributes extensive climate expertise from her leadership of a major international gas transmission business and her role in developing Vestas' US renewable energy operations. Earl Shipp, Chair of the Safety & Operations Committee, adds deep environmental and sustainability knowledge from his long career in the chemicals industry and service on the US Federal Reserves Energy Advisory Committee.

Tony Wood, Chair of the Responsible Business Committee, provides further sustainability and climate experience from senior roles in the aerospace and defence sector, including as CEO of Meggitt plc where he was responsible for leading the Group's sustainability strategy over a five-year period. This included overseeing the development of science-based targets for Scope 1, 2 and 3 emissions in line with the Science Based Targets initiative (SBTi). Other Board members including Paula Rosput Reynolds, Jacqui Ferguson and Jonathan Silver also bring relevant climate-related expertise. See pages 91 – 93 for information on the individual experience of Board members and page 98 for the Board's skill profile.

As set out on page 89, the Board Committees were restructured during the year. As part of the restructure, the Responsible Business Committee was established.

The Responsible Business Committee provides strengthened oversight of sustainability and climate-related matters, consolidating responsibilities that were previously dispersed across broader Committee remits. It now holds explicit responsibility for tracking the Group's ambition and progress against its sustainability and climate targets and commitments, meeting three times during the financial year.

As part of its mandate, the Committee oversees the Group Principal Risk (GPR) – Climate change mitigation, reviewing management updates, assessing risk-tolerance levels and monitoring the effectiveness of mitigation strategies. Climate-related risks and opportunities remain integral to the Group's decision-making and oversight. The Committee considers these matters across strategy, including explicit consideration of factors such as affordability pressures and fiscal constraints that may affect the pace of decarbonisation.

Prior to this change, climate-related matters were primarily overseen by the former Safety & Sustainability Committee, which met for the final time in May 2025, when the Committee reviewed progress against Scope 1 and 2 targets, discussed Scope 3 dependencies, and considered key external uncertainties, including policy, regulatory, technological and geopolitical factors.

In September 2025, the Responsible Business Committee and the Audit & Risk Committee held a joint meeting to review the Climate Change Mitigation GPR, including management's assessment of the risk against the Board's risk appetite and the effectiveness of existing controls and mitigation actions.

The Committees challenged whether the risk remained within appetite, noting increasing external pressures, and considered key risk drivers and interdependencies, including policy and regulatory developments, affordability and energy security considerations. The Committees also reviewed how climate-related risks are monitored and managed, including the use of key risk indicators, emissions projections and scenario analysis, and considered emerging risks such as climate-related litigation. In addition, the Committees reviewed the Group's approach to climate-related reporting and disclosures, ensuring that climate risks, dependencies and uncertainties are appropriately reflected in external reporting and governance arrangements.

The Board received three updates from the Chair of the Responsible Business Committee and one update from the Chair of the Safety & Sustainability Committee during the year to provide an overview of matters discussed at its Committee meetings. The Board also receives a Chief Executive and business update report at each meeting which includes quarterly reporting of climate change metrics such as GHG emission performance versus targets.

The Board considered climate-related themes across several sessions during the year, including as part of its strategy-focused offsite in January 2026, where wider energy transition, system resilience and long-term network investment priorities were discussed alongside affordability and regulatory considerations. Climate-related matters were considered within the context of the Group's strategic objectives, recognising the interdependencies between decarbonisation, security of supply and customer outcomes.

Prior to the Committee restructure, the People & Governance Committee reviewed the composition of the Board and its committees in the year, applying a Board skills matrix to ensure that the Board has an appropriate balance of skills and competencies, including climate change matters.

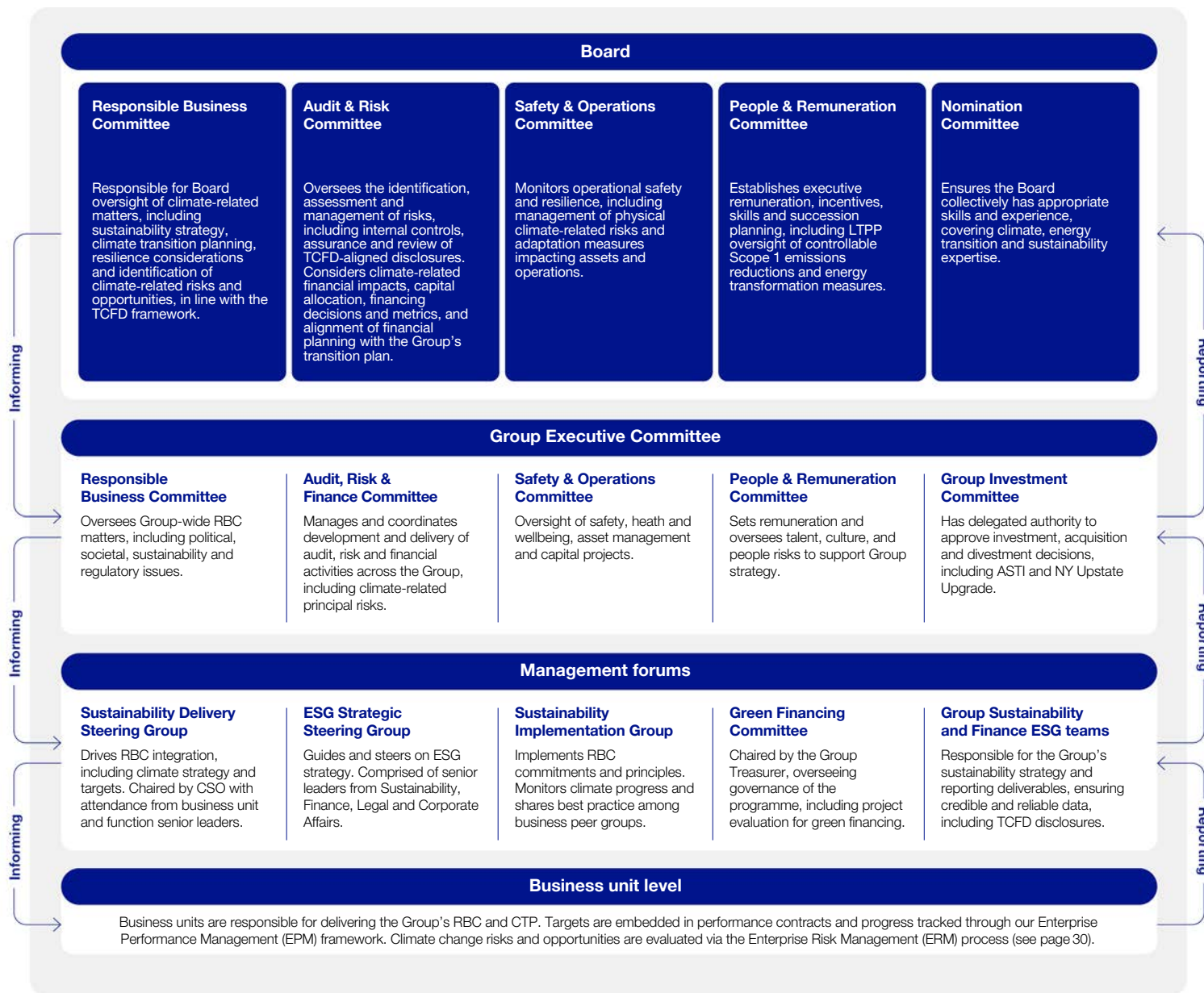
The Board also considers climate-related issues when reviewing and guiding annual budgets and financial decision-making, including major capital expenditure, acquisitions and divestments.

The remit of the Board and its Committees, as well as the number of times they met and discussed climate-related matters during the year, are set out on pages 89 – 90.



Terms of Reference for the Board and its Committees are available on our website nationalgrid.com/about-us/corporate-information/corporate-governance

Task Force on Climate-related Financial Disclosures (TCFD) cont. Governance



Management's role

The Board delegates responsibility to management for asset management and maintenance planning, implementation of the net zero strategy and delivering climate commitments and targets. This is then considered at the relevant Group Executive Sub-Committee. These Sub-Committees were revised in the year to reflect the Board Committees and enable more streamlined reporting and clearer accountability of topics, including sustainability and climate change. Management is also responsible on a day-to-day basis for managing climate-related risks and opportunities, and for reporting on progress to the Board and its Committees.

Sustainability roles are integrated across the Group to help ensure a top-down, bottom-up response to climate. Our Chief Sustainability Officer (CSO) heads a team of subject matter experts who lead the implementation of the RBC across the Group, working closely with business units and functions to align strategy and operations with decarbonisation and climate resilience targets.

The team drives the Group's sustainability strategy, modelling potential climate scenarios and supporting the business to develop glidepaths aligned to GHG emission reduction targets. They also oversee progress on sustainable supply chain initiatives via the Supply Chain Climate Strategy Steering Group, collaborating with representatives from Global Procurement to develop decarbonisation levers through supplier engagement.

The Chief Engineer leads on climate adaptation and mitigation activities, assessing asset climate vulnerability and guiding investment to strengthen network resilience. Business unit Presidents are accountable for delivering net zero commitments.

Group Finance further supports sustainability ambitions through its ESG Centre of Excellence (CoE), Investor Relations and Treasury teams. The ESG CoE sets the Group's sustainability reporting strategy, overseeing credible and reliable reporting of mandatory and voluntary disclosures, as well as coordinating the provision of external assurance and ESG rating agency submissions. Investor Relations and Treasury attract green investment, engaging with debt and equity investors to communicate our climate strategy.

Task Force on Climate-related Financial Disclosures (TCFD) cont.

Strategy

Our understanding of climate-related risks and opportunities informs our strategic decision-making, as we drive unprecedented levels of investment in energy networks.

The energy transition provides significant growth opportunities, and we are well-positioned to harness these, through enabling the transportation and distribution of clean energy to homes and businesses. Achieving this requires a major upgrade of our networks, and we are already delivering these improvements across the regions and jurisdictions in which we operate.

We proactively prepare and plan for the physical and transition risks linked to climate change. Through scenario planning, we assess a range of possible futures to understand the opportunities and risks in each, ensuring our strategy remains resilient and adaptable. Achieving our emissions reduction goals will be challenging without backing from policymakers and regulators.

This section summarises how we are responding to the main climate-related opportunity facing our business – the expansion of electricity networks to support the energy transition – and outlines how we use scenario modelling to evaluate climate-related risks and opportunities.

Investing to enable the energy transition

We expect to invest at least £70 billion across our regulated energy networks and adjacent businesses, in the UK and US, over the five-year period to 2030/31. Of this group capital investment, around 85% is considered to be aligned with the principles of the EU Taxonomy legislation as at the date of reporting (also referred to in this report as green capital expenditure), directly invested into the decarbonisation of energy networks.

Under our Green Financing Framework 2025, National Grid plc and its subsidiaries are able to issue green financing instruments to fund our efforts towards a cleaner energy system. Moody's provided a second party opinion on our updated Framework published in May 2025 and assigned an SQS1 sustainability quality score (excellent). See our latest Green Financing Report on our website, which details the issuance of green bonds totalling £1.2 billion in 2025/26, along with the allocation of proceeds and their environmental impact.

Having considered the climate-related risks and opportunities on pages 62 – 66, we expect our strategy and investment drivers to deliver strong growth (see page 11 for further details). We continue to focus our business on electricity, with our most recent projections suggesting that over 80% of Group assets are expected to be electric by 2030/31.

Growth in clean generation and increased demand for electricity is driving a need for larger, smarter electricity networks, alongside ensuring existing energy networks remain resilient and reliable. We are connecting more new generation and load faster than ever before, enabling economic growth, bolstering energy security and supporting cleaner, affordable energy for our communities and customers on both sides of the Atlantic. This is a significant climate-related financial opportunity, and key activities we are undertaking to support clean energy supply and electrification are outlined on page 44.

As part of our strategy to focus on networks and streamlining our business, we completed the sale of National Grid Renewables, our US onshore renewables business, and Grain LNG, our UK LNG asset.

In seeking to achieve our net zero target and support decarbonisation, we will leverage our strong financial position and investment-grade credit ratings to finance key investments for net zero energy transmission and distribution.

Following the successful £7 billion Rights Issue in 2024/25, our balance sheet, backed by valuable assets and strong credit ratings, is flexible and well positioned for growth. We secure funding through borrowing and shareholder investments, adhering to regulatory rules, and closely monitor the financial health of our UK and US operations to maintain appropriate gearing ratios.

As asset growth and earnings become increasingly aligned, this will support shareholder returns while preserving balance sheet capacity. Beyond the next five years, we remain confident in our balance sheet strength and maintain a broad range of funding options, including substantial headroom in hybrid debt capacity, should it be needed.

We, alongside other network companies, have a unique role to play in supporting system decarbonisation. By building out the network of the future, we seek to enable the deployment of low-carbon energy supply to meet society's growing electricity needs while bringing down emissions. Our Climate Transition Plan, which is aligned with a 1.5°C scenario, identifies the policy and regulatory support required for future investments aimed at decarbonising the energy sector and reducing emissions. For our performance details against the CTP refer to pages 40 – 44.

Scenario modelling

We use modelling to test how robust our Group strategy is to a range of future scenarios out to 2050. Our scenarios are used to inform our sustainability approach and assess progress against our climate target commitments.

Transition scenario modelling

Our transition scenarios out to 2050 are tailored to our UK and US business environments.

Our "Delayed" scenario represents a world with higher warming levels, where governments, industry and consumers do not pursue the transition at pace.

Our "Balanced Pathway" scenario sees approximately 2°C of warming, with the energy transition progressing at pace but supply chain, policy and cost challenges preventing our jurisdictions from hitting targets.

Our "Electric Net Zero" scenario sees approximately 1.5°C of warming, with governments and industry prioritising decarbonisation goals through supportive policies and regulatory reforms.

Our scenarios reflect possible actions and conditions within our jurisdictions; the associated °C ranges within our pathway titles are used as reference labels for external conditions, rather than implying corresponding global temperature outcomes, which depend on cumulative global emissions.

As part of our ongoing risk management processes, we continually monitor changes in the external environment and assess implications for our scenarios. While our modelling is subject to limitations, including data availability across other sectors, we mitigate these through the use of diverse sources and external scenario benchmarking.

Our scenarios are not intended as predictions, but as tools to enhance our understanding of potential climate-related risks and opportunities. Along with our strategic planning and risk management approaches, these scenarios guide us in identifying material climate-related risks and opportunities as set out on pages 62 – 66.

Task Force on Climate-related Financial Disclosures (TCFD) cont. Strategy

Transition scenario descriptions, assumptions and inputs

Scenario: Climate change by 2100 vs. pre-industrial levels (approximate)

	Scenario	Targets	Macroenvironment and policy	Generation	Demand
UK assumptions	Delayed 2-4°C	– Decarbonisation progresses but is insufficient to meet net zero in 2050	– Geopolitics disrupts established trade flows, with supply chain impacts – Policy delays	– Wind and solar deployment continues slowly with thermal generation staying online longer to support load growth – Reduced opportunities for further interconnection growth beyond what is in the pipeline	– Total energy consumption reduces 18% by 2050 – Electricity demand increases 108% by 2050 – Gas heating dominates, with low uptake of heat pumps due to limited policy support – EV uptake stagnates due to cost
	Balanced Pathway 2°C	– Decarbonisation progresses but falls short of near-term targets with ~10-year delay to Clean Power 2030	– Geopolitical tensions continue, but with gradual recovery of supply chains – Policy incentives maintained with reforms over time	– Wind and solar deployment continues but misses targets, while gas for the power sector still has a role to play in the 2030s beyond the maximum 5% of power generation targeted in Clean Power 2030 – Interconnector projects progress at pace	– Total energy consumption reduces 31% by 2050 – Electricity demand increases 112% by 2050, mainly because of electrification of heat and transport, green hydrogen production and data centre expansion – Heat pump growth restricted to new build houses. Current houses converting off gas heating continues at current rates – EVs continue to grow at the current rate with the Zero Emissions Vehicles mandate in place
	Electric Net Zero 1.5°C	– Delayed achievement of Clean Power 2030, with economy-wide net zero by 2050	– Geopolitical tensions ease, with robust and diversified supply chains and increased international collaboration – Policy progress accelerates and supports increasing investment and target delivery	– Strong renewable expansion supported by distributed flexibility and storage, with some abated gas capacity providing dispatchable supply – Increased collaboration and coordination results in faster adoption of offshore hybrid assets and overall increased interconnectors	– Total energy consumption reduces 32% by 2050, as more efficient electric technology replaces combustion technology – Electricity demand increases 127% by 2050 with near-complete electrification of demand sectors such as heat and transport – Heat pumps mandated in existing homes as well as sufficient subsidy to support widespread adoption – Widespread EV adoption as policies achieve targets
US assumptions	Delayed 2-4°C	– Achieves ~50% reduction in energy-related emission from 1990 levels by 2050	– Policy prioritises affordability	– New gas infrastructure to address resource adequacy – No offshore wind added beyond what is fully permitted and currently under construction – Some large onshore renewables are added each decade as states continue to pursue renewable targets but at a delayed pace	– Total energy consumption reduces 22% by 2050 – Electricity demand increases 58% by 2050 – State subsidies are scaled back, resulting in low uptake of heat pumps – EV adoption stagnates in the near term driven by fewer federal incentives, although increases as costs decline in the 2030s
	Balanced Pathway 2°C	– Softening in decarbonisation targets, achieves ~60% reduction in energy-related emissions by 2050	– Softening in decarbonisation targets due to affordability concerns	– No new fossil units or major enhancements to existing plant, with limited gas repowering – Offshore wind stalls through 2035, then existing lease areas are gradually built out driven by energy needs, given no politically viable alternatives – Onshore renewables deployment increases steadily but roughly 10 years behind stated policy goals	– Total energy consumption reduces 36% by 2050 – Electricity demand increases 64% by 2050 – Heat pump adoption increases steadily as costs fall, capturing 45% of heat demand by 2050 – Slow adoption of EVs through the 2030s after Federal incentives end in 2025, with full competitiveness and growth upswing by 2035
	Electric Net Zero 1.5°C	– Clean electricity targets lag through 2035, but energy-related emissions achieve ~85% reduction in line with overall state emissions targets by 2050	– Policy prioritises clean power and decarbonisation	– Existing gas capacity retained for emergency back-up – New nuclear plays a larger role in decarbonisation – Offshore wind picks up in the 2030s becoming the leading source of electricity generation in the region – Onshore renewables deployment continues to meet the net zero goals	– Total energy consumption reduces 67% by 2050 – Electricity demand increases 78% by 2050 – Heat pump adoption increases with falling costs, capturing 70% of heat demand by 2050 – Widespread EV adoption in line with policy targets

Delayed 2-4°C

Represents a world where governments, industry and consumers do not pursue the transition at pace, meaning our jurisdictions miss climate targets.

Balanced Pathway 2°C

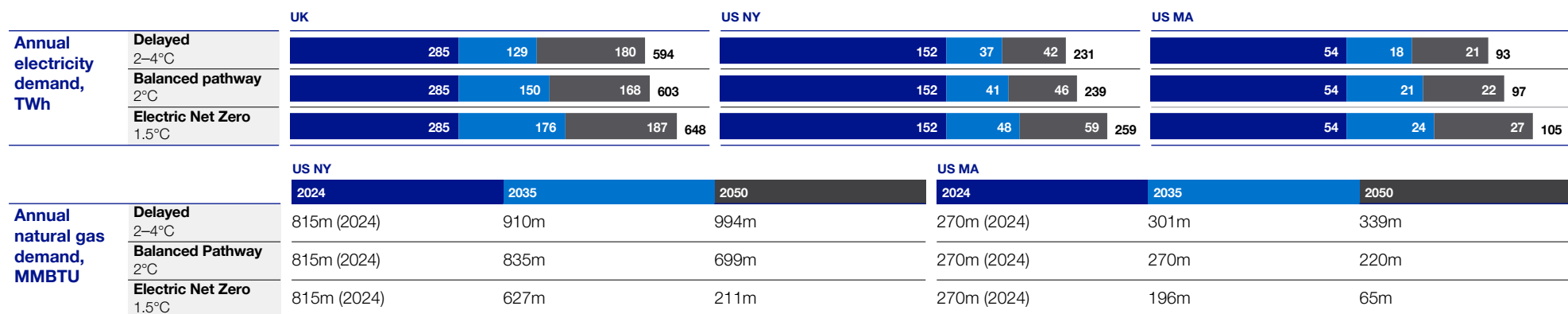
Energy transition drives forward at pace, but ongoing supply chain challenges, policy implementation delays, and short-term financial concerns mean our jurisdictions narrowly miss targets.

Electric Net Zero 1.5°C

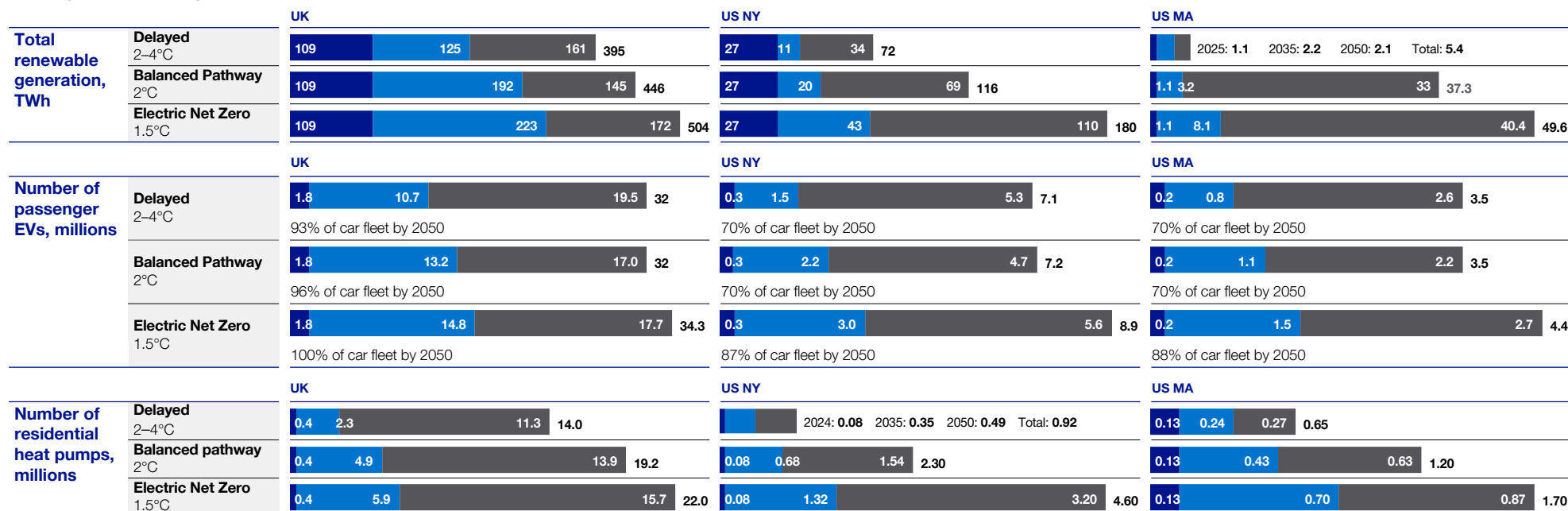
Governments prioritise the achievement of decarbonisation goals through supportive policies and regulatory reforms, new load is met through clean power sources.

Task Force on Climate-related Financial Disclosures (TCFD) cont. Strategy

Transition scenario outputs



Note: Using 2024 data for natural gas demand in New York and Massachusetts, as 2025 data is not yet available.



● 2025 ● 2035 ● 2050

Note: NY refers to New York State, MA to Massachusetts. UK Delayed and Electric Net Zero scenarios based on 2024/25 inputs. US NY Heat Pump numbers are based on 2024 data as 2025 data is not yet available.

Note: Graphics are not to scale.

Task Force on Climate-related Financial Disclosures (TCFD) cont. Strategy

Changes since last year

We have retained our scenario framework from last year, which presents a wide range of energy transition outcomes. They reflect the tensions or trade-offs governments may need to manage. We regularly update our Balanced Pathway scenarios for the US and UK. Our Electric Net Zero and Delayed scenarios are long-term outlooks and we do not update them as frequently. The inputs for our US Delayed and Electric Net Zero scenarios have been updated since last year to reflect market, policy and technology shifts, while the UK Delayed and Electric Net Zero scenarios remain consistent with our 2024/25 Annual Report. We will continue to monitor the evolving market, policy and technology landscape and consider any revisions to our UK Delayed and Electric Net Zero scenarios as appropriate.

Transition scenario insights

We assess the resilience of our business strategy against our transition scenarios, with a particular focus on the Electric Net Zero scenario, given the greater level of action required to deliver decarbonised energy systems. The following five transition insights are most relevant to a 1.5°C scenario.

1. Achieving energy transition targets depends on effective reforms to drive clean power deployment and policies that incentivise consumer uptake of low-carbon technologies

Policy interventions will continue to be a key enabler of the transition. Our ability to meet our own climate commitments relies on these. Government support for both supply-side and demand-side clean technologies is important to achieve policy targets. This extends to key enabling policies regarding connections, planning and permitting, as necessary preconditions for our jurisdictions to accelerate in line with targets. Without additional support, despite technology cost declines, there will be a financing gap for some clean technologies.

2. Electricity use and share of final demand will increase driven by consumer electrification and large demand customer growth (e.g. data centres)

As more consumers switch to electric vehicles and heat pumps, electricity demand will increase. Rapid growth of data centres and the rise of AI, alongside industrial electrification, is a potentially significant additional driver of demand. In the UK, we expect electricity demand to increase 50% by 2035 and more than double by 2050. In our states in the US, we expect an increase of around 30% by 2035 and more than 50% by 2050. These projections could increase if the pace of electrification accelerates, with the growth of AI and associated power needs a key variable. Rising electrification will continue to drive additional growth and investment in our electricity network.

3. Energy supply structure will continue to shift

Renewable capacity will continue to grow globally, to meet electricity demand growth and replace fossil fuel generation. Other low-carbon technologies are also seeing a resurgence in growth, including nuclear, with growing momentum for next generation technologies such as small modular reactors. Battery storage capacity and other flexible assets continue to advance, with some technologies already commercially scalable, and supporting system balancing and curtailment.

4. Pathways will adapt to global and local realities

Our governments continue to actively shape energy policy, and we expect to see different energy transition pathways across our jurisdictions. In the UK, the Government has continued to drive progress towards its Clean Power 2030 Action Plan, breaking further records in recent renewable auctions. In the US, the Federal Government remains focused on energy abundance, through natural gas and expanding energy infrastructure. Our states continue to pursue climate targets and policies, while seeking to balance these with other priorities including affordability.

5. CTP achievement will be challenging in slower scenarios

Our ability to achieve our climate targets is closely linked to the decarbonisation of the energy systems in the jurisdictions in which we operate. We have always viewed our climate targets as ambitious, and meeting our targets is contingent on a range of dependencies. Slower scenarios present greater challenges to meeting our targets, and in some we will not be able to meet our targets. Moving forward, we will continue to evolve and refine our approach based on progress and developments in the external landscape.

Conclusion

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

Further detail on the transition risks and opportunities identified in our scenario analysis, including estimated qualitative and quantitative impacts where applicable, can be found on pages 62 – 66.



Task Force on Climate-related Financial Disclosures (TCFD) cont. Strategy

Physical scenario modelling

We use Group-wide climate scenarios to assess our vulnerability to climate change. These scenarios benchmark global progress toward limiting warming to 1.5°C in line with the Paris Agreement and evaluate how physical climate impacts – such as extreme weather and long-term changes in weather patterns – could affect our business.

Descriptions, assumptions and inputs

Climate hazard data is sourced from national climate assessments in the UK (UKCP18) and US (CMIP5). Scenario modelling uses the Intergovernmental Panel on Climate Change (IPCC’s) Representative Concentration Pathway (RCP) of RCP8.5 (4°C) and RCP4.5 (2°C) across future decades (2030s–2070s), compared with 1981–2010 (UK) and 1976–2005 (US) baselines.

While climate projections are inherently uncertain – due to natural variability, model limits, and imperfect observations – these uncertainties should not delay action to mitigate or adapt to climate change.

Outputs

Most climate hazards are expected to become more frequent, with high temperatures and coastal and river flooding posing the greatest risk across our operations. Risks are generally higher in a 4°C scenario than a 2°C scenario.

Wildfire risk remains lower in our territories compared with areas such as the western US, but we have strengthened situational awareness and operating procedures. We recently completed a third-party wildfire risk assessment for our US jurisdictions and are in the process of initiating one in the UK, helping us identify vulnerabilities and develop mitigations.

We have advanced our physical risk analysis to guide strategic planning and investment. Our Climate Change Risk Tool (CCRT) uses geospatial capability to provide tailored physical risk assessments for each mapped business area while still maintaining a Group-level view. We aspire to further develop the CCRT to account for portfolio changes and incorporate additional infrastructure data points in areas like NGED, NGV and SI to refine our overall risk picture.

Climate Vulnerability Assessment (CVA)








Using CCRT insights, we conduct a Group-wide Climate Vulnerability Assessment (CVA) to evaluate how climate change could affect our assets over the coming decades. This is typically performed on a five-year basis, and we anticipate completing the next Group-wide CVA in 2028.

Understanding changing climate conditions and asset risk allows us to develop appropriate mitigations to protect existing assets and build climate resiliency. The CVA follows a phased risk-based approach to identify high-risk assets and develop adaptation plans. Outputs of the CVA process include business-specific vulnerability assessment reports, equipment specification updates, external engineering standards, asset policy changes, discrete investment projects and CCRT development.

Each business unit identifies critical assets vulnerable to climate hazards, accounting for existing adaptation measures and the latest climate science. Adaptations are locally developed to inform standards, capital investment, and broader industry alignment. Given that many of our assets have lifespans of 50+ years, future climate hazards must be considered upfront in planning to avoid premature asset repair or replacement. For example, a site not currently at risk of coastal flooding may become vulnerable within a decade based on climate projections. Understanding future climate hazards allows us to make informed design decisions and resiliency investments to protect our Group’s assets and improve reliability for customers.

The Climate Resilience Working Group is attended by representatives from across our business units who meet monthly to discuss best practice, particularly related to climate assessments and response. Additional detail on our actions to anticipate and respond to climate-related disruptions is on page 35 and information on business unit level assessments is on page 66.

The climate hazards most significant to us are summarised below.

Group-level critical climate risks	Vulnerability
High temperatures and heatwaves 	Risk of power failure, equipment overheating, warmer air temperatures contributing toward accelerated ageing, reduced capacity of transmission and distribution lines.
Cold weather 	Ice accretion overloading overhead lines, structural failure.
Lightning 	Risk of power failure, short-circuit faults, and equipment deterioration.
Flooding/Erosion 	Risk of power failure, accelerated asset corrosion, debris damage, equipment submersion and water infiltration, soil erosion.
Extreme wind 	Structural failure to overhead lines due to extreme wind exceeding design standard and vegetation contact.
Risk descriptions  Chronic physical risk Gradual, persistent impact over a longer sustained period	 Acute physical risk Immediate, high-severity impact concentrated in a short period

Task Force on Climate-related Financial Disclosures (TCFD) cont.

Risk Management

Climate change is fully integrated into our enterprise risk management framework.

Climate change and ERM

Climate change is a key Group risk factor and is fully integrated into our enterprise risk management framework. We consider both physical and transition risks, and their potential impact on our business operations, financial performance, and reputation. For more information on our ERM framework, which remains consistent with the prior year, please refer to page 30.

We manage two climate-related Group Principal Risks (GPR):

- 1. Climate change (mitigation GPR):** This risk aligns to the strategic objective Enable the energy transition for all, with a focus on delivering clean, decarbonised energy to meet our net zero goals (refer to page 33).
- 2. Loss of supply¹ (adaptation GPR):** Physical climate risks are incorporated into the Loss of supply control framework to support system resilience and the safe, reliable delivery of energy (refer to page 35).

This structure provides clear oversight and accountability – mitigating risk, and maximising opportunities – in line with Group risk appetite.

1. Significant disruption of energy was renamed to Loss of supply during 2025/26 to better reflect the nature of the risk, and reflect that upstream supply considerations are included as a key cause.

Other GPRs affected by climate-related transition and physical risks include Major capital programmes which become more significant in a 1.5°C scenario, requiring proactive management and intervention. Physical risks also contribute to our Significant safety or environmental event risk, reinforcing the need for robust safety and environmental disciplines. Acute physical risks are already occurring and are expected to increase in frequency and severity, with greater long-term impacts under a 4°C scenario.

We routinely horizon scan and track critical energy transition trends. We monitor key indicators and metrics against established thresholds and assess these against our strategy and business plans. Emerging risks are identified and managed through our ERM processes with outcomes shared, reviewed and challenged by senior leadership (refer to page 30).

Climate-related risk management is embedded across all levels of the organisation and follows the Group's established "Three Lines" model (see page 30).

Group Risk Taxonomy

The Group Risk Taxonomy enables the business to classify any climate change risk under four categories – strategic, operational, financial, and compliance – with more detailed sub-categories and assigned risk appetites. All GPRs are subject to a detailed annual review and treated as equally important and not prioritised.

Despite external pressures, our climate-related risk exposure remains broadly stable, with most risks within appetite. These risks primarily fall under our strategic and operational categories.

How we manage and monitor our climate-related risks

As part of our risk management process, we have defined key controls to manage both climate change mitigation and adaptation risks.

Mitigation controls align with our strategy and regulatory frameworks and extend across other relevant risks such as regulatory outcomes, political and societal expectations, and loss of supply. These key controls focus on tracking progress against targets, identifying transition-risk triggers, and implementing appropriate actions and solutions. Our material climate change mitigation controls include the following:

- **Business unit action plans:** These are designed to ensure each business unit can deliver climate change goals to support the delivery of Group emission reduction targets in line with our vision and strategy.
- **Governance:** Our top-down, bottom-up approach to sustainability governance across all levels of the organisation (described on page 54) drives performance and holds business units to account.
- **Responsible Business reporting:** We annually report on our performance, transparently documenting progress and dependencies against our commitments.

Assessing our climate-related financial risks and opportunities

Our GPRs are rated on a scale of 1 to 5 across financial, reputational, and likelihood categories. Financial ratings reflect increasing monetary impact, while reputational ratings range from "internal" to "international".

The overall indicative risk score is calculated by multiplying likelihood by the greater of financial or reputational impact, consistent with the stress-testing methodology used for our Viability Statement (page 86).

For TCFD disclosures, we build on this internal assessment of impact, timeframe and likelihood by incorporating market data and insights from subject matter experts across the Group. Short-term time horizons consider the current effects of climate-related risks and opportunities while medium- to long-term consider the anticipated effects.

We assess material climate-related risks and opportunities over short, medium, and long-term horizons, aligned with strategic business planning, investment and financial forecasting processes.

Conclusion

Our financially material climate-related risks and opportunities, along with how we measure and respond to them, are outlined on the following pages.

Across all pathways, including worst-case scenarios, none of the identified risks undermine the Group's resilience.

We remain well-positioned to adapt our portfolio and respond to opportunities from the energy transition.

Reducing uncertainty for uncontrollable risks through building resilience into operations and influencing regulatory outcomes remains essential.

Task Force on Climate-related Financial Disclosures (TCFD) cont. Risk Management

1. Transition Risk

Demand for natural gas is uncertain in long-term scenarios

Risk/opportunity

Policy and legal

Gas is expected to continue to play an important role across our US jurisdictions, including the gas assets we own and operate today. However, achieving net zero will require progressive decarbonisation of energy networks over the long term, with the future role of gas shaped by economic, technological, legal, policy and regulatory developments.

Over the next decade, natural gas demand is expected to remain robust, reflecting affordability and regional economic priorities. Over the longer term, net zero pathways assume increased electrification, including for heating, which would raise electricity demand and reduce gas consumption, with implications for the useful economic lives (UELs) and elements of our gas network assets.

Business units potentially affected:

NY and NE

Asset group(s) potentially affected:

Gas Distribution and Generation

Timeframe

Short Medium Long

Likelihood

Very Low Low Moderate High Very High

Measurement indicators:

- Gas UEL sensitivities
- GHG emissions
- CTP

Potential impact

Massachusetts and New York are pursuing accelerated decarbonisation pathways centred on electrification, which may reduce long-term demand for gas heating and shorten the UELs of certain gas network assets as policy, regulatory and planning frameworks evolve. Current regulatory frameworks continue to support capital investment, cost recovery and returns for gas networks to maintain a safe and reliable service, and while new customer connections may be constrained, there are no regulatory mandates requiring the forced conversion of existing gas customers.

State net zero pathways assume a rapid near-term acceleration in heat pump adoption, which is a key indicator of electrification and future gas demand. Achieving material reductions in gas reliance would also require significant investment in supporting electric infrastructure. However, recent setbacks to renewable energy development have increased delivery risk in Massachusetts and New York. The transition scenario outputs summary on page 30 illustrates the KPIs relative to the accelerated deployment required under forecast transition scenarios.

More frequent cold weather events across New York and Massachusetts underscore the importance of resilient energy infrastructure. Given the likelihood of recurring extreme cold weather, many customers are expected to adopt partial electrification solutions, retaining gas connections for reliability and backup.

Full electrification scenarios appear challenging due to high costs, customers opting for gas, and existing challenges on the electric infrastructure to support increasing load in the short term.

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

Our response

We support the decarbonisation of energy networks while recognising that gas is expected to continue to play an important, though evolving, role over the medium to long term, including through our existing gas assets, with its future role beyond 2050 dependent on economic, technological, legal and regulatory developments. In assessing the UEL of these assets, we consider multiple demand pathways reflecting customer behaviour, electrification pace and affordability, the potential role of low-carbon fuels, and jurisdictional net zero ambitions, noting that while New York and Massachusetts prioritise large-scale electrification, challenges remain in meeting near-term targets.

Notwithstanding long-term policy objectives, safety and reliability of the gas network remain key priorities for both National Grid and regulators. This is evidenced by continued regulatory support for targeted gas infrastructure investment, including approval of cost recovery and allowed returns where investment is required to maintain safe and reliable service. On 7 November 2025, the New York Department of Environmental Conservation approved permits for the Northeast Supply Enhancement (NESE) pipeline, which, while not Company-owned, will supply gas solely to National Grid and has been incorporated into our long-term planning assumptions. The December 2025 adoption of the New York State Energy Plan further signals ongoing regulatory recognition of the role of gas infrastructure in meeting system reliability and policy objectives.

Alternative pathways considered in regulatory proceedings could also support continued use of gas assets, including as a back-up fuel during peak winter demand or through lower-carbon fuels. Our US fossil-fuelled generation assets are currently expected to be materially depreciated by 2040, aligning with New York State's zero-emissions electricity target. However, due to system reliability needs, fossil-fuel generation assets may continue to operate beyond 2040. During recent extreme weather events, these assets provided critical system reliability, including increased steam generation during a winter cold snap and record daily output at the Northport plant during a late-June heatwave. As such events become more frequent, existing assets can continue to support grid resilience and climate adaptation.

Time horizons:

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

Short

Up to one year

In line with our annual planning and shorter-term budget process.

Medium

From two to ten years

Reflects our strategic business planning process period.

Long

Ten years plus

Aligns with our longer-term emerging risk assessment timelines, up to the date of our net zero commitment.

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

Likelihood:

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

Very Low Low Moderate High Very High

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

Task Force on Climate-related Financial Disclosures (TCFD) cont. Risk Management

2. Transition Risk

Uncertainty in the extent of electricity demand growth

Risk/opportunity

Market, policy and legal

Electricity demand growth is projected in all scenarios, but there is uncertainty about the pace and scale of this growth. A wide range of factors may influence the trajectory, including political, technological and market trends, and associated rates of consumer adoption. AI adoption is forecast to drive electricity load growth, with data centres already a major contributor to growth in connection demand queues, but there remains uncertainty including scale of adoption and location. Electricity demand growth is a key driver of long-term network planning. This is further complicated by the growth of embedded generation and flexibility.

Business units potentially affected:

All

Asset group(s) potentially affected:

Electrical Distribution and Transmission

Timeframe

Short Medium Long

Likelihood

Very Low Low Moderate High Very High

Measurement indicators:

- Network reliability
- UK and US power networks
- Capital investment

Potential impact

It is important to accurately forecast demand to right-size the networks of the future.

If electricity demand is underestimated, there is a risk that the electricity transmission and distribution networks we operate may not be able to accommodate the scale of demand growth required to support the energy transition. This could result in National Grid slowing the pace of electrification and potentially affect both the reliability of our services and the delivery of our sustainability objectives, with financial and reputational risks.

If electricity demand is overestimated, there is a risk of over-investment in network assets, increasing energy system costs at a time when consumer affordability is strained. This would undermine the trust and confidence of both consumers and regulators, potentially damaging our reputation and credibility in the market.

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

Our response

It is important that governments continue to set clear policy commitments to provide strategic direction to National Grid and the wider industry. System planners and regulators play important roles in providing independent assessments of demand growth, and we continue to work closely with them to ensure our plans are flexible and responsive to changing needs. We undertake our own internal analysis, based on decades of experience in energy infrastructure development, to model different futures with varying electric demand growth. This is supported by close stakeholder relationships across wider industry and government.

In the UK, NESO has a central role in the strategic planning of Great Britain's energy system. Given the scale of electricity demand growth, we are delivering no-regret anticipatory investment to future-proof the network. In UK ET, we are making good progress through the ASTI regime created by Ofgem, and have integrated anticipatory approaches into our RIIO-T3 plan. Ofgem's RIIO-T3 Final Determinations include mechanisms to respond to projects that may be required by NESO's Centralised Strategic Network Plan. We are developing our business plan for RIIO-ED3, with tools and mechanisms to address uncertainty. Our DSO governance panel plays an important role in providing rigorous, independent challenge to our plans.

In the US, investment is prioritised based on system performance, engineering needs, and execution strategy, and we continue to deliver efficient solutions to enable electricity demand growth such as energy efficiency, demand response, and other non-wires alternatives. We regularly measure and report our network reliability across the transmission, distribution and interconnection network (refer to page 28).

Task Force on Climate-related Financial Disclosures (TCFD) cont. Risk Management

3. Transition Risk

There are several dependencies which affect our ability to deliver our commitments, including supply chain, talent and finance

Risk/opportunity

Reputation and market

We are playing our role in delivering an unprecedented transformation of energy systems, with associated delivery risks across areas within our strategic influence. These areas primarily include, but are not limited to, supply chains, workforce capability and access to capital. Our energy networks are critical to enable the flows of energy from cleaner generation to decarbonised demand, and delays to delivery could jeopardise wider societal decarbonisation goals. Assuming broader supportive and aligned external conditions exist, such as political, regulatory and technological, failure to effectively execute within areas under National Grid's strategic influence could result in reputational harm and market consequences. There may be reputational and market impacts if we fall short of our own ambitious GHG emissions targets.

Business units potentially affected:

All

Asset group(s) potentially affected:

Electrical Distribution and Transmission, Gas Distribution

Timeframe

Short Medium Long

Likelihood

Very Low Low Moderate High Very High

Measurement indicators:

- GHG emissions
- Network reliability
- Proportion of renewables in energy mix
- Customer satisfaction (US)
- Cumulative green bonds on issue
- Capital investment
- Supply chain engagement
- Employee engagement index

Potential impact

The external context in which we operate has evolved significantly, particularly across political and regulatory frameworks, technological developments, affordability considerations, and customer expectations. While these broader factors are captured within our Group Principal Risks, this transition risk scenario focuses on the potential reputational and market consequences arising from our execution across areas under National Grid's strategic influence. Assuming supportive external conditions, ineffective delivery could adversely affect stakeholder confidence, with implications for investors, regulators and other key stakeholders. Further detail on Group Principal Risks and related management actions is provided on pages 32 – 37.

Our businesses in the US and UK both depend on, and compete in, a global market for materials and equipment, talent and green finance. To deliver at the pace and scale required, we need to purchase equipment, including assets with long lead times and constrained global supply in the right timeframes. We also need to compete effectively for talent, to deliver significant network reinforcement as well as maintaining a robust and reliable network. Attracting investment underpins our ability to deliver this reinforcement. It is crucial that we have investable regulatory frameworks with the right return on and of capital. These regulatory frameworks include incentives and penalties.

Our supply chain, talent and financing need to operate in conjunction to successfully deliver investments, and failure could result in materially lower financial performance, impacting our share price and EPS projections. It could also damage our relationships with our trusted stakeholders, including our investors, regulators and customers, and potentially position National Grid as an obstacle rather than an enabler in the energy transition. The wider economy is dependent on the energy sector to enable their decarbonisation plans, with the ability to connect to our transmission and distribution networks in a timely manner.

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

Our response

Climate-related targets are embedded into our internal performance management and incentives, maintaining our focus on ensuring the supply chain, talent and financing is in place to deliver on our commitments. The Responsible Business section (pages 40 – 44) sets out our progress against our Group CTP – our roadmap to a vision of reaching net zero. We continue to work closely with stakeholders, including regulators, to ensure policy and regulatory frameworks enable and facilitate our net zero plans.

We continue to deliver transformative new approaches to strengthen our supply chains. In the UK, building on pioneering initiatives including the Great Grid Partnership, in July 2025 we launched our c. £8bn Electricity Transmission Partnership to unlock long-term supply chain capacity and skills. In New England, we have established strategic contractor partnerships to accelerate timelines, reduce risk, and lower costs across over \$3 billion of planned capital work over the next five years. We also engage with our suppliers to establish action plans and commitments towards a Science Based Target (refer to page 42).

We have a strategic priority to 'build tomorrow's workforce today' to develop the skills we need to deliver on our ambitions. We continue to deliver strong entry level programmes for graduates, interns and apprentices, as well as proactively investing in leadership development. In 2026, we expanded our Construction Development Programme to include a Development Engineer Pathway aimed at individuals looking to re-skill and transition into the network development space within our Electricity Transmission business, and we launched Leading @ Grid, a global development programme to enhance senior leadership capabilities.

We work closely with regulators to get investable frameworks in place in all our jurisdictions, with the acceptance of the RIIO-T3 regulatory framework a significant milestone in March 2026. Our upgraded five-year financial framework provides a clear investor proposition, including an upgraded EPS.

Task Force on Climate-related Financial Disclosures (TCFD) cont. Risk Management

4. Transition Opportunity

Growth of clean generation and increased demand for electricity, even in our slowest decarbonising scenarios

Risk/opportunity

Market

Renewable generation projects are reorienting our system design, with power flowing from new locations across our networks. Electrification of heat and transport, alongside growing business electricity demand, such as data centres, offers significant growth opportunities in the UK and US. National Grid is well positioned to capitalise on these opportunities through our central role in connecting new sources of energy to end users via our networks.

Products and services

The evolution of the energy system will require innovative solutions to deliver expanded and decarbonised electricity networks, with National Grid leading the way to scale these technologies, benefitting our business and consumers.

Business units potentially affected:

All

Asset group(s) potentially affected:

Electrical Distribution and Transmission, NGV Interconnectors and NGP investment

Timeframe

Short Medium Long

Likelihood

Very Low Low Moderate High Very High

Measurement indicators:

- Network efficiency and reliability
- Renewable capacity additions
- Proportion of renewables in energy mix
- EU Taxonomy green capital expenditure
- Investment in research and development
- National Grid Partners investment

Potential impact

While the pace and scale of electrification growth is uncertain, the positive trajectory is clear, driving growth in electricity networks.

In the UK, the Government is supporting continued momentum towards its Clean Power 2030 Plan. Supply-side objectives are intertwined with ambition for uptake of decarbonised customer technologies including electric vehicles, heat pumps, embedded generation and storage. In the US, our states have established targets for clean energy supply and consumer electrification. The drive to cleaner energy in our jurisdictions requires the infrastructure to deliver it, underpinning our new five-year financial framework with cumulative capital investment of at least £70 billion.

Alongside expanding networks in our jurisdictions, we will need greater interconnectivity to match intermittent renewable generation to increased electricity demand.

Our response

To maximise these opportunities, we are delivering on our strategy to focus on networks and streamlining our business. In May 2025, we completed the sale of National Grid Renewables, our US onshore renewables business. In November 2025 we completed the sale of Grain LNG, our UK LNG asset. Our recently upgraded five-year financial framework projects capital investment of at least £70 billion across our energy networks from 2027 to 2031. This investment continues the Group's shift towards electric, with latest projections forecasting over 80% of Group assets will be electric by 2030/31.

In the UK, we are leading the largest overhaul of the electricity grid in a generation, doubling our investment in UK electricity networks relative to the previous five years. We expect to invest £31 billion in the next five years to 2030/31 in UK ET. Ofgem's Final Determination delivers a price control (running from 1 April 2026 to 31 March 2031) that enables networks to invest at the pace and scale needed to meet the ramp up in power demand, with plans to nearly double the amount of power that can flow across the country. This will help avoid constraint costs and ensure a resilient, clean and future-proofed network that will be critical to underpinning economic competitiveness and growth in the UK in the years ahead.

For UK ED, we expect to invest £9 billion in the next five years. We continue to deliver against our RIIO-ED2 business plan (ED2 price control period runs from 1 April 2023 to 31 March 2028), to ensure the readiness of the electricity network to unlock the potential for customers to electrify further and faster. We'll continue to engage customers and stakeholders as we refine and get ready to submit our RIIO-ED3 business plan to Ofgem in December 2026 for the ED3 price control period, which will run from 1 April 2028 to

31 March 2033. ED3 will be a critical period in transforming electricity distribution networks to achieve the UK's climate targets.

In the US, our well-developed energy transition scenarios have enabled us to submit credible rate case filings outlining the investments needed to deliver the energy transition. As part of our five-year financial framework to 2031, we expect to invest around £17 billion and £12 billion in our New York and New England regulated businesses respectively. In New York, we continue to make significant progress on the \$4 billion Upstate Upgrade programme, to deliver a smarter, stronger and cleaner energy grid. Our NIMO rate settlement for 2025 to 2028 was approved in August 2025, including investments to integrate renewables and reduce emissions from gas leaks. In New England, we secured approval for the cost recovery mechanism for our nearly \$600 million Electric Sector Modernization Plan, balancing customer affordability with the state's clean energy objectives. Gas has a foundational role in Massachusetts' all-of-the-above energy strategy. In January 2026, we submitted our rate case filing for Massachusetts Gas. These activities further enhance our role in delivering the energy transition, while helping to ensure energy security and sustainable affordability in the regions we operate in.

Our NGV business has planned capital investment of around £1 billion out to 2031. NGV is a leader in developing electricity interconnector projects to connect Great Britain with other European countries. By enabling cross-border electricity trade, interconnectors can displace fossil fuel generation in favour of renewable energy, reducing the CO₂e intensity of the energy mix, while generating revenue. Our current portfolio of six interconnectors provide 7.8 GW of capacity, allowing us to trade excess power – including renewable energy generated from the sun, wind and water – between different countries, and we estimate that by 2030, 90% of the energy imported via our interconnectors will be from zero-carbon sources. We are working towards expanding our portfolio of interconnectors, including LionLink, a first-of-its-kind interconnector connecting offshore wind to Great Britain and the Netherlands' electricity grids, and GriffinLink, a new multi-purpose interconnector project in partnership with TenneT Germany. In the US, NGV continues to develop opportunities, including its announcement in 2025 that it will install the world's first 100% hydrogen fuelled commercial linear generator at Northport power plant.

Our corporate venture capital arm, National Grid Partners, continues to invest in startups at the intersection of energy and emerging technology, allowing National Grid to benefit operationally and strategically as we scale them across our business and industry. Since its founding in 2018, National Grid Partners has invested more than \$550 million in startups advancing the future of energy; and it recently committed another \$100 million to artificial intelligence startups supporting a smarter, more resilient grid and boosting energy security.

Task Force on Climate-related Financial Disclosures (TCFD) cont. Risk Management

5. Physical Risk

Increased frequency of extreme weather events and long-term shifts in global climate patterns

Risk/opportunity

Acute

Our assets are at risk of physical impacts from increased frequency of extreme weather events such as storms and flooding, leading to asset damage and operational risks.

Chronic

Our assets are at risk of physical impacts from changing climate trends in the longer term, including increased frequency and severity of coastal flooding, high temperatures, extreme wind, wildfires and low temperature, exposing us to asset damage and operational risks.

Business units potentially affected:

All

Asset group(s) potentially affected:

Electrical Distribution and Transmission, Gas Distribution

Timeframe

Short Medium Long

Likelihood

Very Low Low Moderate High Very High

Measurement indicators:

- Network reliability
- Major storm costs
- CCRT outputs
- Research outputs from innovation projects
- EU Taxonomy climate adaptation capital expenditure

Potential impact

Under our US regulatory frameworks, major storm-related costs become recoverable in future years once deferrable criteria are met. In 2025/26, we incurred deferrable storm costs (net of allowances) which are eligible for future recovery of £39 million, but this did not exceed our pre-set \$100 million threshold to be excluded from underlying results. In the prior year, we incurred £87 million of deferrable storm costs (net of allowances) and consequently these were all excluded from our reported underlying results. Further details are provided on pages 71 and 73. Cost recovery for other US weather-related events is included within the base rates set at the outset of each rate filing period.

In the UK, storm costs above predefined thresholds can be recovered through re-opener mechanisms within our price control frameworks, allowing adjustments to allowed revenues for severe weather-related expenditure.

At the end of 2023, Niagara Mohawk Power Corporation (NIMO) submitted its Climate Change Resilience Plan (CCRP) to the New York Public Service Commission (NYPSC), assessing the vulnerability of its electric infrastructure to climate-related risks. The study identified a capital investment of approximately \$243 million in resilience programmes over a five-year period (2026-2030), with cumulative investments projected to reach about \$566 million by the tenth year (2026-2035) and \$1.39 billion by the twentieth year (2026-2045). The revenue requirements for these resilience investments are expected to result in total bill increases of 0.02% in 2025/26 to 0.66% in 2029/30 compared to current rates across all service classes.

Subsequent modifications to the CCRP were submitted in December 2024 with an updated filing in February 2025. The CCRP programme timelines and budgets were revised following the NMPC FY26-28 rate case, with several projects deferred to support customer affordability. As a result, the FY26-30 CCRP budget was reduced from \$243 million to \$110 million.

Weather-related events are likely to become more frequent in line with the increasing likelihoods illustrated by the IPCC. Costs are expected to grow accordingly, including potential rises to insurance premiums to cover such events, unless climate adaptation is appropriately implemented.

Our response

Our Group-wide CVA leverages CCRT data analysis to identify long-term climate hazard risks to our energy infrastructure. We are utilising our findings to develop tailored climate change adaptation plans across our business.

In Massachusetts, efforts to produce a climate change resilience plan commenced in 2025 with collaboration among Massachusetts utilities and the state's Office of Climate Science. This plan, due to state regulators in September 2029, will identify specific mitigation actions across the state. While this plan is developed, we continue to address substation flood mitigation concerns at substations where flooding is identified as a risk. These resiliency projects total \$98.5 million and form part of the recently approved MECO rate case. We also continue to accelerate the installation of Fault Location Isolation and Restoration (FLISR) schemes to improve reliability and resiliency during storms across both New York and New England.

In the UK, ED responded to Ofgem's Sector Specific Methodology Consultation (SSMC) which included dedicated climate resiliency questions linked to the ED3 price control framework.

In addition, as part of our UK ET T3 business plan, we submitted a RIIO-T3 Climate Resilience Strategy as an annex to the main business plan submission.

We continue to invest in climate adaptation across the Group in the form of storm hardening and flood defences, with a further £79 million (2024/25: £57 million) invested in the year. Such investments should increase our ability to withstand disruptive events, and improve our organisational capability to reduce the magnitude and impact from such events.

Task Force on Climate-related Financial Disclosures (TCFD) cont.

Metrics and Targets

We disclose our GHG emissions metrics through our Responsible Business reporting, tracking performance and material climate change risks and opportunities.

Our approach to setting, reviewing and monitoring climate-related targets is embedded in our Climate change mitigation GPR on page 35, which outlines how we assess and manage the actual and potential impacts of climate change. Progress against each target is monitored using defined quantitative indicators, with performance reviewed through established risk management and governance processes.

Our greenhouse gas (GHG) emission reduction targets and other climate-related metrics are summarised on page 68, with performance analysis (including trends and year-on-year movements) provided in the KPI section on page 27 and the Responsible Business review on page 40. The Responsible Business review also includes additional metrics and targets used by us to assess and manage relevant climate-related risks and opportunities. We also disclose industry-based metrics relevant to our business model and activities, and reflected in our SASB-aligned reporting on our website which helps inform our Responsible Business commitments.

Our emissions reduction targets have been informed by the objectives of the Paris Agreement and the jurisdictional commitments that flow from it, recognising that failing to play our role in delivering emissions reductions would risk undermining the wider decarbonisation goals of the

jurisdictions in which we operate. We are not subject to entity-specific legally mandated GHG reduction targets beyond regulated mechanisms to incentivise GHG reductions.

In the US, long-term policy frameworks such as New York's Climate Leadership and Community Protection Act and Massachusetts' Clean Energy and Climate Plan set out pathways to fossil-free energy systems by 2050, while in the UK the Government's Clean Power 2030 Action Plan signals an accelerated transition to a decarbonised power system. These commitments have shaped the ambition and timing of our targets and reinforce the importance of engagement with policymakers, trade associations and industry bodies, where responsible advocacy for enabling policy frameworks is critical to delivering both jurisdictional climate objectives and our net zero commitment (see page 51).

We continually monitor our climate-related metrics and targets to ensure that the data we measure is meaningful, aligns with our strategy, and provides the necessary information for effective performance monitoring and progress demonstration. By integrating these metrics into our financial Enterprise Performance Management (EPM) processes, it allows us to assess GHG reduction performance in the context of wider enterprise performance. Our annual Strategic Business

Planning cycle includes mechanisms to track business units' plans against our SBTi glide paths.

Our monitoring and reporting processes incorporate internal controls and a team of technical consultants reviewed our CTP publication for accuracy, consistency and any material discrepancies. We have been clear that we do not expect emissions reductions to follow a linear trajectory and a significant portion of our emissions are outside our control.

All of our GHG emissions are reported on a gross basis, and our primary focus is on decarbonising the business in line with a 1.5°C pathway. We do not assume the use carbon offsetting to meet our near-term science-based targets; however, we do use limited carbon offsets to support our emissions reduction efforts where emissions cannot be reduced further, in line with SBTi guidance and our internal carbon offsetting policy. The Group Carbon Offsetting Policy, revised in 2025 under the oversight of the Carbon Offsetting Committee, helps ensure offsetting is used only as a high-integrity complement to direct emissions reductions and requires a balanced portfolio across carbon reduction and removal projects, locations, technologies, storage durations, costs and co-benefits. All offsetting is governed by robust principles including additionality, permanence, transparency, independent verification and effective risk management to help ensure environmental integrity and value for National Grid.

Within our UK Electricity Transmission business, we collaborated with Housing Associations' Charitable Trust to purchase around 1,000 Verified Carbon Standard credits from achieved carbon reductions delivered through energy efficiency initiatives in low-income households, delivering wider social benefits to local communities. We also partnered with Forest Carbon to purchase approximately 14,000 UK-based Pending Issuance Units (PIUs) from a bespoke portfolio of woodland projects. These PIUs represent a promise to deliver a tonne of carbon dioxide equivalent in the future and support planning for the compensation of UK-based emissions, while delivering environmental co-benefits. Under the RIIO-T3 framework, our UK Electricity Transmission

business has Ofgem-approved funding of £16.17m to support further carbon compensation over the regulatory period. This funding is based on an assumed unit cost of £74 per tCO₂e, capped at 6% of NGET's business carbon footprint GHG emissions.

Details of Directors' remuneration, including the incorporation of climate-related considerations into executive remuneration and the proportion linked to such considerations in the current period, are set out in the Directors' Remuneration Report on pages 107 – 126.

In addition to the metrics laid out on the following page, we have disclosed the proportion of IFRS revenue, operating expenditure and capital expenditure that align with the principles of the EU Taxonomy.

A significant proportion of our Scope 1 GHG emissions are subject to either a traded carbon price or a regulatory non-traded cost of carbon. These carbon prices are primarily applied through regulatory frameworks rather than as an internal shadow price for capital allocation. While carbon pricing has enhanced our understanding of the emissions implications of our activities, it has not materially influenced investment decisions to date, and we do not operate a single, Group-wide internal carbon price applied uniformly across our businesses. Carbon pricing is one of several tools we use alongside policy drivers, regulatory commitments, and carbon reduction methodologies, including the application of carbon weighting in tendering for construction projects.

On the next page we include our GHG emissions footprint, a key indicator against our climate-related risks and opportunities.



EU Taxonomy report



































Responsible Business data tables

Task Force on Climate-related Financial Disclosures (TCFD) cont. Metrics and targets

Index of climate-related quantitative measurement indicators¹

In the last year our emissions have risen, due to factors outside of our control and despite our efforts to reduce emissions where we have control. Refer to pages 40 – 44 for further details.

	2025/26	2024/25	2023/24
SBTi validated GHG emissions reduction targets			
Reduce absolute Scope 1 and 2 GHG emissions by 60% by 2030 ^{2,3}	(3.3)%	(4.4)%	(11.8)%
Reduce absolute Scope 1 and 2 GHG emissions excluding generation by 50% by 2030 ^{2,3}	(26.0)%	(14.7)%	(14.4)%
Reduce the carbon intensity of our power generation (Scope 1 GHG emissions) by 90% by 2030, and by 92% by 2033 ³	2.5 %	(36.7)%	(34.7)%
Reduce the carbon intensity of our power generation and sold electricity (Scope 1 and Scope 3 GHG emissions) by 86% by 2033 ³	(1.2)%	(18.3)%	(15.4)%
Reduce absolute GHG emissions for all Scope 3, excluding sold electricity, by 37.5% by 2033 ⁴	11.1 %	5.8 %	0.8%
Reduce absolute GHG emissions from gas sold by third parties by 37.5% by 2033 ^{4,5}	(9.6)%	(10.5)%	(17.6)%
Key climate-related metrics			
Scope 1 GHG emissions (ktCO ₂ e)	 5,001 	4,467 	3,988 
Scope 2 GHG emissions (ktCO ₂ e, location based)	 2,510 	2,955 	2,864 
Total Scope 1 and 2 GHG emissions ² (ktCO ₂ e)	 7,511 	7,422 	6,852 
Scope 3 GHG emissions (ktCO ₂ e)	 29,503 	28,435 	27,384 
Total Scope 1, 2 and 3 GHG emissions ² (full value chain) (ktCO ₂ e)	 37,015 	35,857 	34,236 
Intensity ratio: Scope 1 and 2 GHG emissions per million of revenue ² (tCO ₂ e/£m)	 425 	427 	345 
Climate change adaptation capital expenditure (EU Taxonomy aligned activities, £m)	79	57	30
Climate change mitigation capital expenditure (EU Taxonomy aligned activities, £m)	9,756	7,610	5,962
Group energy consumption from fossil fuel generation (GWh)	 19,317 	17,390 	14,375 
Group energy consumption from electricity systems line losses (GWh)	15,111	15,514	14,519
Group energy consumption excluding fossil fuel generation and electricity systems line losses (GWh)	 1,386 	1,916 	2,547 
Total Group energy consumption (GWh)	35,814	34,820	31,441
UK energy consumption from electricity systems line losses (GWh)	9,702	10,413	10,046
UK energy consumption excluding electricity systems losses (GWh)	276	790	1,297
Total UK energy consumption (GWh)	9,978	11,203	11,343
UK Scope 1 GHG emissions (ktCO ₂ e)	211	278	377
UK Scope 2 GHG emissions ² (ktCO ₂ e)	1,670	2,137	2,113
Total UK Scope 1 and 2 GHG emissions ² (ktCO ₂ e)	1,881	2,415	2,490

1. Refer to our Responsible Business Reporting Methodology (methodology) on our website for calculation details. Target year 20Yn indicates that the performance will be reported in the financial year that aligns with the year 20Yn/Yn+1. Our methodology applies the GHG Protocol operational control principle across all emissions and environmental metrics. Operations that are sold or disposed of are excluded from reporting from the year of exit. For this reporting year, this includes National Grid Renewables and Grain LNG. Further details are provided in the "Changes to global operations" section within our methodology and in Note 1 (Basis of preparation and recent accounting developments) to the consolidated financial statements. We report Scope 3 emissions across six categories within our current SBTi target boundary, as defined by the GHG Protocol. Our disclosed Scope 3 GHG emissions include GHG Protocol Scope 3 Categories 1, 2, 3, 5, 6, 7 and 11. Categories not listed are excluded as not material.

2. Includes Scope 2 location-based emissions only as line losses make up the vast majority of these emissions and we have limited renewable electricity certificates and other contractual instruments in place. 2024/25 excludes National Grid ESO.

3. Near-term target approved by Science Based Targets initiative (SBTi) and aligned to the Paris Agreement and a 1.5°C pathway. GHG targets are against a financial year 2018/19 baseline.


4. Near-term target approved by SBTi and aligned to a well below 2°C pathway. GHG targets are against a financial year 2018/19 baseline.

5. Third-Party Sold Gas, a US-only emission, are downstream emissions associated with the combustion of natural gas delivered through our network but sold by a company other than National Grid. This differs from Scope 3 Cat. 11 GHG Protocol guidance, which otherwise advises to consider only the end use of goods sold by the reporting company itself.

Note: The above data together with our Climate change – Scope 1, 2 and 3 emissions KPIs on page 27 and "Absolute energy consumption in our flagship offices" on page 42 is responsive to the UK Government's Streamlined Energy and Carbon Reporting (SECR) requirements. We have split out our Group energy consumption into constituent parts for greater transparency. Fuels consumed for power generation on behalf of LIPA, the contracting body is shown separately because energy consumption related to power generation can vary greatly year-on-year and is determined by LIPA. Amounts are presented in GWh, with 1 GWh=1,000,000 kWh.

 2025/26 data externally assured by Deloitte.

 2024/25 data externally assured by Deloitte.

 2023/24 data externally assured by PwC.

Please refer to the assurance summary on page 52.

Financial review

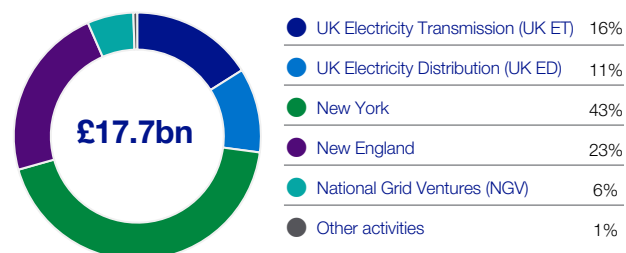
A solid financial return

Making the connection – delivering outputs efficiently and earning a solid financial return.

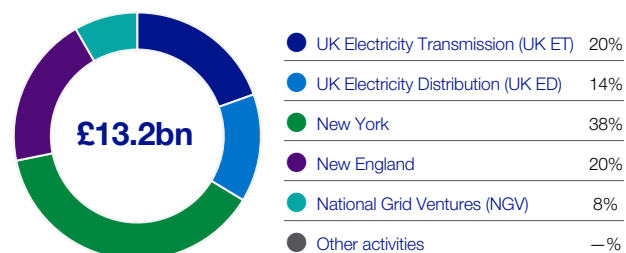
Revenue

The vast majority of our revenues are set in accordance with our regulatory agreements (see pages 220 – 225) and are calculated based on a number of factors, including investment in network assets, performance on incentives, allowed returns on equity and cost of debt, and customer satisfaction.

Statutory revenue (%)



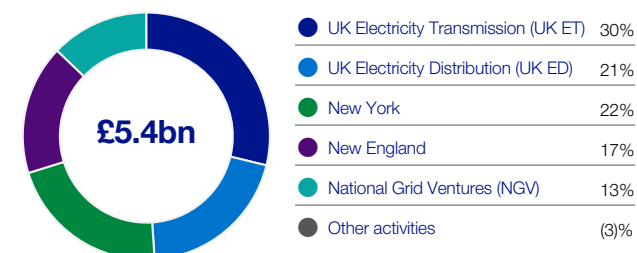
Underlying net revenue¹ (%)



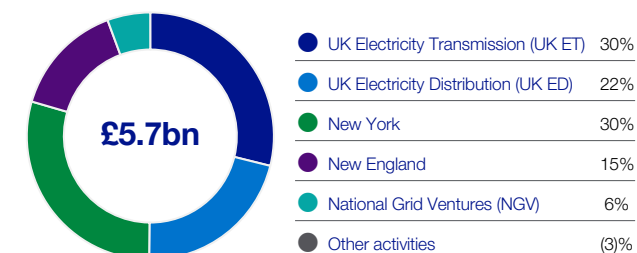
Profit and cash flows

Our ability to convert revenue to profit and cash is important. By managing our operations efficiently, safely and for the long term, we generate substantial operating cash flows. Coupled with long-term debt financing, as well as additional capital generated through the Rights Issue and take-up of the shareholder scrip dividend option during periods of higher investment, we are able to invest in growing our asset base and fund our dividends.

Statutory operating profit (%)



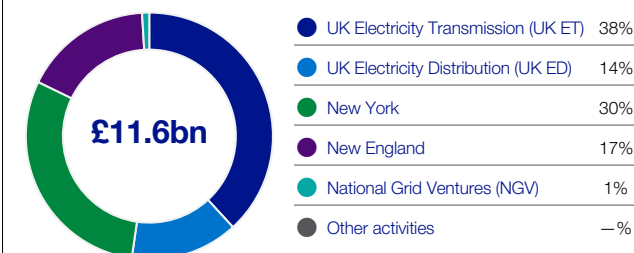
Underlying operating profit¹ (%)



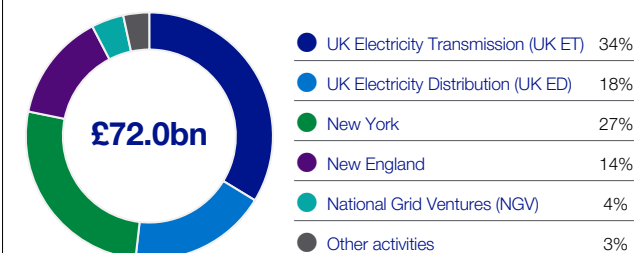
Investment

We invest efficiently in our networks to achieve strong and sustainable growth in our regulated asset base over the long term. We also invest in assets in our non-regulated businesses. We continually assess, monitor and challenge investment decisions so we can continue to run safe, reliable and cost-effective networks.

Capital investment (%)



Total assets (used for asset growth) (%)



1. Non-GAAP alternative performance measures (APMs). For further details and reconciliation to equivalent GAAP measures see Other unaudited financial information on pages 236 – 247.

Financial review cont.

Summary of Group financial performance for the year ended 31 March 2026

Statutory EPS¹

65.5p

2024/25	60.0p
2023/24	55.5p

Underlying EPS¹

78.0p

2024/25	73.3p
2023/24	72.1p

Group RoE

9.8%

2024/25	9.0%
2023/24	10.5%

Asset growth

10.9%

2024/25	9.0%
2023/24	9.7%

1. From continuing operations.

Financial summary for continuing operations

£m	2025/26	2024/25	Change
Accounting profit			
Gross revenue	17,687	18,378	(4)%
Other operating income	489	—	n/m
Operating costs	(12,745)	(13,444)	5%
Statutory operating profit	5,431	4,934	10%
Net finance costs	(1,325)	(1,357)	2%
Share of joint ventures and associates	76	73	4%
Tax	(939)	(821)	(14)%
Non-controlling interest	(2)	(3)	33%
Statutory earnings	3,241	2,826	15%
Exceptional items and remeasurements ¹	(333)	(171)	n/m
Tax on exceptional items and remeasurements ¹	(16)	(40)	60%
Adjusted earnings¹	2,892	2,615	11%
Timing and major storm costs ¹	636	592	n/m
Tax on timing and major storm costs ¹	(168)	(156)	n/m
Deferred tax on underlying profits in NGET and NGED ¹	499	401	24%
Underlying earnings¹	3,859	3,452	12%
Statutory EPS			
	65.5p	60.0p	9%
Adjusted EPS¹			
	58.5p	55.6p	5%
Underlying EPS¹			
	78.0p	73.3p	6%
Dividend per share ¹	48.49p	46.72p	3.8%
Dividend cover – underlying ¹	1.6x	1.6x	3%
Economic profit			
Group financial performance after interest and tax (Group RoE numerator) ¹	2,866	2,602	10%
Group RoE¹	9.8%	9.0%	80bps
Capital investment and asset growth			
Capital investment	11,576	9,847	18%
Regulated asset growth ¹	11.7%	10.5%	120bps
Asset growth¹	10.9%	9.0%	190bps
Balance sheet strength			
FFO/adjusted net debt ¹	13.0%	13.7%	-70bps
RCF/adjusted net debt ¹	9.3%	9.8%	-50bps
Net debt (note 29 to the financial statements)	44,160	41,371	7%
Add: held for sale net debt	—	(55)	n/m
Net debt (including held for sale) ¹	44,160	41,316	7%
Group regulatory gearing¹	61%	61%	0bps

1. Non-GAAP alternative performance measures (APMs) and/or regulatory performance measures (RPMs). For further details see Other unaudited financial information on pages 236 – 247.

Financial review cont.

Performance management framework

In managing the business, we focus on various non-IFRS alternative performance measures (APMs) and regulatory performance measures (RPMs) which provide meaningful comparisons of performance between years, monitor the strength of the Group's balance sheet and ensure profitability reflects the Group's regulatory economic arrangements. Such APMs and RPMs are supplementary to, and should not be regarded as a substitute for IFRS measures, which we refer to as statutory results.

Our business performance as set out in our regulatory agreements can differ from accounting under IFRS, principally because our regulators allow for regulatory deferral accounting. Our allowed revenues are set in accordance with our regulatory price controls or rate plans. Statutory IFRS does not allow us to recognise regulatory assets or liabilities (for the difference between collected and allowed regulatory revenues). As a result we use a suite of APMs (defined by us) to help measure and monitor our underlying regulated business performance. We explain the basis of these measures and, where practicable, reconcile these to statutory IFRS results (i.e. GAAP) in Other unaudited financial information on pages 236 – 247. Our RPMs have been calculated for the total Group (or individual entities where relevant) and these are not based on IFRS measures. Specifically, we measure the financial performance of the Group from different perspectives:

- **Accounting profit:** In addition to statutory IFRS measures we report adjusted results (i.e. before exceptional items and remeasurements), and underlying results, which further take account of: i) volumetric and other revenue timing differences arising from our regulatory contracts; (ii) major storm costs (net of in-year allowances and deductibles) which are recoverable in future periods when they exceed a \$100 million threshold; and (iii) deferred tax in our UK regulated businesses (NGET and NGED). In doing so, we intend to make the impact of such items clear to users of the financial information in this Annual Report.
- **Economic profit:** Group Return on Equity (RoE) takes account of the regulated value of our assets and of our regulatory economic arrangements to show the returns on shareholder equity.
- **Capital investment and asset growth:** Capital investment comprises our additions to PP&E and intangible assets (excluding acquisitions), equity investments in joint ventures and associates, along with net movements in capex prepayments. Asset growth represents the year-on-year increase in RAV and US rate base in our regulated businesses (referred to as 'regulated asset growth'), plus the increase in net assets (excluding certain balances such as pensions, net debt and deferred taxes) in our non-regulated businesses, but excluding the impact of currency movements.
- **Balance sheet strength:** Maintaining a strong investment grade credit rating allows us to finance our growth ambitions at a competitive rate. Hence, we monitor credit metrics used by the major rating agencies to ensure we are generating sufficient cash flow to service our debts. Group regulatory gearing measures our Group net debt as a proportion of the Group's assets that are used to measure asset growth. This includes balances for businesses classified as held for sale under IFRS.

This balanced range of measures of financial wellbeing informs our dividend policy which aims to grow annual DPS in line with UK CPIH, thus maintaining the DPS in real terms.

Financial summary for continuing operations

Accounting profit: Statutory IFRS earnings were £3,241 million in 2025/26, £415 million (15%) higher than the prior year. Statutory earnings benefited from pre-tax net exceptional gains of £376 million related to the sale of our two non-core businesses (Grain LNG and National Grid Renewables) in 2025/26; and pre-tax remeasurement losses of £43 million (2025: pre-tax net exceptional credits of £42 million and pre-tax remeasurement gains of £129 million). For details on exceptional items, refer to note 5 to the financial statements. Timing swings were £131 million adverse year-on-year, with a £636 million

net under-recovery in 2025/26 (2025: £505 million net under-recovery). These factors, the net impact of tax on these items and an improvement in underlying business performance meant that statutory EPS for continuing operations of 65.5p was 5.5p higher than the prior year.

Our 'adjusted' results exclude the impacts from exceptional items and remeasurements as explained on page 155. In 2025/26, adjusted earnings from continuing operations were £2,892 million, up £277 million (11%) from the prior year. Adjusted earnings in 2025/26 included a timing net under-recovery after tax of £468 million (2025: £372 million net under-recovery). As a result, adjusted operating profit of £5,044 million was up £279 million (2025: £4,765 million). Adjusted net finance costs of £1,271 million were £90 million lower, as a result of higher average net debt and higher interest rates being more than offset by higher capitalised interest and other interest income. Share of profits from joint ventures and associates of £76 million were broadly flat year-on-year. Adjusted tax of £955 million was £94 million higher, driven by the increase in profits, but resulted in a stable effective tax rate of 25.3% (2025: 25.3%).

Our policy is to exclude deferrable storm costs (net of allowances and deductibles) from underlying results if these exceed a \$100 million aggregate pre-tax threshold. In 2024/25, we included \$110 million (£87 million) of storm costs in our adjusted results, but excluded these from underlying results. In 2025/26, our allowances were higher and deferrable storm costs were below this threshold, so \$52 million (£39 million) of deferrable storm costs that are recoverable in future periods are included in our underlying results.

Underlying operating profit was up 6% driven by improved performance in New York (from updated rates and the collection of unremunerated costs in prior periods) along with higher allowed revenues in UK Electricity Transmission (RAV growth and increased ASTI-related 'fast money'). New England was lower with updated rates and capital trackers being more than offset by a FERC order on Transmission Owner RoEs across New England (mostly related to historical years). National Grid Ventures was lower mainly as a result of the sale of two businesses in the year (Grain LNG and National Grid Renewables). Other activities and the contribution from joint ventures and associates were broadly flat year-on-year. Regulated controllable costs were 2% higher (at constant currency), with inflation and workload increases being partly offset by efficiency savings. Depreciation and amortisation were higher than the prior year due to our growing asset base. Net debt-related financing costs were higher, driven by our ongoing investment programme. Other interest was favourable year-on-year driven by higher levels of capitalised interest. After accounting for non-controlling interests, underlying earnings increased by 12% and resulted in a 6% increase in underlying EPS to 78.0p.

Economic profit: Our Group RoE for 2025/26 was 9.8%, 80bps higher than the 9.0% achieved in the prior year, with the numerator increasing by £264 million, (up 10% year-on-year), primarily driven by higher regulatory business performance, compared with an increase in the denominator of £49 million (up 0.2% year-on-year), which includes the beneficial impact of asset growth being partly funded by higher gearing.

Capital investment and asset growth: Capital investment of £11,576 million was £1,729 million (18%) higher than 2024/25, driven by a step up in investment across our regulated businesses, partly offset by lower investment in National Grid Ventures. Higher capital investment and the impact of RAV indexation have helped deliver asset growth of 10.9% (2025: 9.0%).

Balance sheet strength: Net debt increased from £41.4 billion at March 2025 to £44.2 billion at March 2026. Operating cash inflows of £7.8 billion (2025: £6.8 billion) along with disposal proceeds from the sales of NG Renewables £1.5 billion and Grain LNG £1.3 billion helped to fund £10.6 billion (2025: £9.7 billion) of investing cash outflows. Regulatory gearing was maintained at 61% (2025: 61%) and our calculation of RCF/adjusted net debt credit metric was 9.3%, a decrease of -50bps compared with 2024/25 and remains above the current rating threshold of 7.0%.

Financial review cont.

Dividend

The recommended full-year dividend per ordinary share of 48.49p is in line with our policy of increasing the prior year dividend in line with UK CPIH inflation and is covered 1.6 times by underlying EPS.

Profitability and earnings

In calculating adjusted profit measures, where we consider it is in the interests of users of the financial statements to do so, we exclude certain discrete items of income or expense that we consider to be exceptional in nature. The table below reconciles our statutory profit measures for continuing operations, at actual exchange rates, to adjusted and underlying versions. Further information on exceptional items and remeasurements is provided in notes 2, 5 and 6 to the financial statements.

Reconciliation of profit and earnings from continuing operations

£m	Operating profit			Profit after tax			Earnings per share		
	2025/26	2024/25	Change	2025/26	2024/25	Change	2025/26	2024/25	Change
Statutory results	5,431	4,934	10%	3,243	2,829	15%	65.5p	60.0p	9%
Exceptional items	(376)	(42)	n/m	(384)	(118)	n/m	(7.7p)	(2.4p)	n/m
Remeasurements	(11)	(127)	n/m	35	(93)	n/m	0.7p	(2.0p)	n/m
Adjusted results	5,044	4,765	6%	2,894	2,618	11%	58.5p	55.6p	5%
Timing	636	505	n/m	468	372	n/m	9.5p	7.9p	n/m
Major storm costs	—	87	(100)%	—	64	(100)%	—p	1.3p	(96)%
Deferred tax in NGET and NGED	—	—	—%	499	401	24%	10.0p	8.5p	17%
Underlying results	5,680	5,357	6%	3,861	3,455	12%	78.0p	73.3p	6%

Timing over/(under)-recoveries

In calculating underlying profit, we exclude regulatory revenue timing over- and under-recoveries, major storm costs (defined below) and deferred tax on underlying results of our UK regulated business (NGET and NGED), also defined below. Under the Group's regulatory frameworks, most of the revenues we are allowed to collect each year are governed by regulatory price controls in the UK and rate plans in the US. If more than this allowed level of revenue is collected, an adjustment will be made to future prices to reflect this over-recovery; likewise, if less than this level of revenue is collected, an adjustment will be made to future prices in respect of the under-recovery. These variances between allowed and collected revenues and timing of revenue collections for pass-through costs give rise to 'timing' over- and under-recoveries.

The following table summarises management's estimates of such amounts for the two years ended 31 March 2026 and 31 March 2025 for continuing operations. All amounts are shown on a pre-tax basis and, where appropriate, opening balances are restated for exchange adjustments and to correspond with subsequent regulatory filings and calculations, and are translated at the 2025/26 average exchange rate of \$1.343:£1.

£m	2025/26	2024/25 ¹
Balance at start of year (restated)	60	1,018
UK Electricity Transmission	(77)	(151)
UK Electricity Distribution	(116)	407
UK Electricity System Operator (sold in 2024/25)	—	(479)
New England	94	57
New York	(537)	(323)
In-year under-recovery	(636)	(489)
Disposal of UK Electricity System Operator	—	(462)
Balance at end of year	(576)	67

1. March 2025 balances restated to correspond with 2024/25 regulatory filings and calculations.

In relation to timing under-recoveries, the estimated closing net under-recovered balance at 31 March 2026 (at an average exchange rate of \$1.34) was £576 million, comprising: a net £68 million asset to be recovered in UK Electricity Transmission; a net £2 million liability to be returned in UK Electricity Distribution; a net £274 million asset to be recovered in New England; and a net £236 million asset to be recovered in New York (for further details see page 240). In calculating the post-tax effect of these in-year timing recoveries, we impute a tax rate based on the regional marginal tax rates, consistent with the relative mix of UK and US balances.

Financial review cont.

Major storm costs (US)

We exclude the impact of major storm costs in the US where the aggregate amount is sufficiently material in any given year. Such costs (net of in-year allowances and deductibles) are recoverable under our rate plans but are expensed as incurred under IFRS. Accordingly, where the aggregate total US major storm costs incurred (net of in-year allowances and deductibles) exceeds \$100 million in any given year, we exclude the net costs from underlying earnings. In 2025/26, we incurred deferrable storm costs (net of allowances) which are eligible for future recovery of \$52 million, but this did not exceed our pre-set \$100 million threshold to be excluded from underlying results. In the prior year, we incurred \$110 million (£87 million) of deferrable storm costs (net of allowances) before tax, or £64 million post-tax and consequently these were all excluded from our reported underlying results.

Deferred tax in UK regulated businesses

We exclude deferred tax in our UK regulated businesses (NGET and NGED) in our underlying earnings measure. Tax is generally considered to be a pass-through cost by our UK regulator, with revenue tax allowances linked to the level of cash tax expected to be paid in the year. In 2025/26, we excluded £499 million (2025: £401 million) of deferred tax charges from our underlying results.

Segmental operating profit

The tables below set out operating profit on statutory, adjusted, and underlying bases.

Statutory operating profit

£m	2025/26	2024/25	Change
UK Electricity Transmission	1,605	1,277	26%
UK Electricity Distribution	1,122	1,598	(30)%
UK Electricity System Operator	—	(213)	100%
New England	947	1,008	(6)%
New York	1,184	1,269	(7)%
National Grid Ventures	715	5	n/m
Other activities	(142)	(10)	n/m
Total	5,431	4,934	10%

The notation 'n/m' is used throughout this section where the year-on-year percentage change is deemed to be 'not meaningful'.

Statutory operating profit increased in the year, primarily as a result of exceptional net gains of £376 million in 2025/26 compared with net gains of £42 million in the prior year. For details on exceptional items, refer to note 5 to the financial statements. This was largely offset by £131 million adverse year-on-year movements in timing, £116 million adverse year-on-year movements in commodity derivative remeasurements and the impact of a weaker exchange rate. Statutory operating profit was also supported by an improved underlying performance in our UK Electricity Transmission, UK Electricity Distribution and New York businesses, partially offset by the prior year including a contribution from the UK Electricity System Operator prior to its disposal, along with lower underlying profits in New England, adversely impacted by the FERC order (mainly related to historical periods) and lower underlying profits in National Grid Ventures, with the latter being driven by the sales of National Grid Renewables and Grain LNG in 2025/26.

Adjusted operating profit (a non-GAAP measure)

£m	2025/26	2024/25	Change
UK Electricity Transmission	1,605	1,277	26%
UK Electricity Distribution	1,122	1,610	(30)%
UK Electricity System Operator	—	(364)	100%
New England	960	982	(2)%
New York	1,172	1,023	15%
National Grid Ventures	327	380	(14)%
Other activities	(142)	(143)	1%
Continuing operations	5,044	4,765	6%

Underlying operating profit (a non-GAAP measure)

£m	2025/26	2024/25	Change
UK Electricity Transmission	1,682	1,428	18%
UK Electricity Distribution	1,238	1,203	3%
UK Electricity System Operator	—	115	(100)%
New England	866	924	(6)%
New York	1,709	1,450	18%
National Grid Ventures	327	380	(14)%
Other activities	(142)	(143)	1%
Continuing operations	5,680	5,357	6%

Financial review cont.

The following segmental commentaries describe the reasons for the movements in statutory, adjusted and underlying operating profit compared with the prior year. Unless otherwise stated, the discussion of performance in the remainder of this Financial review focuses on underlying results.

UK Electricity Transmission

£m	2025/26	2024/25	Change
Revenue	2,898	2,619	11%
Operating costs	(1,293)	(1,342)	4%
Statutory operating profit	1,605	1,277	26%
Exceptional items	—	—	—%
Adjusted operating profit	1,605	1,277	26%
Timing	77	151	n/m
Underlying operating profit	1,682	1,428	18%
Analysed as follows:			
Net revenue	2,507	2,164	16%
Regulated controllable costs (including pensions)	(290)	(293)	(1)%
Other operating costs	(62)	(54)	(15)%
Depreciation and amortisation	(550)	(540)	(2)%
Adjusted operating profit	1,605	1,277	26%
Timing	77	151	n/m
Underlying operating profit	1,682	1,428	18%

UK Electricity Transmission statutory operating profit was £328 million higher in the year. Timing under-recoveries were £77 million in 2025/26 compared with an under-recovery of £151 million in 2024/25. This year-on-year less adverse under-recovery is mainly the impact of the return in 2024/25 of prior period balances (primarily tax allowances), a lower inflation true-up and a lower in-year recovery on volumes and pass-through costs than 2024/25.

UK Electricity Transmission underlying operating profit increased by 18%. Underlying net revenues were £269 million (12%) higher principally from higher totex allowances (including fast money on ASTI spend) but also the impact of inflationary increases linked to RAV growth.

Regulated controllable costs including pensions were £3 million lower with the impact of inflationary and workload increases, due to a larger workforce to support the growing asset base, being more than offset by efficiency savings, non-recurring benefits related to IT and support service recharges and the reclassifications of insurance recharges. Other costs were slightly higher than the prior year at £62 million, including cost reclassifications, but this was partly offset by lower customer-funded diversions and favourable gains on disposals of assets compared with 2024/25.

The higher depreciation and amortisation principally reflects a higher asset base as a result of continued investment.

UK Electricity Distribution

£m	2025/26	2024/25	Change
Revenue	1,937	2,424	(20)%
Operating costs	(815)	(826)	1%
Statutory operating profit	1,122	1,598	(30)%
Exceptional items	—	12	(100)%
Adjusted operating profit	1,122	1,610	(30)%
Timing	116	(407)	n/m
Underlying operating profit	1,238	1,203	3%
Analysed as follows:			
Net revenue	1,753	2,239	(22)%
Regulated controllable costs (including pensions)	(311)	(302)	3%
Other operating costs	(49)	(78)	37%
Depreciation and amortisation	(271)	(249)	(9)%
Adjusted operating profit	1,122	1,610	(30)%
Timing	116	(407)	n/m
Underlying operating profit	1,238	1,203	3%

UK Electricity Distribution statutory operating profit was £476 million lower in the year, reflecting the impact of £523 million adverse year-on-year timing movements. Timing under-recoveries of £116 million in 2025/26 were mainly due to the return of prior period balances, principally driven by an over-collection in K-factor (i.e. volumes/prices) in 2024/25 which was effectively returned in 2025/26, partly offset by true-ups for pass-through costs and inflation. This compares with a timing over-recovery of £407 million in the prior year, which was favourably driven by an over-collection of K-factor.

Financial review cont.

In 2025/26 there were no exceptional costs compared with £12 million of exceptional costs in 2024/25 related to our major transformation programme.

UK Electricity Distribution underlying operating profit increased by £35 million (3%). Underlying net revenues were £37 million higher than the prior year due to the impact of higher inflation, higher totex allowances and improved DSO incentives performance partly offset by lower engineering recharge income.

Regulated controllable costs including pensions were £9 million (3%) higher than the prior year from the impact of increased inspection and maintenance work, combined with investment in capability build and inflation impacts, partly offset by efficiencies achieved. Other costs were £29 million lower, reflecting costs incurred in the prior year associated with Storm Darragh and lower engineering recharges.

Depreciation and amortisation increased by £22 million compared with the prior year due to the increasing asset base.

UK Electricity System Operator

£m	2025/26	2024/25	Change
Revenue	—	1,029	(100)%
Operating costs	—	(1,242)	100%
Statutory operating loss	—	(213)	100%
Exceptional items	—	(151)	n/m
Adjusted operating loss	—	(364)	100%
Timing	—	479	n/m
Underlying operating profit	—	115	(100)%
Analysed as follows:			
Net revenue	—	(188)	100%
Controllable costs	—	(159)	100%
Post-retirement benefits	—	(10)	100%
Other operating costs	—	(7)	100%
Depreciation and amortisation	—	—	—%
Adjusted operating loss	—	(364)	100%
Timing	—	479	n/m
Underlying operating profit	—	115	(100)%

UK Electricity System Operator was purchased by the UK Government on 1 October 2024 and had been classified as 'held for sale' since October 2023. Based on the scale and pass-through nature of the UK Electricity System Operator, it was not considered to be a separate major line of business and hence, did not meet the definition of a discontinued operation under IFRS 5.

UK Electricity System Operator had a statutory operating loss of £213 million in 2024/25 as a result of adverse timing (net of provisions for regulatory liabilities recognised under IFRS). In 2023/24 a £498 million exceptional provision was made for the return of the estimated remaining balance of over-collected revenues at the expected date of disposal (at that time, expected to be June 2024). This provision was partially reversed in 2024/25 generating an exceptional credit of £151 million. Under IFRS, a regulatory liability is not usually recognised on balance sheet for the return of such over-recoveries, however due to the intended disposal of this business during 2024/25, a liability was recognised given these amounts were expected to be settled through the planned sale process as opposed to reduced future revenues. The remaining £347 million exceptional provision at the disposal date was reflected in the reported gain on disposal of this business.

During 2024/25, UK Electricity System Operator had a timing under-recovery of £479 million arising from the return of prior period over-recovered balances. The over-recovery was the result of higher revenues collected through the BSUoS fixed price charges compared with total system balancing costs incurred. At the disposal date, the impact of the residual net over-recovered position was assessed when calculating the overall net disposal proceeds.

UK Electricity System Operator underlying operating profit in 2024/25 was £115 million. No depreciation and amortisation was charged while the business was classified as 'held for sale'.

New England

£m	2025/26	2024/25	Change
Revenue	4,174	4,306	(3)%
Operating costs	(3,227)	(3,298)	2%
Statutory operating profit	947	1,008	(6)%
Exceptional items	—	3	n/m
Remeasurements	13	(29)	n/m
Adjusted operating profit	960	982	(2)%
Timing	(94)	(61)	n/m
Major storm costs	—	3	(100)%
Underlying operating profit	866	924	(6)%
Analysed as follows:			
Net revenue	2,723	2,648	3%
Regulated controllable costs	(668)	(706)	5%
Post-retirement benefits	(9)	(21)	57%
Bad debt expense	(84)	(62)	(35)%
Other operating costs	(509)	(408)	(25)%
Depreciation and amortisation	(493)	(469)	(5)%
Adjusted operating profit	960	982	(2)%
Timing	(94)	(61)	n/m
Major storm costs	—	3	(100)%
Underlying operating profit	866	924	(6)%

Financial review cont.

New England's statutory operating profit was £61 million lower (or £3 million lower on a constant currency basis). This included commodity derivative remeasurement losses of £13 million (£42 million adverse year-on-year), partially offset by £33 million favourable year-on-year timing movements. Timing over-recoveries of £94 million in 2025/26 are mainly due to the recognition of a receivable for FERC RoE refunds in Mass Electric from New England Transmission Owners (which will be returned to customers in future periods). In 2024/25, timing was over-recovered by £61 million mainly due to phasing of energy efficiency programme spend and commodity costs. In 2024/25, there were £3 million of exceptional items related to £7 million of charges for our major transformation progress and a £4 million gain related to environmental provision movements.

New England's underlying operating profit decreased by £58 million (6%) or £5 million (1%) on a constant currency basis. Underlying net revenue was £42 million higher (£190 million higher at constant currency) driven by updated rates, higher revenues from capital trackers and storm recoveries, partly offset by the adverse impact of the FERC order. New England controllable costs were lower by £38 million (£3 million higher at constant currency) as a result of additional workload and inflation, which were offset by efficiency savings. Bad debt expense increased by £22 million (£25 million at constant currency) as a result of higher accounts receivables and higher reserve rates. Depreciation and amortisation increased by £24 million (£51 million at constant currency) as a result of higher investment. Other costs (on an underlying basis) were £101 million higher (£124 million higher at constant currency) due to higher investment-related expenses and higher property taxes, both driven by the growth in asset base along with higher funded programme costs.

New York

£m	2025/26	2024/25	Change
Revenue	7,618	6,689	14%
Operating costs	(6,434)	(5,420)	(19)%
Statutory operating profit	1,184	1,269	(7)%
Exceptional items	—	(133)	n/m
Remeasurements	(12)	(113)	n/m
Adjusted operating profit	1,172	1,023	15%
Timing	537	343	n/m
Major storm costs	—	84	(100)%
Underlying operating profit	1,709	1,450	18%
Analysed as follows:			
Net revenue	4,505	4,202	7%
Regulated controllable costs	(1,032)	(1,049)	2%
Post-retirement benefits	(19)	(33)	n/m
Bad debt expense	(156)	(141)	(11)%
Other operating costs	(1,357)	(1,225)	(11)%
Depreciation and amortisation	(769)	(731)	(5)%
Adjusted operating profit	1,172	1,023	15%
Timing	537	343	n/m
Major storm costs	—	84	(100)%
Underlying operating profit	1,709	1,450	18%

New York statutory operating profit was lower by £85 million (or £12 million lower at constant currency). In the prior year New York incurred £133 million of net exceptional credits (a £142 million credit on environmental provision movements, partly offset by a £9 million charge on our major transformation programme). Timing under-recoveries in 2025/26 were £537 million (principally related to revenue decoupling in KEDNY/KEDLI and the impact of levelisation of new rate increases in NIMO, along with lower auction sale prices on transmission wheeling). In 2024/25, timing under-recoveries were £343 million (driven by transmission wheeling and commodity under-recoveries due to colder weather and KEDNY/KEDLI rate levelisation under-recoveries). This resulted in a £194 million adverse year-on-year timing swing (£214 million adverse at constant currency).

New York underlying operating profit increased by £259 million (18%), or £342 million (25% at constant currency). This was driven by higher net underlying revenues which increased by £497 million (11%), or £757 million at constant currency, principally driven by updated rates including higher storm cost allowances and the recovery of previously unremunerated costs (e.g. environmental and property taxes). Regulated controllable costs were £17 million lower (£43 million higher at constant currency) year-on-year, primarily as a result of increased workload (gas safety and reliability initiatives, CLCPA and increased IT spend on new digital platforms) plus the impact of inflation, partly offset by efficiency savings. Bad debt expense increased by £15 million (£23 million at constant currency) driven by increased customer billings. Depreciation and amortisation increased due to the growth in assets. Other costs (on an underlying basis) increased due to higher storm costs (partly offset by increased storm cost allowances in revenues), higher property taxes, inflation-related environmental costs and investment-related costs.

National Grid Ventures

£m	2025/26	2024/25	Change
Revenue	1,098	1,397	(21)%
Operating costs	(232)	(1,220)	81%
Depreciation and amortisation	(151)	(173)	13%
Statutory operating profit	715	5	n/m
Exceptional items	(376)	360	n/m
Remeasurements	(12)	15	n/a
Adjusted/underlying operating profit	327	380	(14)%

National Grid Ventures' statutory operating profit improved by £710 million, principally as a result of a £489 million exceptional gain on sale on the disposal of Grain LNG in November 2025, partly offset by a £96 million exceptional loss on disposal of National Grid Renewables sold in May 2025 (mainly driven by the recycling of cumulative exchange rate adjustments since 2019/20 when this business was originally acquired). This compared with exceptional charges in 2024/25 of £303 million (impairment of our Community Offshore Wind investment), along with £57 million of transaction and separation costs for the planned disposal of National Grid Renewables. Commodity remeasurements were gains of £12 million in 2025/26 compared with losses of £15 million in 2024/25.

National Grid Ventures' underlying operating profit was £53 million lower than 2024/25. On 29 May 2025 the sale of National Grid Renewables was completed, and on 28 November 2025 the sale of Grain LNG was completed. The sale of Grain LNG in 2025/26 reduced underlying operating profit by £35 million year-on-year. In the UK, interconnector profits decreased versus the prior year primarily as a result of lower interconnector revenues as market spreads remained low. In the US, profit was lower, due to a £24 million Revolution Wind gain on sale recognised in 2024/25, partly offset by lower development expenditure.

Financial review cont.

Other activities

£m	2025/26	2024/25	Change
Statutory operating loss	(142)	(10)	(1,330)%
Exceptional items	—	(133)	n/m
Adjusted/underlying operating loss	(142)	(143)	1%
Analysed as follows:			
Property	46	54	(15)%
Corporate and Other activities	(188)	(197)	5%
Adjusted/underlying operating loss	(142)	(143)	1%

Other activities incurred a statutory operating loss of £142 million (2025: £10 million loss, which included a £187 million exceptional gain on disposal of UK Electricity System Operator, £46 million of exceptional charges related to our major transformation programme and £8 million of exceptional transaction and separation costs incurred by our corporate function related to the planned disposal of our Grain LNG business). Following a review of strategic priorities in 2025/26, the major transformation programme launched in 2024 has been reshaped and the associated programme costs in the current year no longer meet the quantitative threshold to be treated as exceptional.

Other activities' underlying operating loss was £142 million (including corporate costs) in 2025/26 compared with £143 million loss in 2024/25. This improvement was driven by favourable year-on-year fair value movements in our NG Partners investment portfolio and higher insurance captive profits, mostly offset by increases in central costs to help deliver our overall group efficiency programme and other corporate centre cost increases along with lower UK property sales in 2025/26 compared with the prior year.

Exceptional items and remeasurements in operating profit – continuing

In 2025/26, we classified a number of items as exceptional, which has the net impact of increasing our statutory operating profit by £376 million (2025: £42 million increase) compared with our adjusted and underlying operating profit measures. These items comprise an exceptional gain of £489 million on the sale of Grain LNG; an exceptional loss of £96 million on the sale of National Grid Renewables; transaction, separation and integration costs of £17 million (2025: £65 million). The prior year included a £146 million credit related to changes in environmental provisions; a £151 million provision release and a £187 million gain on sale (both linked to UK Electricity System Operator); and a £303 million impairment of an investment in National Grid Ventures. For further details see note 5 to the financial statements. In 2024/25, we embarked on a new four-year major transformation programme designed to implement our 'pureplay networks business' strategy, incurring £74 million of exceptional costs. In 2025/26, it was determined that this programme no longer met the exceptional items criteria and current year costs have not been treated as exceptional.

We also exclude certain unrealised gains and losses on mark-to-market financial instruments ('remeasurements') from adjusted and underlying profit. In 2025/26, net remeasurement gains on commodity contract derivatives (i.e. 'mark-to-market' movements on derivatives used to hedge the cost of buying wholesale gas and electricity on behalf of US customers and derivatives in our UK interconnectors business) were £11 million, compared with net remeasurement gains of £127 million in 2024/25.

Financing costs and taxation – continuing

Net finance costs

Statutory net finance costs of £1,325 million were down from £1,357 million in 2024/25 and included derivative remeasurement net losses of £54 million (2025: £4 million net gains). Underlying net finance costs of £1,271 million for 2025/26 were £90 million or 7% lower (£37 million or 3% lower at constant currency) than 2024/25. Net debt related finance costs were £89 million higher (£146 million higher at constant currency), driven by higher levels of average net debt (to fund our capex programme) and slightly higher interest rates, partly offset by gains on favourable debt buy-backs. The effective interest rate for continuing operations of 4.3% is 20bps higher than the prior year rate. Other interest was favourable year-on-year reflecting £122 million higher capitalised interest, principally attributable to the step up in ASTI investment in UK Electricity Transmission, along with favourable pension and OPEB interest income, lower discount unwind on provisions and higher other interest income.

Joint ventures and associates

The Group's share of net profits from joint ventures and associates on a statutory basis increased to £76 million (2025: £73 million). Due to the sale of our Emerald joint venture on 29 May 2025, there are no derivative remeasurements in the current year (2025: £2 million of losses). On an adjusted basis, the share of net profits from joint ventures and associates increased by £1 million compared with 2024/25, mostly reflecting higher BritNed revenues driven by higher auction prices, offset by a shorter ownership period of our Emerald joint venture, which was sold as part of the National Grid Renewables disposal.

Tax

The statutory tax charge for continuing operations was £939 million (2025: £821 million) including the impact of tax on exceptional items and remeasurements of £16 million credit (2025: £40 million credit). The adjusted tax charge for continuing operations was £955 million (2025: £861 million), resulting in an adjusted effective tax rate for continuing operations (excluding profits from joint ventures and associates) of 25.3% (2025: 25.3%).

The underlying tax charge for the year (a non-GAAP measure) was £624 million (2025: £616 million). The underlying effective tax rate (excluding joint ventures and associates) of 14.2% was 120bps lower than last year (2025: 15.4%). This is mainly due to profit mix within the Group being more weighted towards NGET and higher levels of capital investment in NGED leading to a lower underlying tax charge. Our definition of underlying tax excludes deferred tax for NGET and NGED (as these entities do not receive a regulatory revenue allowance for tax that has not yet been paid i.e. current tax is effectively a pass-through from a regulatory perspective). The Group's tax strategy is detailed later in this review.

Financial review cont.

Capital investment and asset growth

Capital investment

Capital investment comprises capital expenditure in critical energy infrastructure, equity investments, equity funding contributions to joint ventures and associates, and net movements in capital expenditure-related prepayments to secure delivery of future capital investment projects.

£m	At actual exchange rates			At constant currency		
	2025/26	2024/25	Change	2025/26	2024/25	Change
UK Electricity Transmission	4,372	2,999	46%	4,372	2,999	46%
UK Electricity Distribution	1,617	1,426	13%	1,617	1,426	13%
New England	2,043	1,751	17%	2,043	1,650	24%
New York	3,428	3,289	4%	3,428	3,101	11%
National Grid Ventures	109	378	(71)%	109	362	(70)%
Other activities	7	4	75 %	7	4	75 %
Total Group	11,576	9,847	18%	11,576	9,542	21%

UK Electricity Transmission investment was £1,373 million higher than 2024/25 with this 46% increase primarily driven by expenditure on strategic investment (both Wave 1 and Wave 2 projects) including offshore spend on EGL4 and Sea Link capacity reserve advance payments, and increased onshore spend including North London Reinforcement, Yorkshire Green, Tilbury-Grain and Norwich-Tilbury along with other smaller projects. In addition, investment was higher from progress on projects such as Uxbridge Moor, Wallend and Margam and also increased for IT and cyber including a new state-of-the-art control room and Supervisory Control and Data Acquisition (SCADA) system. Capitalised interest and interest on prepayments of £229 million was £86 million higher than the prior year due to higher levels of assets under construction.

UK Electricity Distribution increased by £191 million primarily due to increased asset replacement and refurbishment, higher reinforcement works (in line with the scale up under RIIO-ED2), along with higher non-load capex driven by higher volumes across overhead lines and diversions and increased investment in IT and telecoms.

In New England capital investment increased by £292 million (up £393 million at constant currency) compared with the prior year. This was driven by spend on electric distribution including increases in asset condition and system capacity, as well as grid modernisation through Advanced Metering Infrastructure and Fault Location Isolation and Service Restoration (FLISR), higher electric transmission investment primarily from asset condition and system capacity work, along with an increase in IT investment. Investment in gas distribution remained relatively stable, with lower Gas System Enhancement Plan activity being partly offset by increased enhanced safety regulation compliance investment.

Capital investment in New York was £139 million higher (up £327 million at constant currency) compared with the prior year. The principal driver of this was higher electric investment, driven by system reinforcement and increasing capacity to fulfil clean energy investment commitments (Upstate Upgrade and Climate Leadership and Community Protection Act programmes) but also higher from an increase in the level of IT system development. Investment in our gas networks was lower than in the prior year, with reduced investment on our mains replacement programme, partly offset by higher spend on city state construction and other mandated programme spend.

Capital investment in National Grid Ventures was £269 million lower (£253 million lower at constant currency) with £210 million of this decrease attributable to the disposals of NG Renewables and Grain LNG, and £53 million reflects the completion of construction of Viking Link interconnector during 2024/25.

UK Electricity System Operator reported no capital investment since being classified as held for sale during 2023/24.

Asset growth and regulated asset growth (non-GAAP measures)

A key part of our investor proposition is growth in our regulated asset base. The regulated asset base is a regulatory construct, representing the invested capital on which we are authorised to earn a cash return. By investing efficiently in our networks, we add to our regulatory asset base over the long term and this in turn contributes to delivering shareholder value. Our regulated asset base comprises our regulatory asset value (RAV) in the UK, plus our rate base in the US (these are used to measure our 'regulated asset growth'). We also invest in related activities that are not subject to network regulation and this further contributes to 'asset growth'.

In total, asset growth in 2025/26 was 10.9% (2025: 9.0%). Asset growth tracks the overall increase in assets (excluding foreign exchange movements and the impact of significant increases or decreases from business acquisition or disposal transactions) using a combination of UK RAV and US rate base for our regulated businesses, and IFRS balances for our non-regulated businesses. Asset growth excludes the impact of the reduction in assets in our National Grid Ventures businesses as a result of the disposal of our Grain LNG and National Grid Renewables businesses during 2025/26. A detailed calculation of asset growth is provided on page 247.

In terms of asset growth by business sector, UK RAV growth was 12.8% (2025: 9.8%) driven by increased 'slow money' additions and RAV indexation, along with higher RAV depreciation. US rate base grew strongly by 10.3% (2025: 11.5%), with continued high levels of capital expenditure (as measured under US GAAP) and more assets coming into service during the year resulting in increased rate base at 31 March 2026. On a combined basis, the increase in our UK RAV and US rate base (at constant currency) produced 'regulated asset growth' of 11.7% (2025: 10.5%).

Non-regulated businesses' growth was 4.3% (2025: (2.1)%) primarily as a result of ongoing investment in our US Servco on IT, which will support our US regulated businesses, partly offset by lower assets held in our UK Property business.

Financial review cont.

Cash flow, net debt and funding

Net debt is the aggregate of cash and cash equivalents, borrowings, current financial and other investments and derivatives (excluding commodity contract derivatives) as disclosed in note 29 to the financial statements. 'Adjusted net debt' used for the RCF/adjusted net debt calculation is principally adjusted for pension deficits and hybrid debt instruments. For a full reconciliation, see page 242. The following table summarises the Group's cash flow for the year, reconciling this to the change in net debt.

Summary cash flow statement

£m	2025/26	2024/25	Change
Cash generated from continuing operations	7,861	6,991	12%
Purchase of intangibles, PP&E, investments in JVs and acquisition of financial investments (net of disposals)	(10,601)	(9,713)	(9)%
Dividends from JVs and associates	105	126	(17)%
Business net cash outflow from continuing operations	(2,635)	(2,596)	(2)%
Net interest paid	(1,701)	(1,588)	(7)%
Net tax paid	(32)	(183)	83%
Cash dividends paid	(1,623)	(1,529)	(6)%
Other cash movements	39	11	255%
Net cash outflow (continuing)	(5,952)	(5,885)	(1)%
Disposals of subsidiaries and associates ¹	2,809	1,263	122 %
Discontinued operations	—	22	(100)%
Rights Issue (net of costs)	—	6,839	(100)%
Other, including net financing raised/(repaid) in year	2,195	(1,474)	n/m
(Decrease)/increase in cash and cash equivalents	(948)	765	n/m
Reconciliation to movement in net debt			
(Decrease)/increase in cash and cash equivalents	(948)	765	n/m
Less: other net cash flows from investing and financing transactions	(2,195)	1,474	n/m
Net debt reclassified to held for sale	—	(55)	100%
Impact of foreign exchange movements on opening net debt	624	528	18%
Other non-cash movements	(270)	(476)	43%
(Increase)/decrease in net debt	(2,789)	2,236	n/m
Net debt at start of year	(41,371)	(43,607)	5%
Net debt at end of year	(44,160)	(41,371)	(7)%

1. Cash proceeds of £1,499 million for Grain LNG (less £163 million balance of cash and cash equivalents disposed) and £1,531 million for National Grid Renewables (less £58 million balance of cash and cash equivalents disposed) (2025: cash proceeds of £628 million for ESO (less £51 million balance of cash and cash equivalents disposed) and £686 million for the disposal of 20% retained interest in National Gas Transmission).

Cash flow generated from continuing operations was £7.9 billion, £870 million higher than last year, mainly due to higher net revenues (i.e. after deducting pass-through costs) increasing operating profit and favourable working capital inflows. Cash expended on investment activities increased as a result of continued growth in our regulated businesses including a significant step-up of cash capital investment in UK Electricity Transmission, which was £1.1 billion higher than the prior year, along with higher investment in New York, New England and UK Electricity Distribution. This includes ongoing cash investment in Grain LNG and National Grid Renewables, subsequent to these businesses being reclassified as held for sale.

Net interest paid increased mainly as a result of lower interest income following Rights Issue proceeds being utilised to fund the capital investment programme across the Group, along with the impact of the timing of cash interest payments (accrued interest movements), partly offset by a higher average level of net debt. The Group made net tax payments of £32 million (2025: £183 million) during 2025/26. This decrease mainly related to lower cash tax payable in our US business as a result of offsetting losses and lower cash tax payable in the UK as a result of our expanding capital programme.

The higher cash dividend reflected a lower weighted average scrip uptake of 28% in the current year (2025: 31%) along with the annual inflationary increase and a higher share count.

In 2025/26, we completed the sale of our National Grid Renewables business for net cash proceeds of £1,473 million and also sold our UK Grain LNG business for net cash proceeds of £1,336 million. These net cash proceeds exclude cash balances sold with these businesses and exclude a provision for estimated post closing capital expenditure obligations (see note 10 of the financial statements). In 2024/25, we had cash inflows of £628 million from the sale of our UK Electricity System Operator business to the UK. We also sold our final 20% interest in National Gas Transmission for proceeds of £686 million.

During the year, we raised £4.2 billion of new long-term senior debt to refinance maturing debt and to fund a portion of our significant capital programme. In addition, we signed £2.4 billion of new loan facilities, undrawn as at 31 March 2026, which we expect to draw in the future, including £1.7 billion across two loan facilities that are guaranteed by European Export Credit Agencies and which are aligned with our Green Financing Framework. Finally, on 13 April 2026, National Grid North America Inc. signed a new £0.7 billion equivalent term loan.

Other cash movements principally relate to net financing inflows or outflows to maintain our cash balances at an appropriate level in accordance with the Group liquidity policy, but do not have an impact on the Group's net debt. Other non-cash movements which do impact net debt, primarily reflect changes in the sterling-dollar exchange rate, accretions on index-linked debt, lease additions and other derivative fair value movements, offset by the amortisation of fair value adjustments on acquired debt.

As at 13 May 2026, we have £8.0 billion of undrawn committed facilities available for general corporate purposes, all of which have expiry dates no earlier than May 2027. National Grid's balance sheet remains robust, with strong overall investment grade ratings from Moody's, Standard & Poor's (S&P) and Fitch.

The Board has considered the Group's ability to finance normal operations as well as funding a significant capital programme. This includes stress testing of the Group's finances under a 'reasonable worst-case' scenario, assessing the timing of the sale of businesses held for sale and the further levers at the Board's discretion to ensure our businesses are adequately financed. As a result, the Board has concluded that the Group will have adequate resources to do so.

Financial review cont.

Financial position

The following table sets out a condensed version of the Group's IFRS balance sheet.

Summary balance sheet

£m	31 March 2026	31 March 2025	Change
Goodwill and intangibles	13,296	13,096	2%
Property, plant and equipment	81,520	74,091	10%
Assets and liabilities held for sale	—	2,194	(100)%
Other net liabilities	(1,663)	(805)	(107)%
Tax balances	(9,049)	(8,246)	(10)%
Net pension assets	2,147	1,916	12%
Provisions	(2,761)	(3,049)	9%
Net debt	(44,160)	(41,371)	(7)%
Net assets	39,330	37,826	4%

Goodwill and intangibles increased mainly as a result of additional investment in IT systems, partly offset by amortisation and exchange rate movements. Property, plant and equipment increased mainly as a result of the continuing capital investment programme offset by depreciation and exchange rate movements. Assets and liabilities held for sale at 31 March 2025 comprised our UK Grain LNG business and our US National Grid Renewables business, both of which were sold during 2025/26. Tax balances increased principally from accelerated tax depreciation due to ongoing capital investment and movements in other net temporary differences, partly offset by exchange rate movements. Net pension assets increased mainly as a result of returns on investments and actuarial gains on scheme net assets. Provisions were reduced principally as a result of utilisation of US environmental and UK interconnector revenue provisions, exchange rate movements, partly offset by the impact of the discount unwind. Other movements are largely explained by net working capital inflows and changes in the sterling–dollar exchange rate.

Regulatory gearing was maintained at 61% as at 31 March 2026 (2025: 61%). Regulatory gearing is a non-GAAP measure and is calculated as net debt as a proportion of total regulatory asset value and other business invested capital. Beneficial inflows from the proceeds for the sales of businesses (National Grid Renewables and Grain LNG) were offset by financing outflows for net interest and dividend payments. Taking into account the benefit of our hybrid debt, adjusted gearing as at 31 March 2026 was 61% (2025: 60%), with the current overall Group credit rating of BBB+/Baa1 (S&P/Moody's).

Retained cash flow as a proportion of adjusted net debt was 9.3%, 50bps lower than 2024/25 but well above the long-term average level of 7.0% indicated by Moody's, as consistent with maintaining our current Group rating.

Off-balance sheet items

There were no significant off-balance sheet items other than the commitments and contingencies detailed in note 30 to the financial statements. In accordance with IFRS, regulatory assets and regulatory liabilities are not recognised on the balance sheet. Further information in respect of certain of the Group's energy purchase contracts and commodity price risk is disclosed in note 32(f) to the financial statements.

Economic returns (non-GAAP measures)

A principal way in which we measure our performance in generating value for shareholders is to divide regulated financial performance by regulatory equity, to produce RoE.

As explained on page 242, regulated financial performance adjusts reported operating profit to reflect the impact of the Group's various regulatory economic arrangements in the UK and US. In order to show underlying performance, we calculate RoE measures excluding exceptional items of income or expenditure.

Group RoE is used to measure our performance in generating value for our shareholders by dividing regulated and non-regulated financial performance, after interest and tax, by our measure of equity investment in all our businesses, including the regulated businesses, NGV and other activities and joint ventures. For further details, please see page 244.

Regulated businesses' RoEs are measures of how the businesses are performing compared with the assumptions and allowances set by our regulators. US jurisdictional and UK entity regulated returns are calculated using the capital structure assumed within their respective regulatory arrangements and, in the case of the UK, assuming long-run inflation of 2% CPIH under RIIO-2. As these assumptions differ between the UK and the US, RoE measures are not directly comparable between the two geographies. In our performance measures, we compare achieved RoEs to the level assumed when setting base rate and revenue allowances in each jurisdiction.

Return on Equity 'RoE' (non-GAAP measures)

%	2025/26	2024/25	Change
UK Electricity Transmission	8.2%	8.3%	-10bps
UK Electricity Distribution	8.1%	7.9%	20bps
New England	9.2%	9.1%	10bps
New York	9.0%	8.7%	30bps
Group RoE	9.8%	9.0%	90bps

In 2025/26, UK Electricity Transmission achieved operational returns of 8.2%, delivering 100bps of outperformance under RIIO-T2, mainly from totex performance related to savings on capital delivery (2025: 8.3% achieved return, or 100bps above the allowed base return). UK Electricity Distribution achieved an operational return of 8.1% in 2025/26, including 50bps outperformance, mostly consisting of non-totex DSO performance incentives (2025: 7.9% achieved return, or 20bps above the allowed base return).

New England's achieved return of 9.2% was 96% of the allowed return in 2025/26 compared with an achieved return of 9.1% in 2024/25. New York's achieved return of 9.0% was 96% of the allowed return in 2025/26 compared with an achieved return of 8.7% in 2024/25. The quoted returns for New England and New York represent the weighted average return across operating companies within each jurisdiction.

Overall Group RoE, which incorporates NGV, property, corporate and other activities, and financing and tax performance, was 9.8% in 2025/26 compared with 9.0% achieved in 2024/25.

Financial review cont.

Tax transparency

As a responsible taxpayer, we have voluntarily included additional tax disclosures, which we believe are of interest to our stakeholders. For information on the Company's activities, please see page 4, and for a definition of discontinued operations, please see note 10 to the financial statements.

Tax strategy

National Grid is a responsible taxpayer. Our approach to tax is consistent with the Group's broader commitments to doing business responsibly and upholding the highest ethical standards. This includes managing our tax affairs, as we recognise not only that our tax contribution supports public services but also that responsible tax practices are part of our social licence and are a key enabler of stakeholder trust, especially for customers, regulators and tax authorities. We endeavour to manage our tax affairs so that we pay and collect the right amount of tax, at the right time, in accordance with the tax laws in all the territories in which we operate. We will claim valid tax reliefs and incentives where these are applicable to our business operations, but only where they are widely accepted through the relevant tax legislation such as those established by government to promote investment, employment and economic growth. We do not have operations in tax havens or low-tax jurisdictions without commercial purpose.

We have a strong governance framework and our internal control and risk management framework helps us manage risks, including tax risk, appropriately. We take a conservative approach to tax risk. While there is no prescribed limit to the amount of acceptable tax risk, any material tax judgements are subject to review and monitoring under our risk management framework with escalation to the Audit & Risk Committee as appropriate.

Our financial statements have been audited. The figures in the tax transparency disclosures in the Annual Report and Accounts have been taken from our financial systems, which are subject to our internal control framework.

We act with openness and honesty when engaging with relevant tax authorities and seek to work with tax authorities on a real-time basis. We engage proactively in developments of external tax policy and engage with relevant bodies where appropriate. Ultimate responsibility and oversight of our tax strategy and governance rests with the Audit & Risk Committee, with executive management delegated to our Chief Financial Officer who oversees and approves the tax strategy on an annual basis. For more detailed information, please refer to our published tax strategy on our website.

Country-by-country reporting summary

We have disclosed in the table below data showing the scale of our activities in each of the countries we operate in. This allows our stakeholders to see the profits earned, taxes paid and the context of those payments. The Group's entities are tax resident in their jurisdiction of incorporation other than where indicated in the footnotes to note 34 to the financial statements.

2025/26	Revenue			Profit/(loss) before income tax ³ £m	Income tax accrued – current year ⁴ £m	Tangible assets/(liabilities) other than cash and cash equivalents ⁵ £m
	Unrelated party ¹ £m	Related party ² £m	Total £m			
Tax jurisdiction						
United Kingdom	5,472	197	5,669	3,014	9	39,155
United States	12,215	51	12,266	1,104	—	42,365
Isle of Man	—	62	62	64	9	—
Luxembourg	—	—	—	—	—	—
Belgium	—	—	—	—	—	—
Total	17,687	310	17,997	4,182	18	81,520

2024/25	Revenue			Profit/(loss) before income tax ³ £m	Income tax accrued – current year ⁴ £m	Tangible assets/(liabilities) other than cash and cash equivalents ⁵ £m
	Unrelated party ¹ £m	Related party ² £m	Total £m			
Tax jurisdiction						
United Kingdom	6,707	241	6,948	2,703	67	34,680
United States	11,671	58	11,729	947	47	39,411
Isle of Man	—	51	51	51	—	—
Luxembourg	—	—	—	—	—	—
Belgium	—	—	—	1	—	—
Total	18,378	350	18,728	3,702	114	74,091

1. Unrelated party revenue comprises revenue from continuing operations of £17,687 million (2025: £18,378 million) (see note 2 to the financial statements) and revenue from discontinued operations of £nil (2025: £nil) (see note 10 to the financial statements).
2. Related party revenue only includes cross-border transactions and comprises related party revenue from continuing operations of £310 million (2025: £350 million) and related party revenue from discontinued operations of £nil (2025: £nil).
3. Profit/(loss) before income tax (PBT) from operations after exceptionals comprises continuing operations PBT of £4,182 million (2025: £3,650 million) (see consolidated income statement) and discontinued operations PBT of £nil million (2025: £52 million) (see note 10 to the financial statements).
4. Current year income tax accrued comprises current year income tax from continuing operations of £18 million (2025: £113 million) (see note 7 to the financial statements) and current year income tax from discontinued operations of £nil million (2025: £1 million). See the tax charge to tax paid reconciliation below for further information.
5. Tangible assets comprises property, plant and equipment (see consolidated statement of financial position) and excludes tangible fixed assets for businesses classified as 'held for sale' or disposed of during the year of £962 million (Grain LNG £962 million) (2025: £1,359 million UK Electricity System Operator (ESO) £121 million, National Grid Renewables £340 million, Grain LNG £898 million) (see note 10 to the financial statements).

Financial review cont.

Our Isle of Man company is a captive insurance company and pays taxes in the Isle of Man as applicable. The company is treated as a controlled foreign company for UK tax purposes and, as such, additional UK corporation tax is paid on its profits under the UK controlled foreign company rules.

Our presence in Luxembourg is to address a nationalisation risk which arose from a Labour Party proposal in 2019 to nationalise nearly all of National Grid's UK assets.

Transfer pricing is not a significant issue for the Group given the nature of our core businesses and the number of jurisdictions we operate in. Where there are related party transactions, these are taxed on an arm's length basis in accordance with the Organisation for Economic Co-operation and Development (OECD) principles.

Group's total tax charge to tax paid

The total tax charge for the year disclosed in the financial statements in accordance with accounting standards and the equivalent total corporate income tax paid during the year will differ.

The principal differences between these two measures are as follows:

Reconciliation of Group's total tax charge to tax paid

£m	2025/26	2024/25
Total Group tax charge¹	939	822
Adjustment for Group non-cash deferred tax	(1,093)	(783)
Adjustments for Group current tax (charge)/credit in respect of prior years	172	75
Group current tax charge	18	114
Group tax charge not payable in the current year	(9)	(46)
Group tax instalment payments (repayable)/payable in respect of the prior year	—	25
Tax instalment payments over/(under) paid in the current year	3	(27)
Tax recoverable offset against current tax payments due	—	—
Tax instalment payments over/(under) paid due in the following year	—	—
Group tax payment/(refunds) in respect of prior years paid in the current year	22	—
Tax charge/(credit) included elsewhere in the accounts ²	(2)	117
Group tax paid	32	183
Profit before income tax³	4,182	3,702
	%	%
Effective cash tax rate	0.8	4.9
Effective tax rate ⁴	22.5	22.2

1. Total Group tax charge from operations after exceptionals is comprised of tax charge of continuing operations of £939 million (2025: £821 million) and discontinued operations of £nil (2025: £1 million).

2. Relates to amounts charged through OCI (2025: relates to amounts charges in other liabilities in note 10).

3. Profit/(loss) before income tax (PBT) from continuing operations after exceptionals is comprised of continuing operations PBT of £4,182 million (2025: £3,651 million) and discontinued operations PBT of £nil (2025: £52 million).

4. Effective tax rate for continuing operations after exceptionals is 22.5% (2025: 22.5%) and discontinued operations is nil% (2025: 2.1%).

Effective cash tax rate

The effective cash tax rate for the total Group is 0.8%. The difference between this and the accounting effective rate of 22.5% is primarily due to the following factors.

National Grid is a capital-intensive business, across both the UK and the US, and invests significant sums each year in its networks. In 2025/26, the Group's total capital expenditure was £11,549 million (excluding JV investment). To promote investment, tax legislation allows a deduction for qualifying capital expenditure at a faster rate than the associated depreciation in the statutory accounts. The impact of this is to defer cash tax payments into future years.

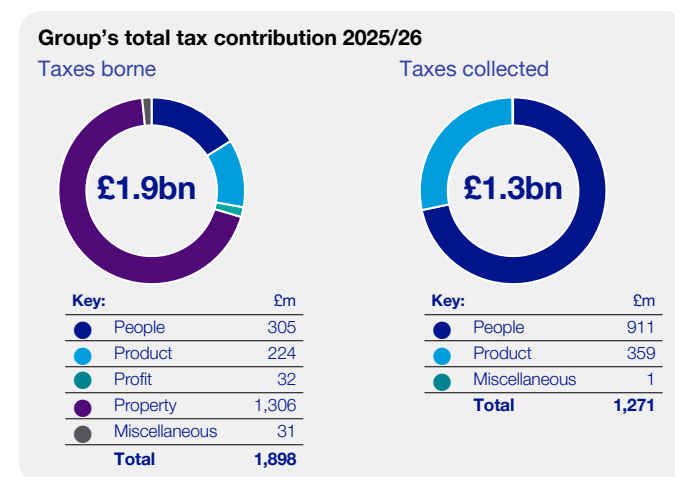
Within the UK, tax relief for capital expenditure on property, plant and machinery is given in law via capital allowances. From 1 April 2023, HM Treasury have increased the rates of capital allowances on in year capital expenditure spend to 100%/50% (previously 18%/6%). This accelerated tax relief, combined with the increased capital expenditure in the UK, significantly reduces the Group's UK cash tax liability and as a consequence reduces the effective cash tax rate for the year. This trend is expected to continue while UK capital expenditure remains at current levels and capital allowance rates remain as they are.

The sale of Grain LNG in the year gave rise to a non-taxable gain as it met the conditions of the UK Substantial Shareholding Exemption. This also reduced the effective cash tax rate for the year.

The Group continued to make payments into the UK defined benefit pension schemes, National Grid Electricity Group section of the Electricity Supply Pension Scheme and the Western Power Pension Scheme during the course of the year. These payments have further reduced the overall cash tax paid in the UK.

Group's total tax contribution

The total amount of taxes we pay and collect globally year-on-year is significantly more than just the tax which we pay on our global profits. To provide a full picture, we have disclosed the Group's global total tax contribution which includes contributions from both continuing and discontinued businesses.



Financial review cont.

Taxes borne are a cost to the Group. Taxes collected are taxes generated by the operations of the Group which we are obliged to administer on behalf of the government (e.g. income tax under PAYE, employees' national insurance contributions).

Tax jurisdiction	Tax contribution					Number of employees ³ as at 31 March 2026
	Income tax paid/ (repaid) on cash basis ¹ £m	Property taxes £m	Other taxes borne ² £m	Taxes collected £m	Total tax contribution £m	
United Kingdom	36	247	162	428	873	14,554
United States	(4)	1,060	397	843	2,296	18,472
Ireland	—	—	—	—	—	—
Isle of Man	—	—	—	—	—	—
Luxembourg	—	—	—	—	—	—
Netherlands	—	—	—	—	—	—
Total	32	1,307	559	1,271	3,169	33,026

Tax jurisdiction	Tax contribution					Number of employees ³ as at 31 March 2025
	Income tax paid/ (repaid) on cash basis ¹ £m	Property taxes £m	Other taxes borne ² £m	Taxes collected £m	Total tax contribution £m	
United Kingdom	156	247	140	858	1,401	13,477
United States	27	990	382	788	2,187	18,177
Ireland	—	—	—	—	—	—
Isle of Man	—	—	—	—	—	—
Luxembourg	—	—	—	—	—	—
Netherlands	—	—	—	—	—	—
Total	183	1,237	522	1,646	3,588	31,654

1. See the tax charge to tax paid reconciliation above for further information.

2. Other taxes borne is made up of People, Product and Miscellaneous taxes.

3. Number of employees is calculated as the total National Grid workforce across all parts of the business, including Non-executive Directors and Executive Directors and employees of the discontinued operations. All are active, permanent employees as well as both full-time and part-time employees.

For 2025/26, our total tax contribution was £3,169 million (2024/25: £3,588 million), taxes borne were £1,898 million (2024/25: £1,942 million) and taxes collected were £1,271 million (2024/25: £1,646 million).

The reduction in taxes borne is primarily the result of reduced income taxes paid because of increased capital spend and an increase in UK capital allowance rates. This reduction is partially offset by an increase in US property taxes which is paid to over 1,200 cities and towns in Massachusetts, New Hampshire, New York, Rhode Island and Vermont to help fund local services.

The reduction in taxes collected is primarily the result of a reduction in our net VAT position because of higher input VAT on our increased capital spend.

In the UK, we participate in the 100 Group's Total Tax Contribution Survey. The survey ranks the UK's biggest listed companies in terms of their contribution to the total UK Government's tax receipts. The most recent result of the survey for 2024/25 ranks National Grid as the 20th highest contributor of UK taxes (2023/24: 15th), the 18th highest in respect of taxes borne (2023/24: 12th) and 2nd (2022/23: 2nd) in respect of capital expenditure of £3,947 million (2022/23: £3,052 million) on fixed assets. Our ranking in the survey is proportionate to the size of our business and capitalisation relative to the other contributors to the survey.

However, National Grid's contribution to the UK and US economies is broader than just the taxes it pays over to and collects on behalf of the tax authorities.

Both in the UK and the US, we employ thousands of individuals directly. We also support jobs in the construction industry through our capital expenditure, which in 2025/26 was £11,549 million (excluding JV investment), as well as supporting a significant number of jobs in our supply chain. Furthermore, as a utility we provide a core essential service which allows the infrastructure of the country/states we operate in to run smoothly. This enables individuals and businesses to flourish and contribute to the economy and society.

Development of future tax policy

We believe that the continued development of a coherent and transparent tax policy across the Group is critical to help drive growth in the economy.

We continue to engage on consultations with policymakers where the subject matter impacts taxes borne or collected by our business, with the aim of openly contributing to the debate and development of tax legislation for the benefit of all our stakeholders.

To ensure that the needs of our stakeholders are considered in the development of tax policy, we are a member of a number of industry groups which participate in the development of future tax policy, such as the Electricity Tax Forum, together with the 100 Group in the UK, which represents the views of Finance Directors of FTSE 100 companies and several other large UK companies. We undertake similar activities in the US, where the Group is an active member in the Edison Electric Institute, the American Gas Association, the Global Business Alliance, the American Clean Power Association, the Business Council for Sustainable Energy and the Solar Energy Industries Association.

Feedback from these groups, such as the results of the 100 Group Total Tax Contribution survey, helps to ensure that we consider the needs of our stakeholders and are engaged at the earliest opportunity on tax issues which affect our business.

Financial review cont.

Pensions

In 2025/26, defined contribution pensions, defined benefit pensions and other post-employment benefit operating costs were slightly lower than prior year at £279 million (2025: £305 million).

During the year, our pensions and other post-retirement benefit plans increased from a net surplus position of £1,916 million at 31 March 2025 to a net surplus of £2,147 million at 31 March 2026.

This was principally the result of actuarial gains on plan assets of £72 million (higher investment returns) and actuarial gains on plan liabilities of £215 million (including changes in US post-retirement demographic assumptions). Employer contributions during the year were £120 million (2025: £282 million), including £4 million (2025: £12 million) of deficit contributions. As at 31 March 2026, the total UK and US assets and liabilities and the overall net IAS 19 (revised) accounting surplus (2025: surplus) is shown below. Further information can be found in note 25 to the financial statements.

We continue to actively manage our defined benefit pension obligations, including by transferring defined benefit pensions risk to insurers where appropriate. During the year, £0.9 billion of UK pension liabilities and £0.5 billion of US pension liabilities were secured with insurers via bulk annuity transactions.

Net defined benefit asset

	UK pensions		US pensions		US other post-retirement benefits		Total	
	2026	2025	2026	2025	2026	2025	2026	2025
	£m	£m	£m	£m	£m	£m	£m	£m
Liabilities	(51)	(51)	(186)	(196)	(123)	(326)	(360)	(573)
Assets	1,122	1,179	599	672	786	638	2,507	2,489
Net defined benefit asset	1,071	1,128	413	476	663	312	2,147	1,916

Dividend

The Board has recommended a final dividend of 32.14p per ordinary share (\$2.1738 per American Depository Share), which will be paid on 23 July 2026 to shareholders on the register of members as at 29 May 2026. If approved, this will bring the full-year dividend to 48.49p per ordinary share, representing an increase of 3.8% to the dividend per share for 2024/25. This is in line with the increase in average UK CPIH inflation for the year ended 31 March 2026 as set out in our dividend policy.

The Board aims to grow annual dividend per share (DPS) in line with UK CPIH, thus maintaining the DPS in real terms. The Board will review this policy regularly, taking into account a range of factors including expected business performance and regulatory developments.

At 31 March 2026, National Grid plc had £17.0 billion of distributable reserves, which is sufficient to cover more than five years of forecast Group dividends. If approved, the final dividend will absorb approximately £1,598 million of shareholders' funds. The 2025/26 full dividend is covered approximately 1.6x by underlying earnings.

The Directors consider the Group's capital structure at least twice a year when proposing an interim and final dividend and aim to maintain distributable reserves that provide adequate cover for dividend payments.

A scrip dividend alternative will again be offered in respect of the 2025/26 final dividend.

New accounting standards

We did not adopt any new accounting standards in 2025/26. Amendments to certain existing accounting standards were adopted during the year, but these had no material impact on the Group's results or financial statement disclosures.

Post balance sheet events

For further details, see note 36 to the financial statements.

Section 172 Statement and Non-financial and sustainability information statement

Section 172(1) Statement

The Board recognises its responsibilities to the Group's stakeholders and to wider society, and the importance of effective engagement in delivering the Group's long-term strategy. The Directors have regard to the interests and perspectives of stakeholders when making decisions and are responsible for setting and overseeing the Group's culture and values, which underpin those decisions. In balancing the often competing priorities of stakeholders, the Board seeks to support the long-term, sustainable success of the Group and maintain high standards of conduct consistent with its purpose and values.

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

Section 172 factor	Disclosure	Page
The likely consequence of any decision in the long term	Our strategic priorities	16
	Our business model	12
The interests of the Company's employees	Our stakeholders	23
	Responsible Business review	38
	Board workforce engagement	95
The need to foster the Company's business relationships with suppliers, customers and others	Our stakeholders	23
	Responsible Business review	38
	Board stakeholder engagement	95
The impact of the Company's operations on the community and the environment	Our stakeholders	23
	Responsible Business review	38
	TCFD	53
Maintaining a reputation for high standards of business conduct	Responsible Business review	38
	Corporate Governance overview	89
The need to act fairly as between members of the Company	Our stakeholders	23
	Responsible Business review	38
	Board stakeholder engagement	95

Additional information on the Board's engagement with key stakeholders can be found on page 95.

Further reading	Environment	Social matters and employees	Anti-corruption and bribery	Human rights
Our policies and due diligence	40 – 44	45 – 46 and 49 – 52	50	50
Outcomes	40 – 44	45 – 46 and 49 – 52	50	50

Non-financial and sustainability information statement

This page contains disclosures in compliance with sections 414CA and 414CB of the Companies Act 2006. The non-financial information listed below is incorporated by cross-reference.

Environmental matters	40 – 44 and 53 – 68
Our employees	47 – 48 and 95
Social matters	45 – 46 and 49 – 52
Human rights	50 and 234
Anti-corruption and anti-bribery	50

In addition, other information describing the business relationships, products and services which are likely to cause adverse impacts in relation to the matters above can be found as follows:

Business model	12 – 13
KPIs	26 – 29
Our stakeholders	23 – 25
Risks	32 – 36
TCFD	53 – 68
Responsible Business Committee report	106
People & Remuneration Committee report	107 – 108

The Company complies with FCA UK Listing Rule 6.6.6R(8) and aligns our climate-related financial disclosures with the TCFD's four pillars and 11 recommended disclosures under those pillars. The Company's TCFD reporting and index for the 11 recommended disclosures can be found on pages 53 – 68.

Viability Statement

The Board’s consideration of the longer-term viability of the Group is an extension of the business planning process.

Our business strategy aims to enhance our long-term prospects by making sure our operations and finances are sustainable. The business planning process includes financial forecasting, risk assessment and regular budget reviews, as well as scenario planning of industry trends including emerging issues and economic conditions.

As required by provision 31 of the 2024 UK Corporate Governance Code, the Board has formally assessed the prospects of the Group over the next five financial years, which is in line with the Company’s Strategic Business Plan.

We also consider how various emerging risks could impact our Group Principal Risks and we include a cluster scenario to assess potential impacts if several of our Group Principal Risks were to crystallise at the same time.

Risk cluster

The impact of multiple Group Principal Risks crystallising over the assessment period was selected by considering the most significant threat to our viability. Scenarios modelled the financial impact of a significant cyber attack resulting in a material data breach, a catastrophic asset failure in the US gas business, a severe loss of supply, and the potential impact on our New York gas operating licences, including a period of reduced access to capital markets.

Stress testing concluded that, while the cluster scenarios would lead to significant impacts, management would have mitigation strategies available to ensure the Company remains viable over the five-year assessment period. National Grid operates in largely stable, regulated markets and the robust financial position of the Group, including the ability to sell assets, raise capital and suspend or reduce the payment of dividends, provides a multiple opportunities to secure viability in addition to ensuring we would have a sound operational response.

Viability

The Directors are satisfied that they have sufficient information to judge the viability of the Company and, based on the assessment described above and on pages 30 – 37, have a reasonable expectation that the Company will be able to continue operating and meet its liabilities as they fall due in the period to May 2031.

The Strategic Report, comprising pages 1 – 86, was approved by the Board and signed on its behalf. By order of the Board

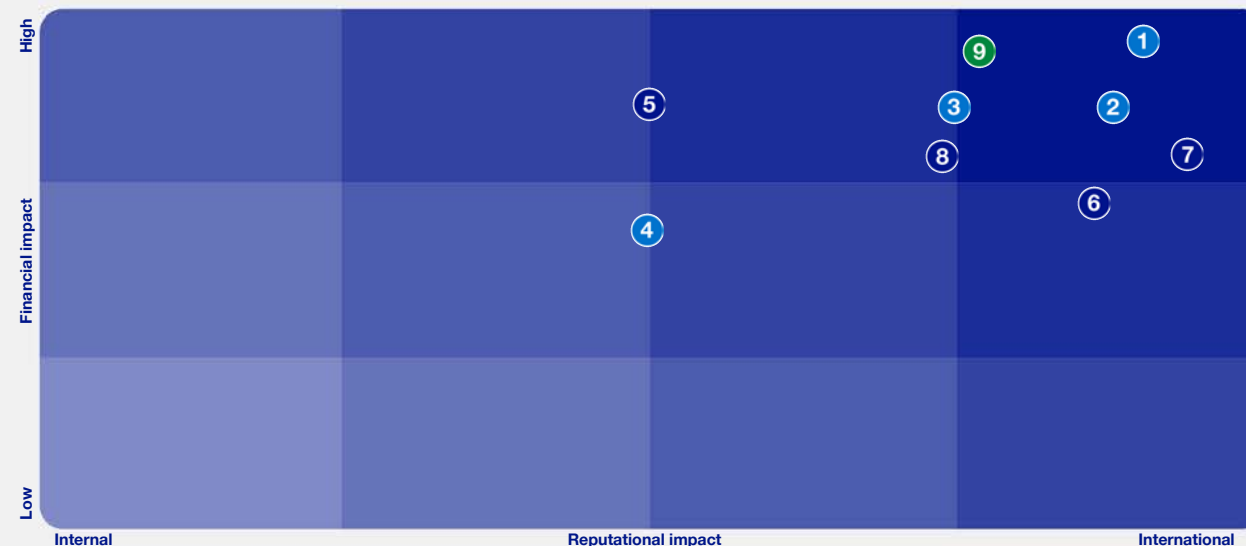
Julian Baddeley

Group Company Secretary

13 May 2026

Principal Risk stress testing

Each Group Principal Risk was considered and, where appropriate, a stress testing scenario was identified to assess impacts on reputation and financial performance over the five-year assessment period as detailed below. All scenarios are considered low probability events.



Group Principal Risk	Stress testing scenarios	Group Principal Risk	Stress testing scenarios
1 Catastrophic security incident*	A significant successful cyber attack.	6 Climate change mitigation	Inability to meet net zero targets.
2 Significant safety or environmental event (asset failure)*	A catastrophic failure of the US gas system, leading to a major safety breach or environmental spill.	7 Political and societal expectations	Challenges in NY/MA to meet increasing demand due to infrastructure constraints alongside diminishing acceptance of the energy transition.
3 Loss of supply*	An extreme weather event leads to the failure of critical energy assets and networks, resulting in a widespread loss of gas and electricity supply across the US, UK and interconnectors, impacting a significant number of customers.	8 People capability and capacity	n/a
4 Major capital projects	Inability to either successfully secure appropriate incentive mechanisms and/ or deliver our major capital projects.	9 Financing our business*	Financing a significant capital investment programme amid higher interest rates, inflation, and concerns about cash flow sufficiency and market risk.
5 Satisfactory regulatory outcomes	Poor outcome of future US rate case filings, and low performance under RIIOT3 in the UK.		

* as part of risk cluster.

[Read more about our Group Principal Risks on pages 31 – 37.](#)