

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended 31 March 2026

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report

For the transition period from **to**

Commission file number: 001-14958

NATIONAL GRID PLC

(Exact name of Registrant as specified in its charter)

England and Wales

(Jurisdiction of incorporation or organization)

1-3 Strand, London WC2N 5EH, England

(Address of principal executive offices)

Justine Campbell

011 44 20 7004 3000

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Group General Counsel and Company Secretary

National Grid plc

1-3 Strand London WC2N 5EH, England

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Ordinary Shares of 12 204/473 pence each	NG	The New York Stock Exchange*
American Depositary Shares, each representing five	NGG	The New York Stock Exchange
5.602% Notes due 2028	NGG28	The New York Stock Exchange
5.809% Notes due 2033	NGG33	The New York Stock Exchange
5.418% Notes due 2034	NGG34	The New York Stock Exchange

* Not for trading, but only in connection with the registration of American Depositary Shares representing Ordinary Shares pursuant to the requirements of the Securities and Exchange Commission.

Securities registered or to be registered pursuant to Section 12(g) of the Securities Exchange Act of 1934: None.

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Securities Exchange Act of 1934: None.

The number of outstanding shares of each of the issuer's classes of capital or common stock as of 31 March 2026 was 5,198,968,690 Ordinary Shares of 12^{204/473} pence each

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act: Yes ☒ No ☐

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Note — Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files): Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or an emerging growth company. See definition of "large accelerated filer" "accelerated filer" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒
Non-accelerated filer ☐

Accelerated filer ☐
Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards[†] provided pursuant to Section 13(a) of the Exchange Act. ☐

[†]The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐

International Financial Reporting Standards as issued by the International Financial Reporting Standards ☒

Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

This constitutes the annual report on Form 20-F of National Grid plc (the "Company") in accordance with the requirements of the US Securities and Exchange Commission (the "SEC") for the year ended 31 March 2026 and is dated 3 June 2026. Details of events occurring subsequent to the approval of the annual report on 13 May 2026 are summarised in section "Further Information" which forms a part of this Form 20-F. The content of the Group's website (www.nationalgrid.com/uk) should not be considered to form part of this annual report on Form 20-F.

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The background of the slide is a collage of three images related to power infrastructure. The left image shows a large circular industrial component, possibly a turbine or generator part, being worked on by several technicians in orange safety gear. The middle image shows two technicians working on a high-voltage power line structure, with a green field and blue sky in the background. The right image shows a woman in an orange safety suit and white hard hat standing inside a large, complex industrial tunnel or facility with many pipes and lights.

nationalgrid

We Bring Energy to Power Possibilities

Annual Report and Accounts 2025/26

Welcome to National Grid

We Bring Energy to Power Possibilities

We are driven by our mission, safely and reliably connecting millions of people to the energy they use, while investing at scale to meet rising demand, power economic growth and deliver system resilience and energy security.

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



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



Online report and other web content
The PDF of our Annual Report and Accounts 2025/26 includes a full search facility. You can find the document by visiting our website nationalgrid.com/investors/resources/reports-plc or by scanning the QR code below.



Read this report online

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%

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

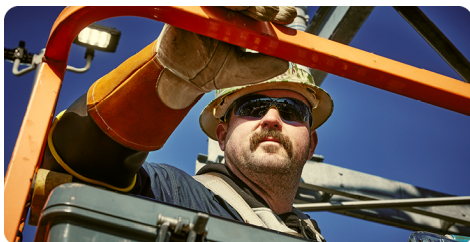
- Embrace the power and opportunity of diversity
- Increase efficiency to help with customer affordability
- Work with others to find solutions for customers
- Commit to learning and new ideas

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)

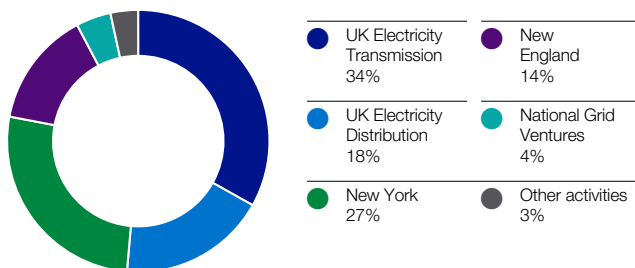
We develop and operate large-scale energy projects across the UK and US. They represent a broad mix of energy assets and businesses, including six electricity interconnectors between the UK and Europe, US competitive transmission, power generation and battery storage.

Other activities

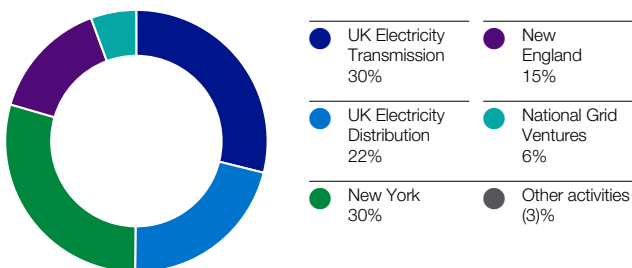
Primarily National Grid Partners, the corporate venture capital and innovation arm of National Grid, plus UK property, insurance and corporate activities.

[Read more on page 20](#)
[Read more on page 21](#)
[Read more on page 22](#)
[Read more on page 22](#)

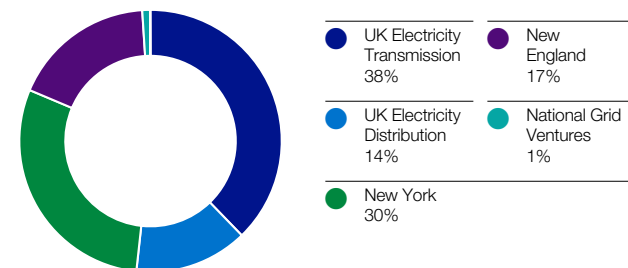
2025/26 Regulatory asset value (RAV), rate base and other assets (% of Group)



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 Rospot 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.

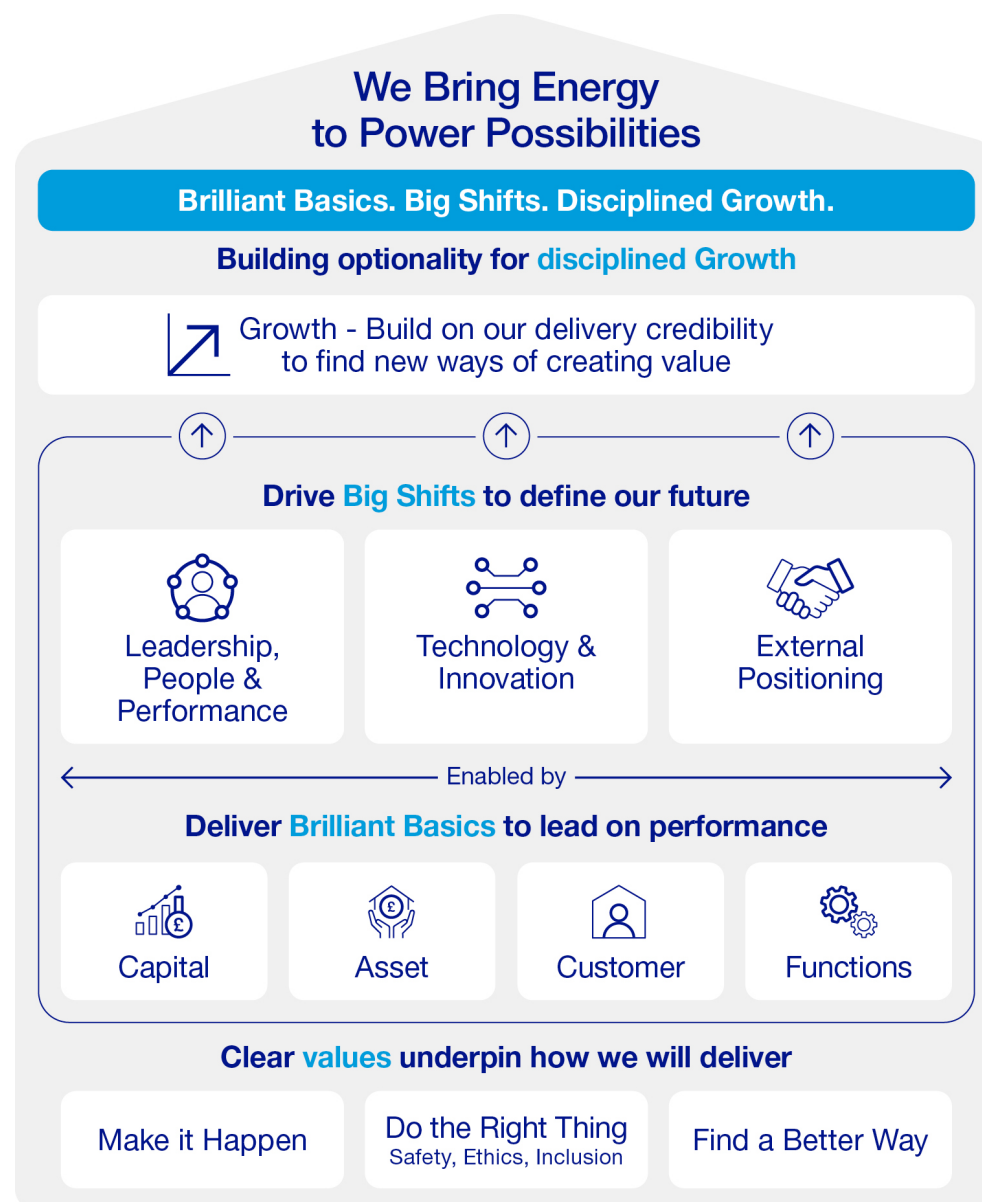
Our focus is therefore on getting more from the networks we have, investing efficiently, making trade-offs transparent and maintaining discipline as we grow.

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

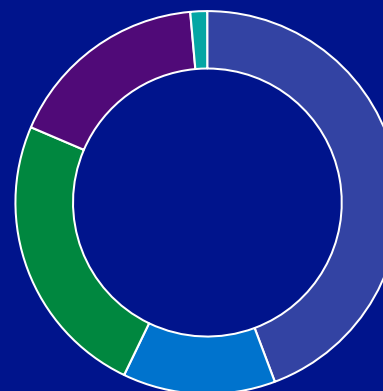
Five-year financial framework 2026/27 – 2030/31

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.

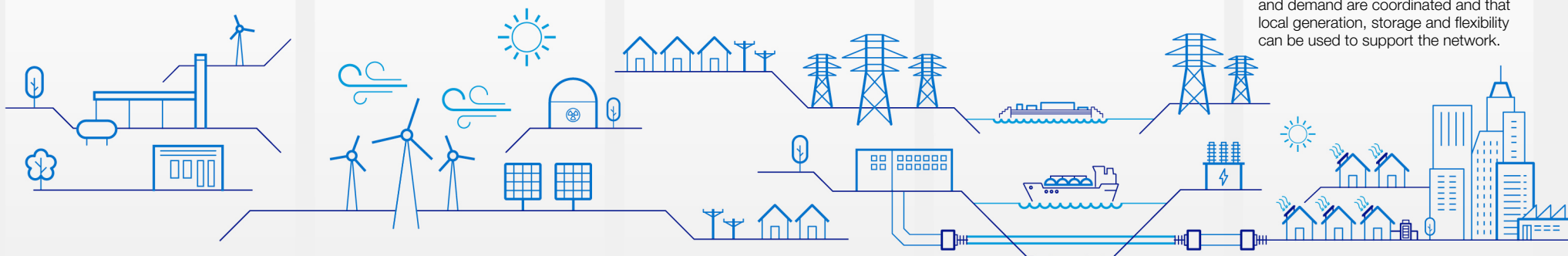
Transmission

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 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 energised 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.



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.



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 RIIIO-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**

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.

1

Enable the energy transition

2

Build the networks of the future

3

Deliver for customers

4

Operate safely and efficiently

5

Build tomorrow's workforce today



Indicates an alternative performance measure

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.

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%.

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

1 2 3 4 5

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

1 2 3 4 5

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

1 2 3 4 5

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

1 2 3 4 5

* 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%

90%

2025/26	90%
2024/25	86%
2023/24	88%

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.

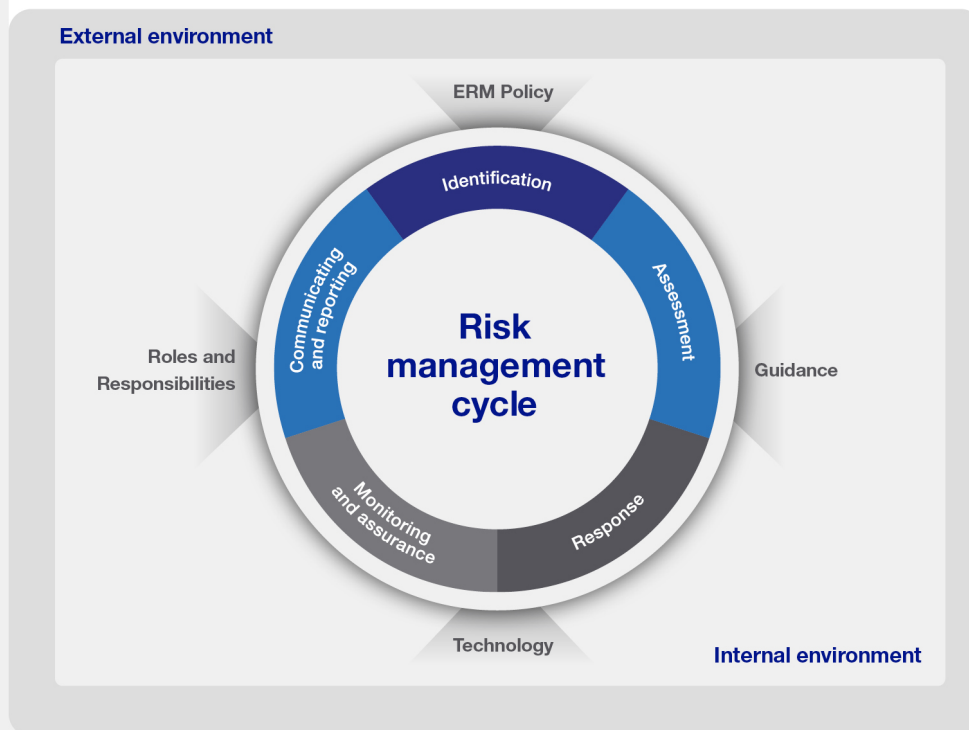
1. The UK ET and UK ED scores are included as part of the regulatory framework.
2. Customer trust metrics are based on survey questions that differ year-on-year, with the current year reflecting overall experience and the prior years focusing on trust of advice provided. The current year score is a weighted 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:

Risk, Controls and Assurance Governance:

- Identify and monitor the Group Principal Risks and emerging risks across the Group

First Line: Business units

- Identify and assess risks
- Manage day-to-day operational risks
- Apply risk appetite, delegated authorities, policies, procedures and codes of conduct
- Design and operate internal controls and other mitigation measures
- Monitor and report risks through relevant reporting and escalation processes

Second Line: Risk and Compliance functions

- Risk and compliance oversight
- Design and/or enable risk management processes across the Group and responsible for continuous improvement
- Provide risk expertise, advice and support
- Monitor and assure compliance with policies, standards and the ERM process
- Report to the Board and Group Executive

Third Line: Internal Audit

- Internal audit (supported by outsourcing or co-sourcing with external assurance providers)
- Review and evaluate risk management activity and provide assurance over the effectiveness of the control environment
- Report to the Board and the Group Executive

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

1 2 3 4 5

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 RII0-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



Decreasing



No change

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			
Artificial intelligence (strategic opportunities or disruption)	1 2 3 4 5			
Affordability (customer affordability issues)	1 2 3 4 5			

* 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:

Our environment



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.

2025/26 progress

- Replaced 315 miles of leak prone pipe
- Reduced SF₆ emissions by 43% through leak repairs and investing in alternatives

Looking forward

- Continuing to connect low-carbon generation to our networks
- Collaborating with suppliers to reduce their own emissions

[Read more on page 40](#)

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 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.

2025/26 progress

- Assisted over 20,000 households through our UK Grid for Good Energy Affordability Fund
- Exceeded our Skills Development

Looking forward

- Continuing to listen to and address customer feedback
- Expanding new and existing community partnerships

[Read more on page 45](#)

Our people



We are focused on providing development opportunities to all our colleagues, creating an inclusive culture, and enhancing the health and wellbeing of our employees.

2025/26 progress

- 81% Group-wide employee engagement score
- A Glassdoor 2026 Best Place to Work

Looking forward

- Expanding recruitment and development programmes
- Continuing to promote healthy practices and wellbeing resources

[Read more on page 47](#)

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.

Progress to target ^{1,2} %	Target 2030/31
3%	60 %

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.

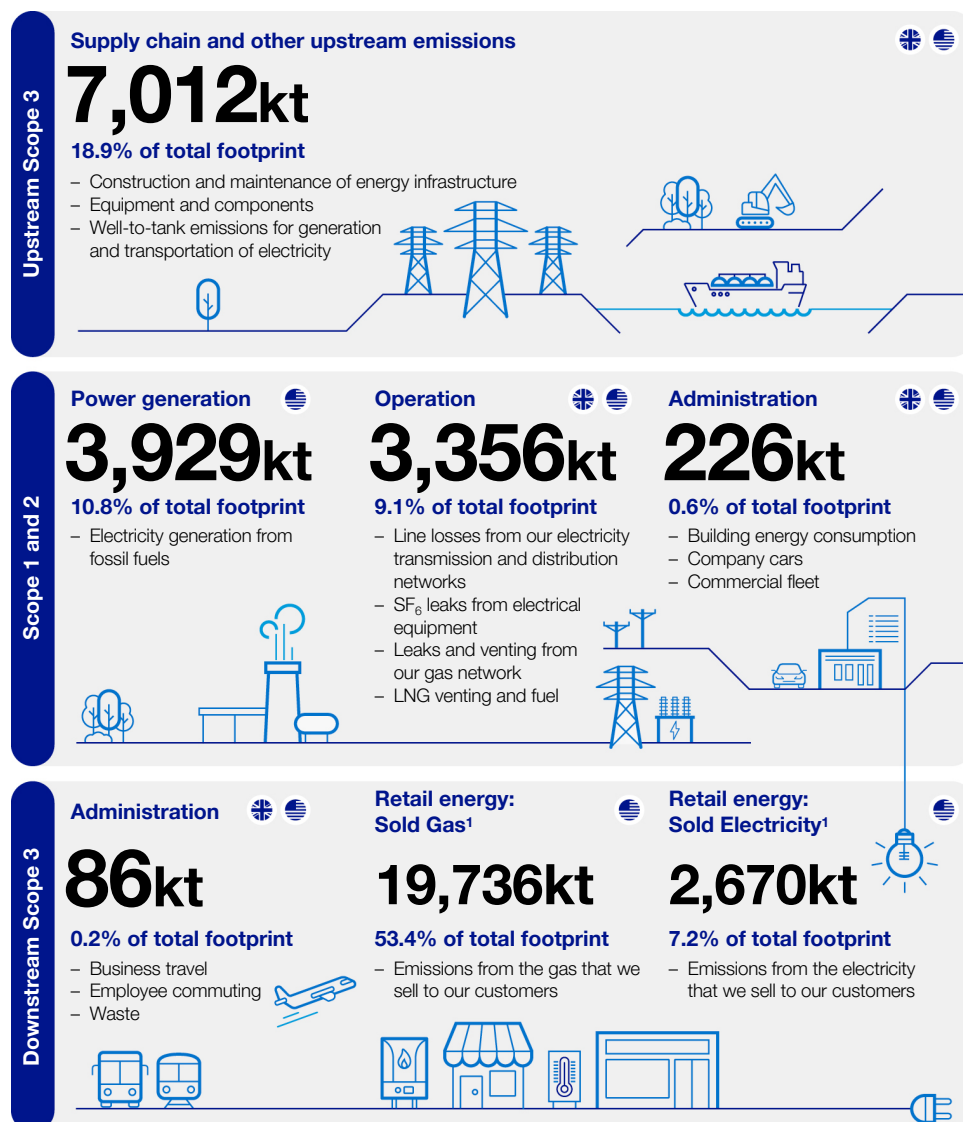
Scope 1 GHG emissions where we have less direct control are outside of the range that we set out in our CTP. The most challenging area is emissions from our Long Island generation facilities, where emissions increased by 19% from the previous year. These units burn oil and gas and are contracted to the 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.

Progress to target %	Target: 2030/31
20%	100 %

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.

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



- 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.
- Board refers to Directors of National Grid plc as defined on page 256 of this document.
- 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.



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 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
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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
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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
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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
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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
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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
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Section 414CB (2A)(g)	c) Our targets used to manage climate-related risks and opportunities and performance against targets: pages 67 – 68
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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.

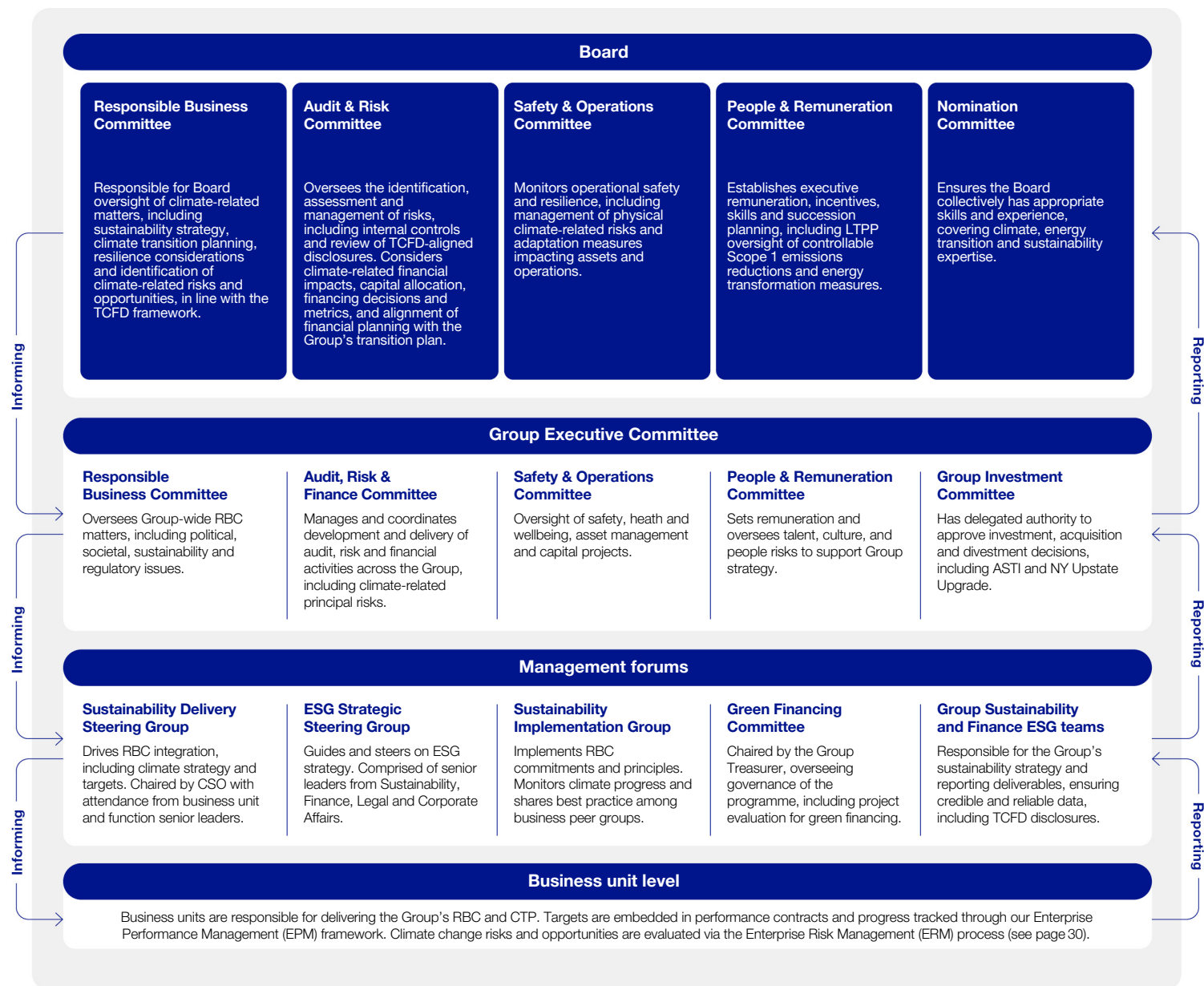
The Board also considers climate-related issues when reviewing and guiding annual budgets and financial decision-making, including major capital expenditure, acquisitions and divestments.

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 disclosures 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)

UK assumptions	Scenario	Targets	Macroeconomy and policy	Generation	Demand
	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 wide-spread 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

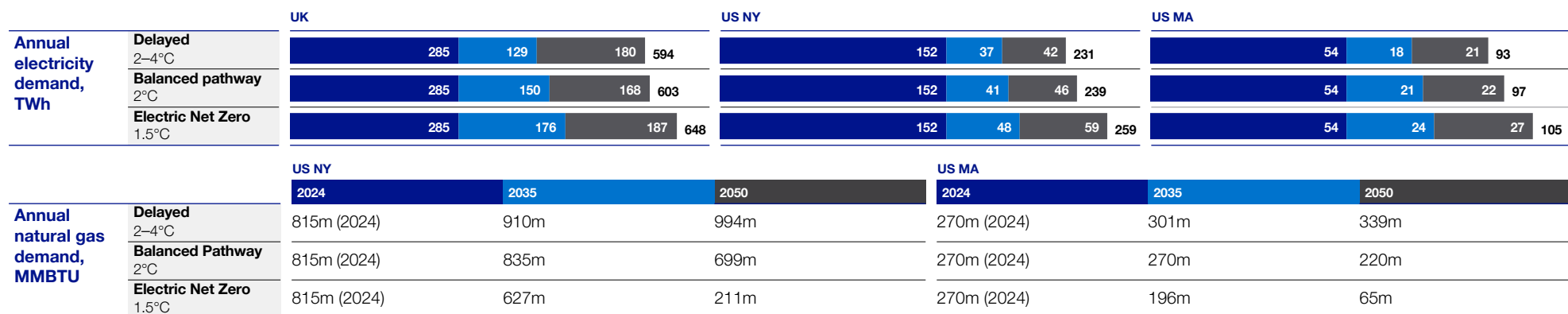
Energy transition drives forward at pace, but ongoing supply chain challenges, policy implementation delays, and short-term financial concerns mean our jurisdictions narrowly miss targets.

Electric Net Zero 1.5°C

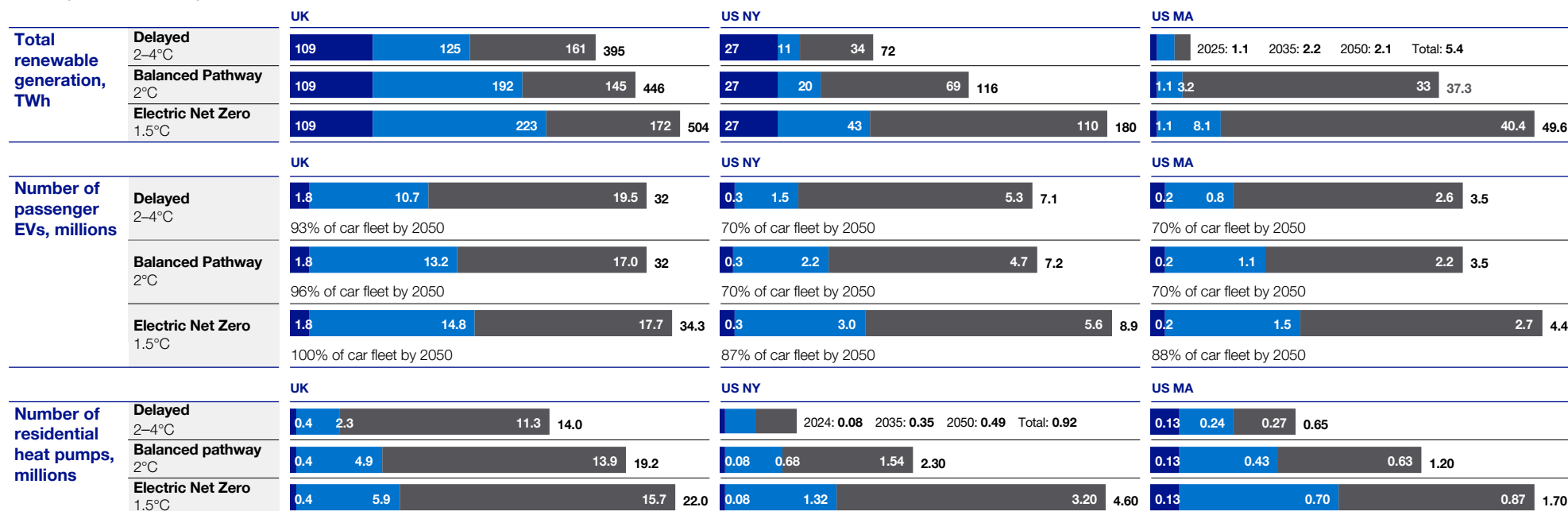
Governments prioritise the achievement of decarbonisation goals through supportive policies and regulatory reforms, new load is met through clean power sources.

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.

Financial review

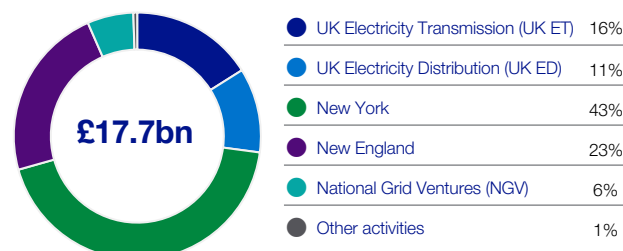
A solid financial return

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

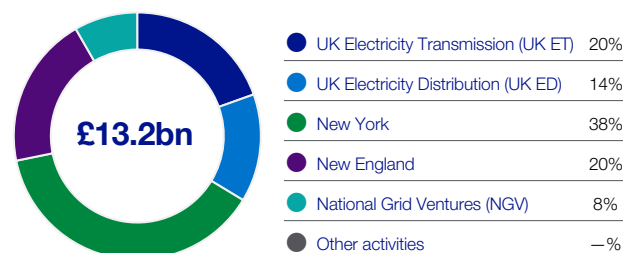
Revenue

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 (%)



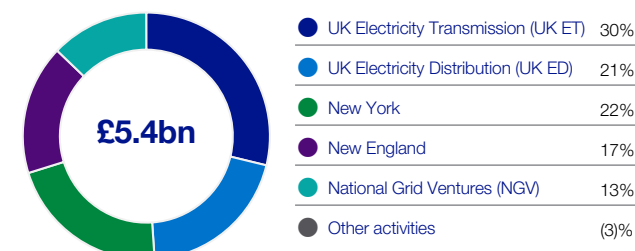
Underlying net revenue¹ (%)



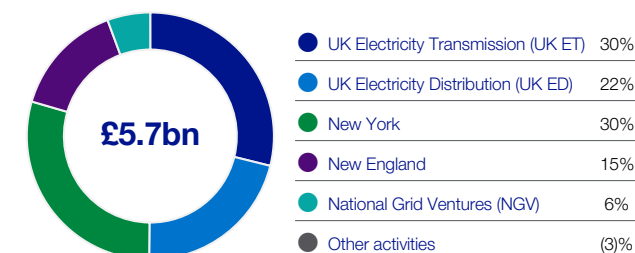
Profit and cash flows

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 (%)



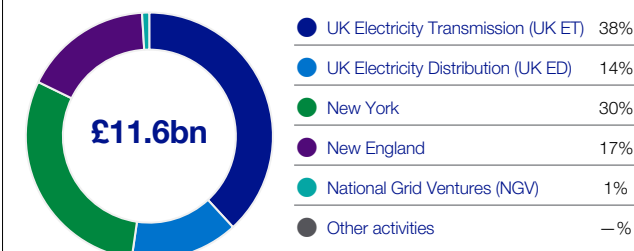
Underlying operating profit¹ (%)



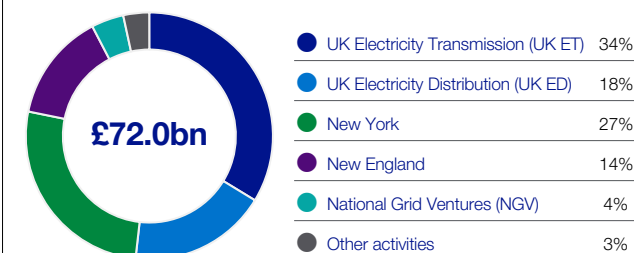
Investment

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 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 RII0-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.

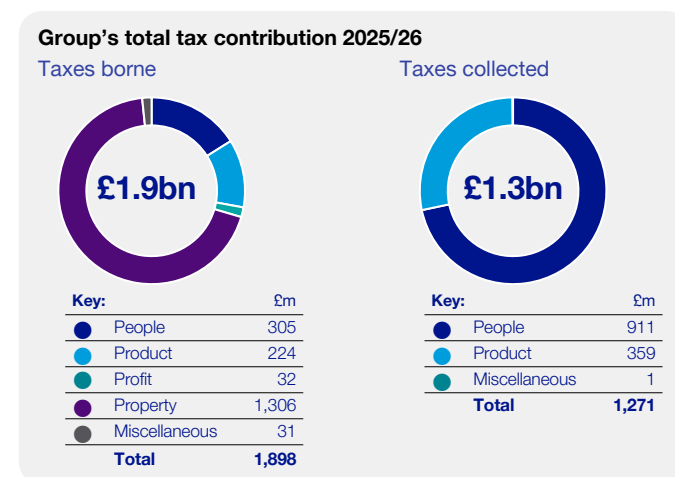
Within the UK, tax relief for capital expenditure on property, plant and machinery is given in law via capital allowances. From 1 April 2023, HM Treasury have increased the rates of capital allowances on in year capital expenditure spend to 100%/50% (previously 18%/6%). This accelerated tax relief, combined 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).

2025/26	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	
Tax jurisdiction						
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

2024/25	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	
Tax jurisdiction						
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 £m	2025 £m	2026 £m	2025 £m	2026 £m	2025 £m	2026 £m	2025 £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

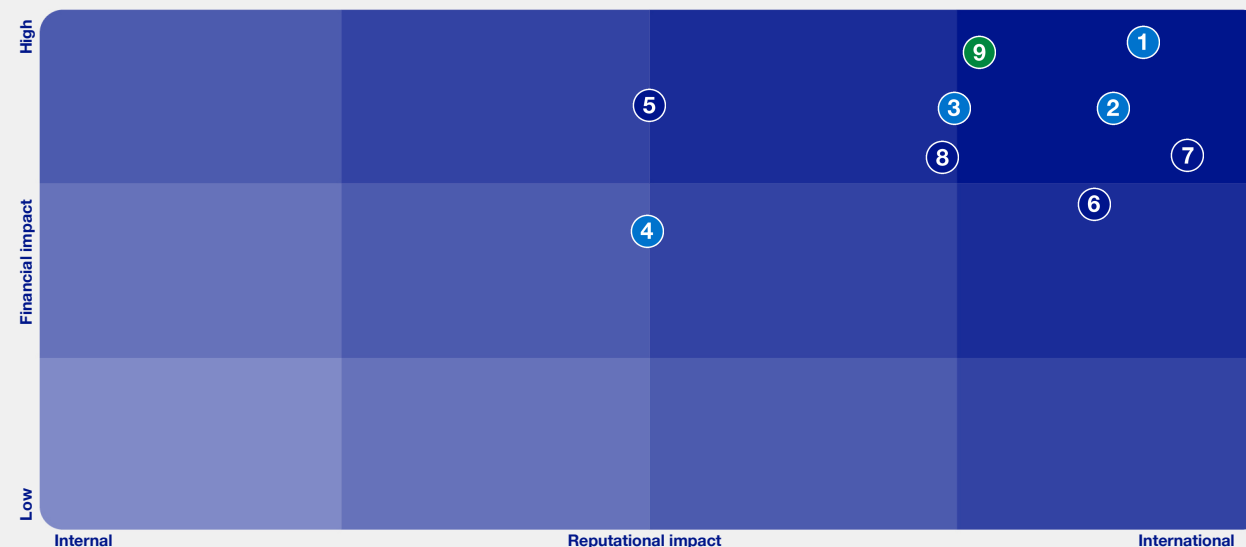
Julian Baddeley

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

1 Catastrophic security incident*

2 Significant safety or environmental event (asset failure)*

3 Loss of supply*

4 Major capital projects

5 Satisfactory regulatory outcomes

Stress testing scenarios

A significant successful cyber attack.

A catastrophic failure of the US gas system, leading to a major safety breach or environmental spill.

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.

Inability to either successfully secure appropriate incentive mechanisms and/or deliver our major capital projects.

Poor outcome of future US rate case filings, and low performance under RIIOT3 in the UK.

Group Principal Risk

6 Climate change mitigation

7 Political and societal expectations

8 People capability and capacity

9 Financing our business*

Stress testing scenarios

Inability to meet net zero targets.

Challenges in NY/MA to meet increasing demand due to infrastructure constraints alongside diminishing acceptance of the energy transition.

n/a

Financing a significant capital investment programme amid higher interest rates, inflation, and concerns about cash flow sufficiency and market risk.

* as part of risk cluster.

[Read more about our Group Principal Risks on pages 31 – 37.](#)

Governance with purpose

Powering performance today and tomorrow

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Chair's statement



Dear shareholder

I am pleased to introduce our Corporate Governance Report, which explains how the Board governs the Company in support of long-term value creation and the responsible delivery of our strategy for shareholders and wider stakeholders.

In a year marked by global uncertainty and a complex external environment, effective governance matters more than ever; it helps ensure we take well-judged decisions at pace and manage risk thoughtfully.

As always, the Board balances its deliberative time on major strategic, regulatory and business decisions. It was a busy year on the regulatory front in particular. Our largest business, UK Electricity Transmission, submitted its RIIO-T3 rate case last year. Investability and workability of the proposed Ofgem framework were actively discussed by the Board. We also considered rate filings in our Upstate New York electric and natural gas distribution business and Massachusetts gas business with affordability as a major consideration. With largely supportive regulatory outcomes, we were able to extend and upgrade the five-year financial framework. At the same time, active monitoring of performance remains key. We routinely reviewed the manner in which we are executing our £70 billion capital plans. Safety and reliability remain paramount, and the Board has been deeply engaged in understanding asset health, particularly in the aftermath of the North Hyde substation incident.

Chief Executive transition

It is often said that the most consequential decision a Board will make is the appointment of the Chief Executive. National Grid flourished under the leadership of John Pettigrew. But succession planning has been under consideration by the Board as an ongoing process. That process led us to the announcement on 1 May 2025 that Zoë Yujnovich would join National Grid on 1 September 2025 and succeed John at the half-year. This transition plan provided continuity of leadership and uninterrupted delivery. The Board worked closely with Zoë to develop objectives for her first period as Chief Executive, maintaining focus on safe and reliable operations, disciplined capital allocation, effective delivery of our strategy, and continued attention to culture, talent and stakeholder outcomes.

2024 UK Corporate Governance Code

As a company listed in both the UK and the US, we remain focused on meeting the high standards of governance and disclosure expected across our markets. This year is our first year reporting against the 2024 UK Corporate Governance Code (the '2024 Code'). We have also continued our multi-year programme of work to ensure we are ready to report fully against Provision 29 in 2027.

Board effectiveness

During the year, the Board has progressed actions arising from our last internal evaluation. We adopt goals as a Board that keep us

focused on Board and Committee processes, the quality of discussion, and robust decision-making. In line with our three-year evaluation cycle, the Board commissioned an externally facilitated evaluation this year. The findings and recommendations will be reported in next year's Annual Report. Further information can be found on page 96.

Reconsideration of Committee structures

The UK Governance Code has led most companies to structure their committees in similar fashion, with Audit, Nominations, and Remuneration as the key functions. In our industry, having a safety committee is customary. But as part of our effectiveness efforts, we reviewed our register of Group Principal Risks, looked forward to emerging trends and issues, and concluded it would be salutary to refresh our governance architecture with overall oversight remaining with the Board. The specifics of how we have realigned and enhanced the coverage of key risks across the committee structure can be found on page 89 and in the Committee reports.

Stakeholders

The Board has remained close to our key stakeholders across the year. In addition to receiving input from investors, we have engaged with regulators, public officials, and community representatives as we hold our meetings at various locations in our franchised service areas. The Board has had routine engagement with employees, including site visits to key operational sites and projects across the UK and US, as set out on page 95.

AGM

Over the years, most of our shareholders have opted to participate in the Annual General Meeting (AGM) remotely. For the few shareholders who remain interested in attending in person, we will hold the in-person meeting in July 2026 adjacent to our Warwick, UK campus. It will be a hybrid meeting, meaning that shareholders may join online during the live meeting. Further details are set out in the Notice of AGM, available on our website.

Paula Rospot Reynolds

Chair

13 May 2026

Our approach to this year's Governance Report

In preparing this year's Governance Report, we have taken a more focused and streamlined approach. Our reporting has been sharpened to concentrate on matters most material to the Company's long-term success, including key strategic and governance considerations, the actions taken by the Board and its Committees, and the outcomes achieved. We have focused on reducing duplication and narrative without clear purpose, and reflected how the Board has applied the principles of the 2024 Code in practice. The report is intended to provide a clear, balanced and meaningful account of the Board's stewardship on behalf of shareholders and wider stakeholders.

Governance overview

We maintain a high-functioning, balanced Board. Our governance framework supports effective decision-making and robust oversight of the Group's activities, underpinned by our core values: do the right thing; find a better way; and make it happen.

Governance structure

The matters reserved for the Board, together with the Terms of Reference of each Board Committee, are set out in the Board Governance document, which is available on the Company's website.

Changes to the Board Committees during the year

During the year, the Board undertook a review of the structure, remit and effectiveness of its Committees. Informed by feedback from the Board evaluation and a series of stakeholder engagement exercises, the Board implemented a revised Committee structure in November 2025, as illustrated in the diagram opposite. The principal changes were as follows:

- The remit of the Audit & Risk Committee was expanded to incorporate the responsibilities previously overseen by the Finance Committee.
- The remit of the Remuneration Committee was broadened to include wider people matters below Board level, including high potential talent pipeline, culture and workforce engagement.
- The former Safety & Sustainability Committee was separated into a Safety & Operations Committee and a Responsible Business Committee, reflecting the distinct nature and scale of these areas.

The restructure aligns the Group Principal Risks to the committees best placed for specialist oversight, with the Audit & Risk Committee reviewing the overall effectiveness of the Group's risk management and internal control systems.

Committee memberships and Chairs were aligned to ensure the appropriate balance of skills and experience under the revised structure.

A Board Standing Committee was also established to provide flexible oversight of ad-hoc and transaction-specific matters that fall outside the remit or cadence of the Board's other Committees, supporting timely and efficient Board decision-making.

The Disclosure Committee oversees the identification, review and timely disclosure of market-sensitive and regulatory information, and monitors the effectiveness of the Company's disclosure controls. The Disclosure Committee is chaired by the Chief Financial Officer and members include the Chief Executive, Group Chief Legal Officer, Group Company Secretary and the Director of Investor Relations. The Disclosure Committee meets in advance of key announcements, including the full and half-year results, and as required throughout the year.

Our governance framework

Board of Directors

The Board has collective responsibility for the long-term success of the Group and for providing effective oversight of its activities. It sets the Group's strategic direction and objectives, approves the business plan, dividend policy, viability assessment and governance framework, and monitors their implementation to promote sustainable success and the creation of long-term shareholder value.

The Board also establishes the Company's purpose, values and culture, and ensures that these are aligned with strategy.

In discharging its responsibilities, the Board considers the interests of key stakeholders and has regard to the matters set out in section 172 of the Companies Act 2006, thereby supporting Directors in fulfilling their statutory duties (see page 85). To support effective oversight and the efficient discharge of its responsibilities, the Board has delegated certain matters to its Committees. Each Committee Chair reports regularly to the Board on the activities of their Committee, and Committee papers and minutes are made available to all Directors, save where an actual or potential conflict of interest exists.

Board Committees

Nomination Committee

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Audit & Risk Committee

 Report from page 100

Safety & Operations Committee

 Report from page 105

Responsible Business Committee

 Report from page 106

People & Remuneration Committee

 Report from page 107

Group Executive Committee

The Group Executive Committee is responsible for the day-to-day management of the Group and oversees its safety, operational and financial performance. It takes such operational and management decisions as are necessary to deliver the strategy, objectives and targets set by the Board and to safeguard the interests of the Company. Biographical details of the members of the Group Executive Committee are available on the Company's website. The Group Executive Committee is supported by a number of management committees, as set out in the table below.



Information on the Group Executive Committee can be found on our website.

Group Executive Committees¹

Group Investment Committee

Responsible for approving material capital, operating and investment decisions in line with the Group's investment strategy.

Audit, Risk & Finance Committee

Responsible for overseeing and coordinating audit, risk and financial activities across the Group.

Safety & Operations Committee

Responsible for oversight of safety, health and wellbeing, asset management and capital projects, including risk and performance.

Responsible Business Committee

Responsible for oversight of Group-wide responsible business matters, including political, societal, sustainability and regulatory issues.

People & Remuneration Committee

Responsible for setting remuneration and overseeing talent, culture, and people risks to support the Company's strategy.

Governance overview cont.

Corporate Governance Compliance Statement

The Company is subject to the Principles and Provisions of the 2024 Code, except for Provision 29 which becomes effective for the financial year beginning 1 April 2026. The Board considers that, for the year ended 31 March 2026, the Company has complied in full with the applicable Provisions of the 2024 Code. For the year ended 31 March 2026, the Company has complied with Provision 29 of the 2018 UK Corporate Governance Code (the '2018 Code'). The table below provides a guide to where the relevant disclosures can be found in this report. The 2024 Code and the 2018 Code are published by the Financial Reporting Council and are available at [frc.org.uk](https://www.frc.org.uk).

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Details on information required for our US Securities and Exchange Commission (SEC) filing and the Form 20-F can be found on page 252.

Board composition and roles

As at the date of this report, the Board comprises a Non-executive Chair (independent on appointment), two Executive Directors (Chief Executive and Chief Financial Officer) and eight independent Non-Executive Directors. There is a clear division of responsibilities between the Chair, the Chief Executive and the Senior Independent Director. The key responsibilities of each role are set out in our Board Governance document which can be found on our website.

Meeting attendance

The table below sets out Directors' attendance at scheduled Board and Committee meetings held during the year ended 31 March 2026. Three ad hoc Board meetings were also held during the year.

Directors	Committee Chair	Board	People & Governance Committee ¹	Nomination Committee ²	Audit & Risk Committee	Finance Committee ³	Safety & Sustainability Committee ⁴	Safety & Operations Committee ⁵	Responsible Business Committee ⁶	Remuneration Committee ⁷	People & Remuneration Committee ⁸
Paula Rospot Reynolds	N	7/7	1/1	1/1	–	–	–	–	–	–	–
Zoë Yujnovich ⁹	E	4/4	–	–	–	–	–	–	–	–	–
Andy Agg		7/7	–	–	–	1/1	–	–	–	–	–
Ian Livingston		7/7	–	1/1	5/5	1/1	–	–	3/3	1/1	3/3
Jacqui Ferguson		7/7	–	1/1	5/5	–	2/2	2/2	–	–	–
Iain Mackay	A	7/7	–	1/1	5/5	1/1	–	–	–	1/1	3/3
Anne Robinson		7/7	–	1/1	–	–	2/2	–	3/3	1/1	3/3
Earl Shipp	S	7/7	1/1	1/1	–	–	2/2	2/2	3/3	–	–
Jonathan Silver		7/7	1/1	1/1	–	1/1	–	–	3/3	–	3/3
Tony Wood	R	7/7	1/1	1/1	–	–	2/2	2/2	3/3	–	–
Martha Wyrsh	P	7/7	–	1/1	–	–	2/2	2/2	–	1/1	3/3
John Pettigrew ¹⁰		5/5	–	–	–	1/1	–	–	–	–	–

1. Reflects attendance for the People & Governance Committee prior to the restructure of the Board Committees.

2. Reflects attendance at the Nomination Committee following the restructure of the Board Committees.

3. Reflects attendance at the Finance Committee prior to the restructure of the Board Committees. Following the restructure, matters considered by the Finance Committee were transferred to the Audit & Risk Committee.

4. Reflects attendance for the Safety & Sustainability Committee prior to the restructure of the Board Committees. Following the restructure, safety matters were transferred to the Safety & Operations Committee and sustainability matters transferred to the Responsible Business Committee.

5. Reflects attendance at the Safety & Operations Committee following the restructure.

6. Reflects attendance at the Responsible Business Committee following the restructure.

7. Reflects attendance for the Remuneration Committee prior to the restructure.

8. Reflects attendance at the People & Remuneration Committee following the restructure.

9. Zoë Yujnovich was appointed to the Board on 1 September 2025.

10. John Pettigrew retired from the Board effective 16 November 2025.

Committees

A Audit & Risk Committee

N Nomination Committee

P People & Remuneration Committee

R Responsible Business Committee

S Safety & Operations Committee

E Group Executive Committee

Our Board



Paula Rosput Reynolds

Chair

Appointed:

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

Age: 69

Skills and competencies:

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

External appointments:

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



Zoë Yujnovich

Chief Executive

Appointed:

Chief Executive on 17 November 2025
Chief Executive Designate on 1 September 2025

Age: 51

Skills and competencies:

Zoë is an international energy executive with extensive experience in large-scale operations, capital delivery, and performance transformation across complex, global markets.

She has held senior leadership roles at Rio Tinto and Shell plc, working across Australia, the United States, the United Kingdom, the Netherlands, Brazil, and Canada. She has a strong track record of leading diverse teams and improving operational and cultural performance. At Shell, she led major infrastructure projects and large integrated businesses, including serving as Director of Integrated Gas and Upstream and as a member of the Executive Committee.

Zoë brings deep expertise in capital discipline, operational excellence, stakeholder engagement, and navigating complex energy systems.

External appointments:

- Non-executive Director of Unilever PLC



Andy Agg

Chief Financial Officer

Appointed:

1 January 2019

Age: 56

Skills and competencies:

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

External appointments:

- Non-executive Director of The Weir Group plc



Ian Livingston

Senior Independent Non-executive Director

Appointed:

1 August 2021

Age: 61

Skills and competencies:

Ian brings a wealth of experience to National Grid, having been both CEO and CFO of BT Group plc, and CFO of Dixons Group. In addition to a highly successful executive career, he has also had extensive non-executive experience in large UK and US public companies as board, audit and remuneration committee chair. Ian also has significant experience of large, regulated companies operating in both the UK and internationally. He is a member of the House of Lords and has also previously served in the UK Government as Minister of State for Trade and Investment. He is a qualified Chartered Accountant.

External appointments:

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

Our Board cont.



Jacqui Ferguson

Independent Non-executive Director

Appointed:

1 January 2024

Age: 55

Skills and competencies:

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

External appointments:

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



Iain Mackay

Independent Non-executive Director

Appointed:

11 July 2022

Age: 64

Skills and competencies:

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

External appointments:

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



Anne Robinson

Independent Non-executive Director

Appointed:

19 January 2022

Age: 55

Skills and competencies:

Anne has over 20 years' legal experience in the financial services industry, where she has counselled senior executives on a wide range of legal, regulatory and business issues. She currently serves as IBM's Senior Vice President and Chief Legal Officer. Anne brings to the Board extensive legal expertise across the financial services and consulting sectors. Anne earned a BS from Hampton University and a JD from Columbia University Law School and is an advocate for sponsorship and mentorship of other women in the legal profession.

External appointments:

- Senior Vice President and Chief Legal Officer at IBM



Earl Shipp

Independent Non-executive Director

Appointed:

1 January 2019

Age: 68

Skills and competencies:

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

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

External appointments:

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

Our Board cont.

N P R



Jonathan Silver

Independent Non-executive Director

Appointed:

16 May 2019

Age: 68

Skills and competencies:

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

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

External appointments:

- Chair of the Global Sustainability Platform at Apollo Global Management, Inc.
- Chair of Terram Lab

R N S



Tony Wood

Independent Non-executive Director

Appointed:

1 September 2021

Age: 60

Skills and competencies:

Tony has proven business leadership credentials as an experienced Chief Executive and brings to the Board significant engineering experience. Tony was Chief Executive of Meggitt plc and led the operational and cultural transformation of the company, transitioning from an industrial holding structure to a focused and customer-led business, leveraging technology investment.

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

External appointments:

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

P N S



Martha Wyrsh

Independent Non-executive Director

Appointed:

1 September 2021

Age: 68

Skills and competencies:

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

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

External appointments:

- Independent Director of Quanta Services, Inc.
- Advisor to Summit Carbon Solutions



Julian Baddeley

Group Company Secretary

Appointed:

1 July 2024

Age: 45

Skills and competencies:

Julian is a Chartered Company Secretary and corporate lawyer. Prior to joining National Grid, Julian served as Group Company Secretary of abrdn plc, previously known as Standard Life Aberdeen. He has extensive Board, C-suite, transactional and regulatory experience in large FTSE 100 organisations from his former roles at Aviva, Clifford Chance, Friends Life and Cadbury plc. Julian is responsible for guiding the Board in governance matters and leading the Company Secretariat function.

External appointments:

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

Former Directors who served during the year:

John Pettigrew retired from the Board effective 16 November 2025.

Key Board activities

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

April

- The Board approved Chief Executive succession arrangements, including the appointment of Zoë Yujnovich as Chief Executive Designate (from 1 September 2025) and Chief Executive (from 17 November 2025), together with related transition, regulatory and remuneration arrangements.

May

- On 1 May 2025 the appointment of Zoë Yujnovich was announced.
- The Board approved the 2024/25 full-year results, Annual Report and Accounts, Form 20-F, final dividend, Notice of AGM and the internal Board evaluation action plan.
- The Board reviewed progress on the RIIO-T3 electricity transmission business plan, focusing on regulatory engagement with Ofgem ahead of Draft Determinations, the balance between near-term bill impacts and long-term consumer benefits, and the need for continued advocacy to support investment in energy security, affordability and the UK's clean power ambitions.

July

- The Board held its 2025 AGM at the University of Warwick.
- The Board approved changes to the Board committee structure, approved the Group Modern Slavery Statement for publication, and authorised delegated authority (via a transaction committee) to progress and approve matters relating to the sale of Grain LNG. An update was received on NGED covering business performance and planning for the pathway towards RIIO-ED3.

September

- Zoë Yujnovich joined the Board as Chief Executive Designate.
- Board and Committee meetings were held at the Waltham office in Massachusetts. As part of the meetings, the Board held a talent engagement session, enabling employees to engage directly with the Board and share insights on National Grid's talent and people programmes.
- The Board reviewed Group performance and outlook, delivery against strategic priorities and the Strategic Business Plan, performance across the US businesses, UK and US regulatory and policy developments, major transformation programmes and investor perspectives, including insights from the Investor Perception Study.

October

- The Board held an ad hoc meeting where it considered the RIIO-T3 electricity transmission business plan, including the investability and workability of the framework and management's engagement with regulators. The Board also reviewed an update on major infrastructure initiatives to support system resilience in the US.

November

- The Board and Committee meetings held were largely focused on half-year results and included the approval of the 2025 Strategic Business Plan and the 2025/26 interim dividend.
- The Board considered the RIIO-T3 electricity business plan in advance of Ofgem's Final Determinations, including progress with Ofgem, the investability and workability of the proposed framework.
- John Pettigrew retired from the Board on 16 November. Zoë Yujnovich became Chief Executive on 17 November 2025.

November

- An employee breakfast discussion was held at the Strand office, London, hosted by Martha Wyrsh. The session was an opportunity for UK participants from various talent cohort programmes to discuss their experience of talent and development at National Grid.
- Completion of the Grain LNG sale.

December

- Following the completion of a competitive audit tender process, the Board approved the appointment of the external auditor for the next audit term, having considered the Audit & Risk Committee's recommendation and the outcome of its evaluation.
- The Board held an ad hoc meeting to review the RIIO-T3 Final Determinations, with continuing focus on investability, workability and implications for delivery against the Strategic Business Plan, and considered associated risks and next steps.

January

- The Board held a strategy offsite led by Zoë Yujnovich, as described opposite.
- Deep-dive sessions focused on capital, assets and customers, as well as people and performance culture. The Board reviewed the RIIO-T3 Final Determinations and any potential impact on the Strategic Business Plan.

March

- The Board approved the 2026/27 budget.
- The Board Sub-Committee reviewed the RIIO-T3 Final Determinations and their impact on the Group's five-year financial framework, including investment priorities and market guidance, ensuring the outcome supported long-term value creation and system resilience.

March

- Deep-dives were received on the New York and New England business units considering technology, customer experience and regulatory developments.
- A site visit was held at the Northport Power Station in Long Island, one of the Group's large steam turbine generating plants within National Grid Generation.
- Board evaluation process.

The Board considers key stakeholders in its decision making and, in doing so, ensures that the Directors comply with their duty under section 172 of the Companies Act 2006. Our section 172 statement and further information on our key stakeholders can be found on page 85 and pages 23 to 25.



Strategy offsite

In January 2026, the Board held its annual Strategy offsite, the first led by Zoë Yujnovich in role as Chief Executive, which provided dedicated time for in-depth engagement with senior management and Business Unit Presidents. The Board reviewed performance against the five-year framework, assessed progress made during the year, and discussed investment priorities and transformation opportunities to support the Group's growth agenda. These discussions were informed by detailed management presentations and a series of deep-dive sessions focused on Capital, Assets and Customers, alongside People and performance culture.

Culture and workforce engagement

Understanding workforce culture, engagement and wellbeing is fundamental to effective oversight and long-term performance.

Through a combination of direct engagement, reporting and committee oversight, the Board monitors how the Company's values are reflected in day-to-day practice. During the year, the Board continued the 'Full Board Employee Voice' approach to workforce engagement, supported by the four key pillars of engagement outlined below. Following the refreshment of the Board Committees, these pillars were considered in greater depth. In particular, the creation of the People & Remuneration Committee has consolidated oversight of talent, engagement and wider people matters within a single committee and under one Non-executive Director, providing a more coherent and consistent forum for discussion and challenge. Similarly, the Safety & Operations Committee enables site visits and workforce interactions to be aligned more closely to emerging operational and safety themes, where appropriate.

The Board receives regular insight into workforce sentiment, these insights inform the Board's oversight of workforce culture, engagement and wellbeing and support ongoing discussion of people strategy and organisational priorities. Health, safety and wellbeing remain fundamental Board considerations. Through the Safety & Operations Committee, the Board reviews performance trends, serious incidents and management actions, alongside broader wellbeing initiatives.

Talent engagement

Provides engagement with key talent cohorts and strengthens Board familiarity with succession candidates.

Review of effectiveness

- The Chair of the People & Remuneration Committee hosted talent engagement sessions in the UK and US, enabling participants from Group talent programmes to engage directly with Board members on talent management, strengths and areas for further development.

Impact and outcomes

- Board-led talent engagement enhanced the Board's understanding of leadership capability and succession depth, informing more effective challenge on talent development and long-term succession planning.
- The sessions provided first-hand insight into emerging leaders, leadership behaviours and talent management across the Group, highlighting both strengths and areas for improvement, while also increasing Board familiarity with the succession pipeline.

Site visits

Provides the Board with direct exposure to colleagues at key sites and real-time workforce insight.

Review of effectiveness

- Board members undertook site visits across UK and US. Visits included operational and project locations such as the Network Design Centre in Bristol, Yorkshire Green project sites, and the Northport Power Station on Long Island.
- The visits provided direct engagement with colleagues on the ground and insight into culture, safety and workforce experience across different parts of the business.

Impact and outcomes

- The site visits enhanced the Board's understanding of workforce culture, engagement and the lived experience of colleagues across diverse operational settings. These insights informed Board challenge and assurance on health and safety, operational resilience and wellbeing.
- 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.

Wider workforce engagement

Ensures the Board hears from a wide cross-section of the workforce, including those colleagues not reached through other pillars of the Board's engagement programme.

Review of effectiveness

- Board members engaged with the workforce through the receipt of Company-wide webcasts, values-led events, participation in the Annual Corporate Audit Conference in the US, and direct engagement with business unit Presidents and senior leaders at the January 2026 strategy offsite, as well as attendance at engineering dinners, to gain insight into employee views and experiences across the Group.
- In February 2026, the Chair visited our training facility in Eakring.

Impact and outcomes

- 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.
- Insights from the annual Grid:Voice survey and interim pulse surveys supported effective oversight of workforce culture, engagement and wellbeing, informing Board discussion on people strategy and organisational priorities. Employee feedback, including identified improvement opportunities, was considered by the Board and will inform the ongoing development of workforce engagement arrangements.

Board and Committee reporting

Provides the Board and its Committees with the data to support the other engagement pillars.

Review of effectiveness

- The Board and Committees received regular reporting throughout the year to support and refine the key engagement priorities. This included updates from the annual Grid:Voice employee survey, a mid-year snapshot, succession planning and people strategy updates, and gender and ethnicity pay gap reporting.
- The Safety & Operations Committee oversees health, safety and wellbeing, with the Board overseeing performance trends, serious incidents, management actions and wider wellbeing initiatives.

Impact and outcomes

- The structured flow of information through the People & Remuneration Committee and the Board enabled more targeted workforce engagement and better-informed discussion of people and culture matters.
- Ongoing focus through the Safety & Operations Committee reinforced a strong safety culture, supported continuous improvement in health, safety and wellbeing and ensured timely Board scrutiny of serious incidents and workforce risks.

Board evaluation

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

The 2025 Board evaluation was internally facilitated and focused on the effectiveness of Board processes, the operation of the Board and its Committees, and the quality of discussion and decision-making. This built on the views and feedback received from the previous year's evaluation, in particular in relation to succession and committee structure. Each action has progressed, supported by the arrival of a new Chief Executive and Chief People Officer in the year who have brought a refreshed lens on talent and succession and how this feeds into Board discussion. The evaluation actions were approved at the May 2025 Board meeting and included in last year's annual report for information. In addition, and mindful of the Chief Executive Succession process, the evaluation highlighted the importance of maintaining focus on safe and reliable operations, disciplined capital allocation and effective delivery of our strategy, all of which were factored into the transition planning. Progress against the actions is outlined below.

External evaluation

In line with the three-year evaluation cycle, the 2026 evaluation was externally facilitated. Christopher Saul was appointed as the independent evaluator, and the Chair and Group Company Secretary agreed the scope and approach for the evaluation, ensuring alignment with the Company's governance framework and the 2024 Code. He attended the March Board and Committee meetings as an observer, and met with Board members and members of the Group Executive Committee for their input. His report, with recommendations, was presented to the Board at its May 2026 meeting and an update on the actions will be provided in next year's annual report. Christopher Saul has no other connection to the Company or individual Directors.

Progress against our 2025 evaluation actions

Actions	Progress
Talent and Succession	– Focus on senior leadership succession and the Board's exposure to senior management. – With the creation of the People & Remuneration Committee, all non-Board people-related matters have been consolidated under one Committee. This provides consistency and wider context around people discussions. This also provides clearer accountability around Board talent engagement, which is now led by the Chair of the Committee with the support of the Chief People Officer and Group Company Secretary. – As part of an induction for Directors into the new Committee, a focused deep-dive session on people and culture was undertaken to support the expanded remit of the revised Committee led by senior management from the respective teams. – Across the year, a series of roundtable engagement sessions were held with participants from the talent leadership programme, increasing the Board's exposure to senior management and the wider talent pipeline. – The appointment of Zoë Yujnovich as Chief Executive and Emma Hardaker-Jones as Chief People Officer in the year has demonstrated senior leadership succession in action and brought a refreshed approach to how talent exposure to the Board is managed.
Governance framework	– Review the Committee structure particularly in respect of risk, sustainability, reputation, operational and financing matters. – Assess if the continued ownership of all the Company's Group Principal Risks by the Audit & Risk Committee remains the most optimal and time efficient oversight model. – Building on the prior year action around committee structure and external benchmarking, a revised committee framework was implemented to better reflect the fast moving external environment that the Company operates in, while continuing to give appropriate focus to key elements of risk, safety and operational performance. This also included the re-allocation of Group Principal Risks. – Sustainability and reputation oversight: A Responsible Business Committee was established to provide focused oversight of sustainability and the environment. – Safety and capital delivery: A Safety & Operations Committee was established with responsibility for safety oversight and the capital delivery programme. – Risk management: Each committee now assumes responsibility for Group Principal Risks within its remit, enabling more focused and specialised risk reviews. The Audit & Risk Committee retains overall ownership of the risk framework, ensuring cohesive oversight across the organisation.

Directors' induction, development and training

The Board is committed to ensuring that Directors receive appropriate induction and ongoing development and training to support effective decision-making and oversight. Ongoing development is tailored to individual needs and is aligned with the Group's strategy, operations and external environment.

Director induction and training

The Group Company Secretary supports the Chair in ensuring that each Non-executive Director receives a tailored and comprehensive induction on appointment. The induction programme is aligned to the Director's role, experience and Committee responsibilities and includes meetings with fellow Board members, briefings from business unit Presidents and other management, site visits and discussions with key functions across the Group.

Ongoing Board development is supported through a programme of enrichment sessions held throughout the year, designed to deepen the Board's understanding of the business and to complement, or provide further insight into, matters considered as part of the Board agenda. The Board is kept informed of relevant corporate governance and regulatory developments through regular briefings from the Group Company Secretary. As the Board has evolved, the Board's training and development programme has developed to place greater emphasis on macroeconomic context and ensure deep-dive sessions are aligned to the Group's strategic priorities and risk profile.

The Board benefited from different external perspectives during the year, with a number of external speakers attending Board meetings and dinners to provide insights on political, regulatory, market and industry developments, as well as energy sector trends, supporting informed challenge and strategic oversight by the Board.

Time commitment

The Board considers potential conflicts of interest and Directors' time commitments when approving appointments to the Board, including any subsequent external appointments. On appointment, Directors confirm that they are able to devote sufficient time to discharge their duties effectively, including attending and preparing for Board and Committee meetings, and undertaking site and office visits. Directors are required to obtain prior Board approval before accepting any additional external appointments.

During the year, the Board approved new external appointments only where it was satisfied that these would not impair the relevant Director's ability to perform their role.

Re-election of Directors

The Nomination Committee considers each Director's skills, experience, time commitment and tenure when making recommendations to the Board on the election or re-election of Directors. In recommending Directors for re-election at the 2026 AGM, the Board concluded that each continues to make an effective and valuable contribution, brings significant knowledge and experience to the Board, and demonstrates ongoing commitment to their role. The Board also reviewed the independence of all Non-executive Directors and considers each to be independent in accordance with the UK Corporate Governance Code.

Chief Executive appointment and induction

During the year, the Board devoted considerable attention to Chief Executive succession and the leadership transition, recognising the importance of ensuring a stable, well-planned handover. Following a robust process, as discussed in the People & Governance Committee report last year, on 1 May 2025 the Board announced the appointment of Zoë Yujnovich as the next Chief Executive, succeeding John Pettigrew, who announced his retirement from the Board after almost ten years in the role.

Consistent with the Board's commitment to long-term leadership planning, the Board conducted a rigorous, multi-stage succession process. This ensured that leadership requirements were considered against the Group's strategic priorities, operational requirements and the evolving external environment.

As part of this process, the Board undertook a search to identify the individual best suited to lead the Company through its next phase of strategic delivery. In order to support the Chief Executive succession process the Board appointed Egon Zehnder, who have no other link to the Company. In assessing candidates, the Board prioritised identifying a leader with:

- a proven track record in delivering complex, large-scale capital programmes;
- extensive operational experience across global energy markets;
- international stakeholder management; and
- the capability to guide the Company through the continuing complexities of the energy transition.

Following detailed evaluation and robust Board scrutiny, the Board concluded that Zoë Yujnovich brought the right balance of strategic insight, operational expertise and industry experience to lead National Grid into its next phase. She joined the Board as Chief Executive Designate on 1 September 2025 and succeeded John Pettigrew as Chief Executive on 17 November 2025, enabling a planned and orderly transition.

To support an effective transition, a comprehensive and tailored induction and transition programme was implemented during the period in which Zoë Yujnovich served as Chief Executive Designate. This programme was designed to provide comprehensive insight into the Group's strategy, governance framework, risk profile and stakeholder landscape, and to enable effective engagement with the Board, executive leadership team, investors and key internal and external stakeholders. The induction was tailored to the Chief Executive role by covering strategy and external affairs, operational and safety priorities, regulatory and investor perspectives, governance and legal responsibilities, and people and culture matters.

As part of this programme, Zoë Yujnovich undertook direct engagement with frontline teams and senior operational leaders across the Group's operations, including site visits to deepen her understanding of the Group's operational footprint, safety culture and capital delivery activities. These visits included exposure to operational and training facilities, major assets and operations in both the UK and the US.

Such site visits form a core component of the Board's wider engagement programme and are used to bring to life the Group's Principal Risks, safety priorities and workforce capability, supporting effective oversight and continuity of leadership during executive transitions.

Nomination Committee report



Paula Rosput Reynolds

Chair of the Nomination Committee

Role of the Committee

- Oversees succession planning for Non-executive and Executive Directors.
- Considers and makes recommendations to the Board in respect of Board appointments.
- Ensured effective plans are maintained to result in a diverse pipeline of succession to the Board.
- Assists the Board in discharging its responsibilities around year-end governance disclosures.

Composition

The Committee comprises all independent Non-executive Directors and the Chair of the Board who is appointed as Chair of the Committee.

Membership

- Paula Rosput Reynolds (C)
- Ian Livingston
- Jacqui Ferguson
- Iain Mackay
- Anne Robinson
- Earl Shipp
- Jonathan Silver
- Tony Wood
- Martha Wyrsh

The Terms of Reference of the Nomination Committee are available on our website nationalgrid.com/about-us/corporate-information/corporate-governance.

Following the Board’s committee restructure, as set out on page 89, the Nomination Committee was redefined as a dedicated committee responsible for Board succession planning for both Executive and Non-executive Directors (NEDs). Our reasoning was that since we were transitioning from one Chief Executive to another, we should recognise that both Board and management composition will naturally evolve. As such, we decided that all Non-executive Directors be members of this committee at this juncture. Wider workforce people-related matters are overseen by the People & Remuneration Committee.

The Committee ensures that appointments to the Board are made following a formal, rigorous and transparent process, in line with the 2024 Code. As such, although nine years is generally viewed as a maximum, all our Non-executive Directors have to offer themselves for annual re-election by shareholders.

Year-end governance and reporting

The Committee supports the Board in overseeing the Company’s Director related governance disclosures for inclusion in the Annual Report and Accounts. The Committee reviewed and advised on Board composition, succession planning, diversity and inclusion, Board and Committee effectiveness, and related disclosures.

Board skills and experience

The composition, balance of skills, experience, independence and diversity of the Board remain under active evaluation. Our annual survey of board effectiveness is another helpful tool. The quality of engagement NEDs bring to board service, the style in which the individual Directors interact with fellow board members, as well as the Company’s management, and the attitude of care about the Company’s purpose, contribute importantly to overall NED effectiveness.

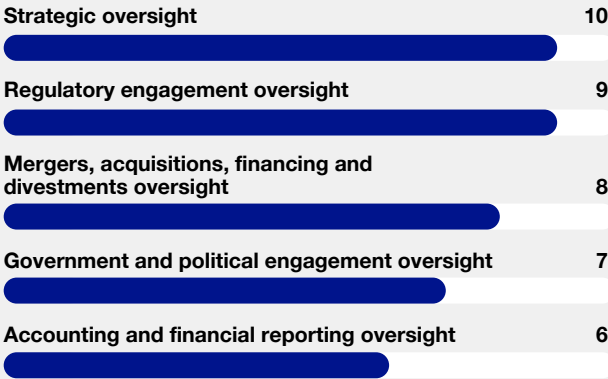
What is also key is that the Board recognises that the issues facing the Company continue to change and that the leadership of the Company is dynamic as well. Thus, we are mindful of our responsibility as a Board to refresh ourselves. The Board skills and experience matrix has to evolve with the environment in which the Company does business.

An overview of Board skills can be seen in the table to the right and the expertise of Directors can be found detailed within Board biographies on page 91. Our skills matrix highlights the broad skills that are in addition to the domain specific expertise of each director. The consideration given to this area supports the Board in satisfying itself that the Board operates in compliance with the 2024 Code and that the right level of skills and expertise can be found on the Board to reflect the increasingly complex environment that the Company operates in.

Key activities during the year

- Oversight of Board composition.
- Succession planning for Executive and Non-executive Directors.
- Support to the Board in relation to the Chief Executive transition.
- Prior to the Committee restructure, the People & Governance Committee considered people strategy and strategic workforce planning.

Board skills



Nomination Committee report cont.

Composition, time commitment and independence

Approach to collating diversity data

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

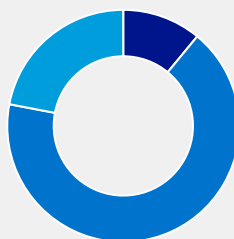
Board appointments are based on merit and objective criteria, including an analysis of the match of a candidate to skills areas where the Board determines particular expertise or depth is needed. In accordance with the 2024 Code, we have a Board Composition policy, which sets out the approach taken to appointments to the Board and its Committees, including in relation to diversity. The policy recognises the benefits of diversity in all its forms and seeks to ensure a good balance of skills, business experience, knowledge, perspectives and backgrounds is maintained, as per policy objective, while having regard to the Board's current and future needs and any periods of change or refreshment.

In the year, our gender, nationality, ethnicity and tenure of service percentages changed with the addition of Zoë Yujnovich to the Board and the departure of John Pettigrew. Our data can be seen in the adjacent section. As at 31 March 2026, we met the FCA's targets on Board diversity set out in UK Listing Rule 6.6.6R(9). We continue to believe that it is the trends in these factors – and close examination of the business qualifications of our Directors – that are the meaningful way to determine how appropriately the Board is composed.

In accordance with UK Listing Rule 6.6.6R(10), as at 31 March 2026, the numerical data on the gender and ethnic background of our Board and Group Executive Committee is set out on the tables to the right.

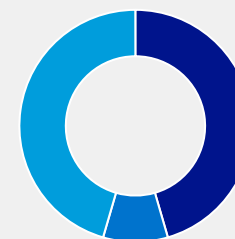
Board diversity as at 31 March 2026

Chair and Non-executive Directors' tenure



0-3 years	1 (11%)
3-6 years	6 (67%)
6-9 years	2 (22%)

Board nationality



UK	5 (45.5%)
UK/Australian	1 (9%)
US	5 (45.5%)

Gender	Number of Board members	Percentage of the Board	Number of senior positions on the Board ¹	Number in executive management ²	Percentage of executive management ²
Men	6	54.5	2	6	42.9
Women	5	45.5	2	8	57.1
Not specified/prefer not to say	–	–	–	–	–

Ethnicity	Number of Board members	Percentage of the Board	Number of senior positions on the Board ¹	Number in executive management ²	Percentage of executive management ²
White British or other White (including minority-white groups)	9	81.8	4	12	85.7
Mixed/Multiple ethnic group	–	–	–	–	–
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/Black British	2	18.2	–	1	7.1
Other ethnic group	–	–	–	–	–
Not specified/prefer not to say	–	–	–	1	7.1

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

2. Executive management comprises the Group Executive Committee, including the Group Company Secretary. The gender balance of senior management and their direct reports can be found on page 48.

Paula Rosput Reynolds

Chair of the Nomination Committee

13 May 2026

Audit & Risk Committee report



Iain Mackay

Chair of the Audit & Risk Committee

Role of the Committee

- Monitors the integrity of the Group's financial reporting.
- Oversees risk management and internal control systems.
- Oversees the independence and effectiveness of the External Auditor.
- Reviews the effectiveness of Internal Audit.
- Supports the Board's oversight of financial, operational and compliance risks.

Composition

The Committee comprises three independent Non-executive Directors. The Committee held five scheduled meetings and two ad hoc meetings during the year. The ad hoc meetings considered the tender for the External Audit and the Group's investment in Community Offshore Wind.

Membership

- Iain Mackay (Chair)
- Jacqui Ferguson
- Ian Livingston



The Terms of Reference of the Audit & Risk Committee are available on our website nationalgrid.com/about-us/corporate-information/corporate-governance.

I am pleased to present the Committee's report for the year ended 31 March 2026. The Audit & Risk Committee plays a central role in supporting the Board's oversight of the integrity of the Group's financial reporting, the effectiveness of risk management and internal controls, and the quality and independence of the external audit.

During the year, the Committee devoted significant time to reviewing the Group's financial reporting and disclosures, overseeing the year-end reporting process, and considering matters of accounting judgement and estimation. We worked closely with management and the External Auditor, providing robust challenge where appropriate, to ensure that the Annual Report and Accounts present a clear, balanced and transparent view of the Group's performance, position and prospects.

The Committee also maintained oversight of the Group's systems of risk management and internal control, including monitoring progress against internal control enhancements and receiving updates on Sarbanes-Oxley compliance. In light of the 2024 UK Corporate Governance Code, we paid particular attention to the work underway to support the Board's future internal control declaration under Provision 29. We were satisfied that appropriate processes and governance are being established to underpin this enhanced reporting.

As part of the enhanced governance framework following the restructuring of the Board committees, the Audit & Risk Committee has expanded its oversight to include matters previously overseen by the Finance Committee. This includes oversight of activity across treasury, tax, pensions, insurance and commodity trading, including management of financial risk within each of these areas. In parallel, oversight of the Group Principal Risks was re-aligned across the Board committees, with the Audit & Risk Committee continuing to review and support the Board's oversight of risk management and internal control processes.

The Committee undertook focused reviews of selected Group Principal Risks, as set out on page 103, including a deep-dive into the Catastrophic security incident Group Principal Risk. This review considered the effectiveness of controls and mitigations in the context of an increasingly challenging global threat environment. To maintain appropriate oversight, it was agreed that cyber security would also be considered by the Board, ensuring biannual focus across both the Board and the Committee. The scope of the Group Principal Risk was also expanded to include physical security of assets.

Throughout the year, we received regular reports from Internal Audit and the External Auditor, reviewed the effectiveness of both, and held private meetings without management present to support open and constructive dialogue. We also led a formal competitive External Audit

Key activities during the year

- Oversaw a formal competitive External Audit tender process.
- Undertook focused reviews of several Group Principal Risks, including Catastrophic security incident and Financing our business.
- Expanded the Committee's remit and oversight to include matters previously overseen by the Finance Committee.
- Reviewed and challenged management's preparation for compliance with Provision 29 of the 2024 Code.

tender process which concluded with the Board's approval of the Committee's recommendation to re-appoint Deloitte as the Company's External Auditor. Further information on the External Audit tender process can be found on pages 103 and 104.

As Chair, I met regularly with the lead External Audit Partner, the Chief Financial Officer, the Chief Risk Officer, the Group Head of Internal Audit and other senior leaders, ensuring that emerging issues were identified early, and addressed through the Group's governance and assurance frameworks. The Board was kept informed of the Committee's work through regular reports, minutes and discussion. On behalf of the Committee, I am satisfied that we have discharged our responsibilities effectively during the year and that the Committee has made a strong contribution to the Board's oversight of financial reporting, risk management and internal controls.

Committee financial experience

The Board is satisfied that the Committee comprises members who are suitably qualified with recent and relevant financial experience and competence in accounting, auditing or both. Iain Mackay and Ian Livingston are qualified chartered accountants and are considered competent in accounting and auditing for the purposes of the 2024 Code and the FCA's Disclosure Guidance and Transparency Rules. Collectively, the Committee brings an appropriate balance of commercial and financial expertise to provide effective challenge and oversight of the matters within its remit. The Committee as a whole is deemed to have competence relevant to the sector in which the Company operates. For the purposes of the US Sarbanes-Oxley Act of 2002 (SOX), Iain Mackay is designated as the Committee's financial expert. Further information on Committee members can be found in their biographies on pages 91 to 93.

Audit & Risk Committee report cont.

Key activities during the year

The Committee maintains a comprehensive agenda across financial reporting, risk management, internal controls and assurance, together with treasury, tax, pensions, insurance and commodities, and the management of related financial risks. The Committee engages regularly with the External Auditor and senior management from the Finance, Internal Audit, Risk, Treasury and Compliance functions, and reported to the Board after each meeting, making recommendations where appropriate. The Committee's key activities are summarised below.

Financial and non-financial reporting

- Monitored the integrity of the Group's financial and non-financial reporting, including the Annual Report and Accounts and other formal financial communications, and compliance with SOX requirements.
- Reviewed and challenged significant accounting policies, key judgements and principal sources of estimation uncertainty, and recommended these to the Board for inclusion in the half-year and full-year financial statements and related US regulatory filings.
- Considered management's assessment of accounting matters such as the sale of NG Renewables and Grain LNG, including judgements around post-closing capital project obligations, and developments in the US Offshore wind industry following the full impairment of the Company's Community Offshore Wind asset in 2024/25.
- Received updates on developments in accounting standards and practice, including IFRS 18 and IFRS 20, and considered the potential impact on the Group's external reporting.
- Held a joint meeting with the Responsible Business Committee to review the Climate change mitigation Group Principal Risk and the Group's approach to sustainability reporting.
- Reviewed the Responsible Business, TCFD and other environment, social and governance disclosures and recommended these disclosures to the Board for approval.
- Considered the recommendations of the FRC's Corporate Reporting Review of the Company's 2024/25 Annual Report and took these into consideration in the preparation of the 2025/26 Annual Report.

Risk management and internal control

- Oversaw the Group's risk profile and management actions against the Board-approved risk appetite, including the half-year and full-year review of the Group's principal, emerging and external risks, including the design and operating effectiveness of related controls.
- Reviewed management attestations and assurance supporting the annual assessment of the effectiveness of the Group's risk management processes and internal controls, and advised the Board that these operated effectively across financial, operational and compliance matters.
- Performed deep-dives on five of the Group's Principal Risks, as set out on page 103.
- Considered climate-related transition risks, cyber security, including legacy technology risk, and other key non-financial risks within the enterprise risk management framework, and the adequacy of the associated control environment.
- Reviewed and challenged the going concern and viability assessments, including severe but plausible downside scenarios, and the robustness of the underlying assumptions, stress testing and controls.
- Monitored progress on the Group's SOX attestation programme and the broader programme to strengthen, document and test material controls, including actions to strengthen the maturity of the risk and controls framework.

- Reviewed management's approach to identifying material controls, the scope and outcomes of controls testing, and remediation of any identified deficiencies as part of its preparation for reporting against Provision 29 of the 2024 Code.

Treasury, tax, pensions, insurance and commodities

- Received regular updates on treasury, tax, pensions and insurance, including oversight of financial risk appetite, and approved the Finance Policy and related Delegations of Authority.
- Considered the Group's Tax Strategy and recommended to the Board for approval.
- Reviewed commodities activities, including US energy procurement and interconnector trading, together with the associated governance framework, risk policies and delegations.

Internal Audit

- Oversaw succession planning and resourcing for the Internal Audit function, including the appointment of the Group Head of Internal Audit during the year.
- Received regular updates on delivery of the 2025/26 Internal Audit Plan, including significant findings, thematic insights and progress against agreed management actions, with Internal Audit providing independent third-line assurance over the design and operating effectiveness of key controls, and approved the 2026/27 Internal Audit Plan.
- Oversaw the work undertaken by the Internal Audit function on the Quality Assurance and Improvement Plan, including progress made since the 2024/25 External Quality Assessment (EQA) which concluded that the Internal Audit function generally conformed with Chartered Institute of Internal Auditors (IIA) Standards, the highest rating from an EQA.
- Approved the updated Internal Audit Charter, confirming the function's mandate, independence and authority under the Global Internal Audit Standards.
- Considered Internal Audit's work, findings and follow-up activity alongside the Committee's assessment of the effectiveness of the Group's risk management and internal control framework.

External Auditor

- Received reports from the External Auditor at each meeting on audit progress, scope and key risk areas, and reviewed the External Auditor's reports on the half-year and full-year results.
- Assessed the External Auditor's effectiveness, independence and professional scepticism, and considered non-audit services.
- Recommended the re-appointment of Deloitte as External Auditor to the Board, for recommendation to shareholders at the 2026 AGM and led a formal competitive audit tender process for the External Audit for the year ending 31 March 2028.

Compliance, governance and disclosure

- Reviewed and recommended to the Board the Committee's Terms of Reference which were updated to reflect the Committee's expanded remit.
- Received regular updates on ethics, business conduct and whistleblowing, and reports on legal and regulatory compliance, including instances of non-compliance and actions taken to strengthen compliance and investigation arrangements across the Group.

Audit & Risk Committee report cont.

Significant issues and judgements relating to the financial statements

The significant issues and judgements considered by the Committee in relation to the financial statements for the year ended 31 March 2026 are set out in the table below. During the year, the Committee discussed these matters in detail with management and the External Auditor as part of its oversight of the integrity of the Group's financial reporting.

Matters considered	Factors and reasons considered, including financial outcomes
US environmental remediation provisions	During the year, the Committee reviewed the accounting for the £2,012bn of US environmental remediation provisions. Following correspondence with environmental regulators on the scope and design of remediation activities related to Superfund sites, and the revision of management estimates, we recognised a net movement in the associated provision of £nil. The net movement in the provision is reported through exceptional items, consistent with the Group's policy as disclosed in notes 5 and 26 to the financial statements.
Disposal of Grain LNG	On 28 November 2025, Grain LNG was sold to a consortium of multinational energy companies, Centrica plc, and an energy transition infrastructure investment firm, Energy Capital Partners, part of Bridgepoint Group plc. The Committee reviewed the gain on disposal calculation, including the judgements around the post closing capital project obligations and related disclosures in note 10 to the financial statements.
Disposal of National Grid Renewables	On 29 May 2025, National Grid Renewables was sold to Brookfield Asset Management and its institutional partners including Brookfield Renewable Partners for \$2.1 billion. A pre-tax loss on disposal of £96 million was recognised within the Group's results (the loss arose principally from the recycling of cumulative foreign exchange movements up to the date of disposal). The Committee reviewed the loss on disposal calculation and related disclosures in note 10 to the financial statements.
Monitoring of North Hyde related liability exposure	The Committee received updates on the investigation into the North Hyde substation outage. On 18 November 2025, NESO published its final report. National Grid fully supports the NESO recommendations and remains committed to working with NESO and others to implement them. The Ofgem investigation is ongoing. The Committee reviewed management's assessment of the liability exposure and the related disclosures in note 30 to the financial statements.
Obligations relating to FERC Return on Equity (ROE) order	On 19 March 2026, the FERC issued an order requiring certain transmission operators in North East America to establish a base return on equity of 9.57%. Historical amounts charged in excess of this base ROE are to be refunded. The Committee has reviewed management's accounting treatment under IFRS and the impact on underlying earnings. Further information can be found on page 76.

Financial reporting

Going concern and longer-term viability

During the year, the Committee reviewed management's assessment of the Group's status as a going concern and its longer-term viability. This included reviewing the Group's going concern and longer-term viability statement (as set out on pages 142 and 86 respectively), together with the supporting assessment reports prepared by management. Based on this review, the Committee concluded that the financial statements had been appropriately prepared on a going concern basis and that the Company and the Group have adequate resources to continue in operation for at least 12 months from the date of approval of the Consolidated Financial Statements for the year ended 31 March 2026 and recommended it to the Board for approval.

Fair, balanced and understandable

In May 2026, the Committee reviewed this Annual Report and Accounts having provided input and challenge on earlier drafts. The Committee concluded that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders and other stakeholders to assess the Group's position, performance, business model and strategy.

In reaching this conclusion, the Committee considered both the financial and non-financial disclosures, including the Group's disclosures prepared in line with the TCFD recommendations (see pages 53–68). The Committee also considered the potential impact of these disclosures on the forward-looking assumptions supporting the Group's going concern and viability assessments. The Committee's review was informed by the following:

- a comprehensive drafting and review framework, including sign-off by Group Executive Committee members of relevant areas of the Annual Report and Accounts;
- a robust verification process for key financial and non-financial statements;
- a comprehensive review by management, including members of the Group Executive Committee and the Disclosure Committee, to assess the accuracy and consistency of messaging and overall balance; and
- feedback from the Company's advisors, including the External Auditor and Remuneration Advisor.

On this basis, the Committee recommended the Annual Report and Accounts to the Board for approval.

Risk management and internal controls

The Board has overall responsibility for the Group's risk management and internal control framework, including setting risk appetite, overseeing principal and emerging risks and reviewing the framework's effectiveness. The Audit & Risk Committee supports the Board by providing focused oversight and challenge on the design and operation of the framework, the quality of risk reporting, and the assurance obtained across financial, operational, reporting and compliance matters.

Risk management

Effective risk management underpins delivery of the Group's strategic priorities. The Chief Risk Officer is responsible for establishing and maintaining the Group's risk management processes and ensuring principal and emerging risks are identified, assessed and managed within the risk appetite approved by the Board. During the year, the Board reviewed and approved the Group's Principal Risks, which are set out in the Strategic Report on pages 31–37. The Committee provided detailed oversight through scheduled risk updates and deep-dives, testing management's assessment of risk exposures, ownership, mitigations, emerging risk indicators and the consistency of disclosures across the Annual Report and Accounts.

Audit & Risk Committee report cont.

Following the restructure of Board committees, the Group's Principal Risks are considered by the Board committee best placed to provide specialist oversight, with the Audit & Risk Committee retaining responsibility for assessing the overall effectiveness of risk management and internal control and receiving half-year and full-year reporting that summarises how the Group Principal Risks have been managed.

During the year, the Committee undertook focused reviews of selected Group Principal Risks, assessing risk ownership, key controls and mitigation plans, and the quality of management reporting and assurance. The reviews included: Satisfactory regulatory outcomes; Major capital projects; Catastrophic security incident; and Financing our business. The Committee considered the Climate change mitigation Group Principal Risk in a joint meeting with the Responsible Business Committee.

Internal controls and assurance

The Group's internal control framework supports the integrity of financial and non-financial reporting and the preparation of the Annual Report and Accounts. The Committee oversees the processes in place to support timely and accurate reporting, the consistent application of accounting standards and significant judgements, and key disclosures, including going concern and viability. This oversight is informed by regular management reporting and assurance provided by Internal Audit and the External Auditor.

As a UK and US listed group, the Committee also receives periodic updates on the SOX programme and management's assessment of internal control over financial reporting (ICFR), including progress against the Group-wide compliance plan and developments in the controls environment. These updates informed the Committee's review of full-year reporting and broader assurance across over the control environment.

Governance developments and forward-looking oversight

The Committee received updates on relevant regulatory developments, significant litigation and other emerging matters, supporting forward-looking oversight of principal risks and the resilience of the control environment. In line with the 2024 Code, the Committee reviewed management's programme to strengthen and evidence the effectiveness of material internal controls across financial, operational, reporting and compliance activities, supporting the Board's annual review and related disclosures.

Internal control and risk management effectiveness

The Committee regularly reviewed the effectiveness of the Group's internal control and risk management frameworks, with a focus on material controls aligned to the Group's Principal Risks. Based on the work undertaken, the Committee confirmed to the Board that the control framework continued to operate effectively and to provide appropriate assurance. The Committee was also satisfied that the sources of assurance relied upon were of sufficient authority, independence and expertise to provide objective and reliable assurance.

The Committee monitored material business conduct and compliance matters, including oversight of the annual Certificate of Assurance process, through which management confirms the effectiveness of the Group's risk management and internal control systems and identifies significant matters not otherwise captured through existing assurance arrangements. Assurance over internal controls over financial reporting is provided separately through the Group's SOX framework. No material weaknesses were identified and the Committee reported to the Board that management's processes for monitoring and reviewing risk management and internal control remained effective.

The Committee also oversaw management's approach to future compliance with Provision 29 of the 2024 Code, including the identification and review of the material controls that, individually or in aggregate, are most relevant to the management of risks that could threaten the Group's business model, future performance, solvency or liquidity. During the year, the Committee oversaw the development of a structured,

evidence-based framework to support the Board's annual effectiveness assessment, which is progressing as planned in preparation for the year ending 31 March 2027 when this is implemented.

Internal Audit

The Internal Audit function supports the Group's risk management and internal control framework by providing independent and objective assurance and insight. Its work is delivered in accordance with the Institute of Internal Auditors' International Professional Practices Framework (IPPF). Based on the work performed by the IIA in 2024/25, it was determined that the Internal Audit function generally conforms to all relevant principles of the IPPF with a high degree of conformance. The Committee is satisfied that Internal Audit has the appropriate quality, capability and expertise to fulfil its mandate. The appointment of the Group Head of Internal Audit is a matter reserved for the Committee. During the year, the Committee considered succession planning and resourcing for the Internal Audit function, including the appointment of the Group Head of Internal Audit. The Group Head of Internal Audit attends all Committee meetings, has direct access to the Committee Chair, and meets the Committee in private session without management present.

During the year, the Committee monitored the delivery of the Internal Audit Plan, including key themes arising from audit work, management's remediation plans and the timely closure of actions. The Committee also reviewed the Internal Audit Charter to ensure that it remained aligned to evolving Global Internal Audit Standards, and received updates on the function's ongoing transformation to ensure it remains fit for purpose in light of strategic and technological change and emerging risks.

External Audit

The Committee oversees the relationship with the External Auditor, including audit quality, independence and effectiveness. The Company's External Auditor, Deloitte LLP, was re-appointed by shareholders at the Company's AGM in July 2025 and the Committee was authorised to set Deloitte's remuneration. The current Lead Audit Partner is Chris Thomas and 2025/26 was the fourth year of his term. Katie Houldsworth will succeed Chris Thomas as Lead External Audit Partner following the announcement of the Company's half-year results in November 2026. A transition plan is in place to ensure an effective handover.

Audit tender process

In accordance with UK requirements on audit firm rotation and tendering, the Committee keeps the appointment of the External Auditor under regular review and, during the year, led a formal competitive tender for the audit for the year ending 31 March 2028. Following the conclusion of the process, the Board approved the re-appointment of Deloitte as the Company's External Auditor subject to shareholder approval at the 2027 AGM. Deloitte was last appointed as the Group's External Auditor in 2017 and was re-appointed at the Company's Annual General Meeting in July 2025.

The tender process undertaken during the year was overseen by the Committee, which was involved throughout. Seven firms were initially invited to participate, comprising four top-tier and three mid-tier firms. Two top-tier firms, including the incumbent auditor, accepted the invitation and progressed to the RFP stage. The Chair of the Committee engaged with firms that declined to tender to understand their reasons and to reinforce expectations regarding participation in audit tenders. A virtual data room was established for both firms and structured meetings were held with Committee and Board members, together with senior finance management to enable a clear assessment of each firm's capabilities, experience and understanding of the Company's audit requirements. Feedback from these meetings was coordinated by the Group External Reporting team.

Formal submissions were received and final presentations were delivered in December 2025. Proposals were assessed against weighted criteria, with audit quality as the primary consideration, alongside audit approach, technical competence and challenge. The Committee also considered the Audit Quality Review reports published in respect of each firm. Final presentations were attended by the Chair of the

Audit & Risk Committee report cont.

Committee, Chief Executive, Chief Financial Officer, Head of Internal Audit, Group Financial Controller and other senior finance leaders. Following detailed evaluation and discussion, the Committee recommended the re-appointment of Deloitte, which the Board approved in December 2025.

In conducting the tender process, the Committee considered the guidance on tendering set out in the FRC's Audit Committees and the External Audit: Minimum Standard.

Effectiveness, quality and performance

As part of its responsibilities, the Committee regularly assesses the effectiveness, independence and performance of the External Auditor to satisfy itself that the quality, rigour and outcomes of the external audit remain appropriate. During the year, the Committee considered the quality of Deloitte's audit reports and its responses to accounting, financial control and audit matters as they arose, and reviewed and challenged the External Audit Plan prior to approval.

In forming its conclusions, the Committee engaged regularly with senior management and members of the Finance function. The Committee Chair met with the External Auditor privately, both in conjunction with scheduled Committee meetings and outside the formal meeting cycle, without management present, to promote open and constructive dialogue. Committee members also met privately with the External Auditor at least twice during the year. In considering the effectiveness of the External Auditor the Committee:

- reviewed the quality of audit planning, including audit approach, scope, progress and fee levels;
- considered the insights provided by the External Auditor via their reports presented to the Committee at each meeting which highlight financial reporting and internal control areas which they consider should be prioritised by management; and
- assessed Deloitte's performance against key aspects of audit delivery, including planning, resourcing, use of technology, oversight and quality review.

The Committee concluded that the External Audit had been delivered effectively.

Following completion of the 2024/25 External Audit, management conducted a survey of key stakeholders involved in the audit to gather feedback on the external audit process. The survey covered audit planning and scope, robustness of the audit process, independence and objectivity, quality of delivery, quality of people and service, and understanding of the Group. The results were shared with Deloitte and informed planning for the 2025/26 External Audit.

Survey feedback indicated an improvement in Deloitte's scores compared with the prior year, reflecting targeted actions taken in response to earlier feedback. The survey confirmed that the audit contributed to the integrity of the Group's financial reporting, that relationships between Deloitte, the Committee and management remained effective, and that Deloitte demonstrated appropriate professional scepticism, supported by the skills and experience of the audit team.

Following its assessment for 2025/26, the Committee recommended to the Board the re-appointment of Deloitte as External Auditor for the year ending 31 March 2027. A resolution to re-appoint Deloitte, and to authorise the Committee to determine its remuneration, will be proposed to shareholders at the 2026 AGM. Based on its ongoing assessment, the Committee remains satisfied with Deloitte's independence, objectivity, effectiveness and performance, and considers its re-appointment for 2026/27 to be in the best interests of the Company.

The Committee confirmed that, during 2025/26, the Company complied with the mandatory audit processes and audit committee responsibility provisions of the Competition and Markets Authority Statutory Audit Services Order 2014. The Committee also confirms its continued compliance with the

FRC's Audit Committees and the External Audit: Minimum Standard. Activities undertaken to support this assessment are described throughout this report. The Committee promotes transparency and accountability across the Group's financial reporting and audit processes in support of high-quality reporting and the long-term sustainability of the Company.

Auditor independence and objectivity

The Committee recognises that auditor independence and objectivity are fundamental to the integrity of the audit. During the year, it reviewed the safeguards supporting independence, including the annual assessment by Internal Audit. In May 2026, Deloitte confirmed its compliance with applicable UK regulatory and professional requirements, US SEC regulations, and Public Company Accounting Oversight Board (PCAOB) standards, and that its objectivity had not been compromised. Having considered these confirmations, the level of non-audit services and the safeguards applied, the Committee concluded that Deloitte remained independent for the purposes of the External Audit and confirmed that its recommendation to the Board was free from third-party influence and restrictive contractual clauses.

Non-audit services

In line with the FRC's Ethical Standard and to maintain the External Auditor's objectivity and independence, the Committee has established a policy governing the provision of non-audit services by the External Auditor. The total fees payable for non-audit services in any financial year are capped at 70% of the average audit fees paid in the preceding three financial years. All non-audit services require the prior approval of the Committee. A limited subset of services which, due to their nature, the Committee has determined that they do not pose a threat to the auditor's independence or objectivity and have a value of less than £250,000 may be pre-approved by the Chief Financial Officer. The Committee receives regular reports on all non-audit services provided by the External Auditor to ensure ongoing oversight. Non-audit services approved during the year principally related to ESG assurance and reporting accountant services.

External Auditor's fees

The amounts (£m) paid to the External Auditor in the past three years were as follows:



The total billed non-audit services provided by Deloitte during the year ended 31 March 2026 were £1.6 million, representing 8.1% of total audit and non-audit fees. Further information on the fees paid to Deloitte for audit, audit-related and other services is provided in note 4 to the financial statements on page 152. Total audit and audit-related fees include the fees paid to Deloitte for other services that the External Auditor is required to perform, such as regulatory audits and SOX attestation. Non-audit fees represent all non-statutory services provided by Deloitte.

Iain Mackay

Chair of the Audit & Risk Committee

13 May 2026

Safety & Operations Committee report



Earl Shipp

Chair of the Safety & Operations Committee

Role of the Committee

- The Committee assists the Board in fulfilling its oversight responsibilities in respect of reviewing and challenging strategies, policies, initiatives, risk exposure, targets and performance of the Company in relation to safety and wellbeing.
- The Committee provides oversight of the Company's major capital projects and operational activities, particularly in relation to delivery, governance and risk management, and execution.

Composition

The Committee comprises four independent Non-executive Directors. The Committee held one orientation meeting and one further scheduled meeting during the year.

Membership

- Earl Shipp (Chair)
- Jacqui Ferguson
- Tony Wood
- Martha Wyrsh



The Terms of Reference of the Safety & Operations Committee are available on our website nationalgrid.com/about-us/corporate-information/corporate-governance

As a result of the Committee restructure detailed on page 89, the Board approved the establishment of the Safety & Operations Committee, replacing and extending elements of the former Safety & Sustainability Committee and establishing the Committee's key areas of focus as safety and wellbeing, operations, and major project delivery.

Safety and wellbeing

The accelerating pace of work activities has increased reliance on contractors and placed pressure on internal and external resources. The refreshed Committee enables enhanced oversight of how we manage safety performance and wellbeing, including learning from safety incidents and near misses, regulatory insights and industry benchmarking as well as how safety-related risk is mitigated. The safety of our people, contractors, the public, and those affected by the Group's activities remain paramount and a central focus for the Committee.

The former Safety & Sustainability Committee met in May 2025 and considered the Annual Health and Safety Report for 2024/25 which provided a strategic review of the Group's safety, health and wellbeing performance for the year, including performance against key safety metrics, sustained areas of improvement, and emerging operational vulnerabilities. The Safety & Operations Committee has continued to oversee the Group's safety, health and wellbeing performance and receives updates from the Director of Safety, Health and Wellbeing at each Committee meeting.

The Committee reviewed progress against the Group's core safety indicators, including trends in serious incidents and management's recovery actions, alongside enhancements to reporting processes designed to strengthen insight and support more proactive risk management. Development of a new incident reporting system has been monitored by the Committee ahead of implementation and the Committee will continue to monitor progress of this roll-out.

The Committee considered initiatives to reduce the most common causes of workplace harm and causes of lost time injuries, with a focus on strengthening system controls, workplace conditions and leadership engagement. The Committee noted progress in these areas.

Wellbeing also remained a key focus. The Committee received updates on initiatives to support mental health, strengthen organisational resilience and ensure regulatory compliance.

As reported last year in the Safety & Sustainability Committee report, the Committee continued to track progress against the actions from an external review of safety governance and culture. This helped to inform clearer roles and responsibilities and reinforced expectations across our business units where progress has been positive.

Key activities during the year

- Oversaw health, safety and asset governance, operations and major project delivery, including performance trends, serious incidents, and the effectiveness of controls across the Group's operations.
- Reviewed the management of operational and safety-related risks, including relevant Group Principal Risks, asset integrity, and resilience of critical infrastructure.
- Monitored safety culture, capability and assurance.

Operations and major project delivery

As a new area of focus, the Committee spent time understanding the spread of major projects across the Group. This included those in construction as well as those planned in the US and under the ASTI projects in the UK. Operational performance was monitored, noting the increasing pressure on networks as investment accelerates to meet future system needs. The Committee reviewed major project delivery and key operational risks, such as outage planning and supply chain resilience across both electricity and gas businesses, and supported the continued development of clearer milestone-based reporting to enhance visibility of progress, cost, schedule and risk exposure.

While overall portfolio performance remained within expected tolerances, continued attention to supply chain pressures, resource availability and increasing network operability challenges will be critical to maintaining project delivery confidence.

The Committee also monitored initiatives to build the Company's future delivery capability with an update received from the Group Chief Engineer providing insight into the Group's progress around strengthening engineering competencies.

Following the fire at North Hyde in March 2025, the Board received several updates on this and asset maintenance. The Committee will take forward the focus on this area through the next year, including tracking progress on actions from both internal and external investigations.

During the year, between the Committee, members participated in seven site visits to observe field activities, meet and talk with employees.

Earl Shipp

Chair of the Safety & Operations Committee

13 May 2026

Responsible Business Committee report



Tony Wood

Chair of the Responsible Business Committee

Role of the Committee

- Assists the Board in fulfilling its oversight responsibilities in respect of the Company's role as a responsible business.
- Responsible for monitoring and, where appropriate, challenging strategies, policies, initiatives and risk exposure relating to political, societal and regulatory matters, as well as performance against climate- and sustainability-related targets.
- Provides oversight of reputational risk across the Company's stakeholder groups.

Composition

The Committee comprises five independent Non-executive Directors. The Committee held one orientation meeting and two further scheduled meetings during the year. One ad hoc meeting with the Audit & Risk Committee was also held.

Membership

- Tony Wood (Chair)
- Ian Livingston
- Anne Robinson
- Earl Shipp
- Jonathan Silver

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

 The Terms of Reference of the Responsible Business Committee are available on our website nationalgrid.com/about-us/corporate-information/corporate-governance

The Responsible Business Committee was established during the year following a committee restructure as detailed on page 89.

The creation of the Committee reflects the increasingly complex external environment in which the Group operates, characterised by heightened political, societal and regulatory scrutiny, evolving stakeholder expectations, and a rapidly changing climate and sustainability landscape. The Board determined that these interrelated matters warranted more focused and integrated oversight at Board committee level.

The Committee's remit encompasses three principal areas of focus: sustainability (including climate change), reputation, and regulatory and political matters. In this context, the Committee monitors and, where appropriate, challenges the Company's strategies, policies, initiatives and risk exposure relating to customer, political, societal and regulatory issues, as well as performance against climate- and sustainability-related targets.

As part of the committee refreshment, the Committee took responsibility for monitoring and oversight of the following Group Principal Risks: political and societal expectations; climate change mitigation; and satisfactory regulatory outcomes. The Committee will continue to give focus to ensure mitigations are appropriate to the changing external environment. The Committee also has oversight of reputational risk across the Company's key stakeholder groups.

During the initial period of operation, the Committee focused on establishing a robust governance framework and forward agenda planner, and on developing a shared understanding of the external context across our areas of responsibility. It also confirmed its approach to oversight and reporting. This included consideration of the Company's Responsible Business strategy and climate targets, and the development of enhanced reputation monitoring and reporting.

Key activities during the year

- Oversaw the Group's sustainability and climate agenda, including progress against climate commitments, the Climate Change Mitigation Group Principal Risk and related disclosures.
- Reviewed Responsible Business reporting, reputation and stakeholder engagement, ensuring disclosures and external positioning remained credible, balanced and aligned with stakeholder expectations.
- Monitored regulatory, political and societal developments, including related Group Principal Risks, policy engagement and ESG-linked performance measures.

External affairs

The Committee considered the external environment affecting the Company's role as a responsible business, including political, societal and regulatory developments across the Group's jurisdictions. The Committee discussed how heightened stakeholder scrutiny, affordability pressures, geopolitical developments and evolving regulatory expectations interact with the Company's sustainability commitments, reputation and long-term outcomes.

Sustainability

In relation to sustainability and climate change, the Committee received updates on the Company's Responsible Business strategy, including progress against climate targets and plans to refresh the Responsible Business Charter. The Committee discussed the challenges presented by the rapidly changing external environment and the implications for the Company's climate commitments, disclosures and external narrative. During the year, the Committee held a joint meeting with the Audit & Risk Committee to review the Climate change mitigation Group Principal Risk and the Group's approach to sustainability reporting. Prior to the Committee restructure, climate-related matters were overseen by the former Safety & Sustainability Committee, which in May 2025 reviewed progress against Scope 1 and 2 targets, discussed Scope 3 dependencies and considered key external uncertainties.

Reputation

The Committee also focused on reputation and stakeholder sentiment, recognising reputation as a critical business asset and an important component of the Company's licence to operate. During the year, the Committee oversaw the development of an enhanced approach to reputation management, including the introduction of a reputation dashboard designed to provide clearer insight into stakeholder sentiment, including customers, regulators and government, employees, suppliers and the general public. Where appropriate, the Committee consolidates inputs from other committees to avoid duplication while providing a holistic view. The dashboard also provides insight into emerging issues and reputational signals across geographies. The Committee discussed how this insight could be used alongside existing risk frameworks to support earlier identification of emerging risks and opportunities.

The Committee reviewed the broader regulatory landscape in the Company's jurisdictions and considered how the Company positions itself to support satisfactory regulatory outcomes over the longer term.

Tony Wood

Chair of the Responsible Business Committee
13 May 2026

People & Remuneration Committee report



Martha Wyrsh

Chair of the People & Remuneration Committee

Role of the Committee

- Responsible for determining the Directors' Remuneration Policy and setting the remuneration of the Chair, Executive Directors and members of the Group Executive Committee.
- Oversees remuneration policies and practices across the wider workforce.
- Oversees the talent and succession planning framework and approach to diversity, equity and inclusion and organisational culture.
- Monitors the Group Principal Risk relating to People, capability and capacity, ensuring that matters are appropriately managed and aligned with the Company's strategic objectives.

Composition

The Committee comprises five independent Non-executive Directors. Since the restructure of the Committees, three scheduled meetings were held. Prior to the restructure, the Remuneration Committee held one scheduled meeting and two ad hoc meetings.

Membership

- Martha Wyrsh (Chair)
- Ian Livingston
- Iain Mackay
- Anne Robinson
- Jonathan Silver



The Terms of Reference of the People & Remuneration Committee are available on our website nationalgrid.com/about-us/corporate-information/corporate-governance

First, we would like to thank shareholders for their strong support in approving the Directors' Remuneration Policy at the 2025 AGM.

The Group has grown significantly over the past year, driven by substantial increases in regulated assets and capital investment. We achieved constructive regulatory outcomes in both the UK and the USA and made significant progress in securing our supply chain, leading to confidence in delivery of our capital investment plans. In March we announced our extended and upgraded five year Financial Framework, which increased our cumulative capital investment commitment to at least \$70 billion and upgraded underlying earnings per share growth to 8-10%. It is underpinned by multiple structural investment drivers, including acceleration demand from data centres and the continued electrification of industrial demand.

Against this backdrop, the Group delivered a strong financial and operational performance in 2025/26, reflecting continued execution against strategic priorities and disciplined delivery. This performance provides important context for the Committee's approach to remuneration outcomes for the year, as set out in this report, and demonstrates the alignment between executive incentives, long-term value creation and shareholder interests.

Alignment of remuneration with our business strategy

We align our performance-linked elements of remuneration to our strategic priorities, long-term stakeholder and shareholder value and our vision to bring energy to power possibilities.

We continue to evolve our performance measures to align with our strategic focus areas and are introducing a new 2026/27 APP "Performance delivery" measure focusing on capital delivery, asset management, customer and functional effectiveness. We are also extending the "Enablement of strategic growth" 2026 LTPP measure to include demand-side connections and large loads that support the energy transition and economic growth, in addition to generation connections.

Safety continues to be an important factor in remuneration decisions and in previous years the Committee has exercised its discretion when necessary.

Key activities during the year

- Chief Executive succession plan and integration of new Chief Executive.
- Shareholder approval of the 2025 Directors' Remuneration Policy.
- Review of forward-looking APP and LTPP performance measures.
- Review of strategic workforce planning and early careers programme.
- Review of employee feedback from workforce engagement sessions and Group-wide employee engagement survey

As the Company's strategy evolves, the Committee will ensure that the remuneration framework evolves in response, reinforcing a clear and consistent link between strategic delivery and reward. We will also consider whether an early review of the Remuneration Policy is needed over the coming year to ensure it remains fit for purpose and aligned with the Group's strategic objectives.

Chief Executive appointment and leadership transition

During the year, we welcomed our new Chief Executive, marking an important point in the Company's leadership and strategic development. We would like to thank both John Pettigrew and Zoë Yujnovich for their leadership and for ensuring continuity during the transition, while positioning the Group strongly for the next phase of growth.

As announced in May 2025, John retired as Chief Executive on 16 November 2025 and remained available to the Group until 30 April 2026. John's leaving arrangement can be found on page 118.

Zoë joined as Chief Executive Designate on 1 September 2025, to support a smooth and orderly leadership transition, and was appointed Chief Executive on 17 November 2025. In determining Zoë's appointment terms, the Committee considered her skills and experience, together with the scope of the role and prevailing market practice. As Zoë was an external appointment, a share award was granted for previous entitlements from Shell that were forfeited on her departure. Further details of Zoë's joining arrangement can be found on page 119.

People & Remuneration Committee report cont.

Board and Committee structure

The Committee's remit was expanded to include responsibility for people matters and, reflecting this broader oversight, the Committee was renamed the People & Remuneration Committee. This change recognises the increasingly important link between pay, culture, talent, and long-term performance.

As part of its expanded remit, the Committee placed increased emphasis during the year on talent and succession planning, including the strength and composition of the Group Executive Committee.

People matters prior to the Board Committees restructure were considered by the People & Governance Committee, including a deep-dive into strategic workforce planning and early careers.

Following a restructuring of the Board Committees in November, minor adjustments to the NED fees were made to reflect the scope and the time commitment of their role. A summary of these changes can be found on page 89.

Wider workforce and People matters

The Committee engages with the wider workforce at all levels on a range of topics, including remuneration. Further details of the Non-executive Director workforce engagement sessions are set out on page 95. We held employee engagement sessions in November 2025 and March 2026, during which we heard views from colleagues on talent, succession and remuneration. The feedback received was thoughtful and constructive, informing discussions at Committee level.

The Committee received updates on the results of the Company's employee engagement survey, including the mid-year pulse survey and the full-year survey. Further information on the outcomes of these surveys is set out on page 28. Insight into employee sentiment and perceptions of leadership is an important input to the Committee's wider consideration of remuneration, reflecting the value of its expanded remit.

In determining remuneration for Executive Directors, the Committee takes into account the context of the wider workforce. The Committee seeks to ensure that reward across the organisation is fair, competitive and consistent with the culture and values of National Grid.

Incentive outcomes during the year

Annual Performance Plan (APP) – 2025/26

The 2025/26 Annual Performance Plan was structured to support delivery of the Group's strategic priorities, with performance assessed against financial measures (70%), operational measures (15%) and individual objectives (15%). Financial performance delivered an outcome of 72.58% of maximum, reflecting results for Group Underlying EPS and Group RoE. Operational performance reflected progress against key priorities, including capital delivery and leadership of change, while individual performance outcomes reflected delivery of executive objectives aligned to strategic and operational priorities. Having considered performance across all elements of the plan and overall Group performance during the year, the Committee determined APP payouts of 74.22%, 69.72% and 71.22% of maximum for Zoë Yujnovich, Andy Agg and John Pettigrew respectively. Full details are set out on page 112.

2023 Long Term Performance Plan (LTPP)

The performance period for the 2023 LTPP ended on 31 March 2026, with outcomes reflecting performance against financial measures (80%) and energy transformation measures (20%). Financial performance outturned at 80.80% of maximum, based on delivery against Group Underlying EPS and Group RoE, while energy transformation performance outturned at 89.50% of maximum, reflecting progress against Scope 1 emissions and enablement of energy transformation objectives. The resulting formulaic vesting outcome was 82.54% of maximum. Having considered overall performance, shareholder experience and the external environment, the Committee concluded that this outcome was appropriate. Full details are set out on page 116.

Single total figure of remuneration

The Committee is satisfied that the total single figure outcomes are appropriate, taking into account the delivery against key performance measures, wider employee pay, and shareholder and other stakeholder experience in terms of value created.

Policy implementation in 2026/27

Salary review

Salary increases, with effect from 1 July 2026, of 4.5% have been awarded to Zoë Yujnovich and 3.5% to Andy Agg. Overall workforce pay rates were increased by 4.5%.

The Chief Executive's starting remuneration reflects that Zoë is new to the role and was initially positioned towards the lower end of the FTSE 30 peer group, recognising it would rise in the future. Since joining, Zoë has demonstrated exceptional performance, and the Committee remains firmly committed to a performance-led approach to remuneration. Given both her early impact and the need to ensure ongoing market competitiveness, the Committee anticipates that some evolution in pay will be required within the parameters of the Policy. The Committee will review the Chief Executive's salary at the point of her work anniversary. Any adjustment will reflect an assessment of ongoing performance.

Incentive structure

The 2026/27 APP will continue to focus on delivery of the Group's strategic priorities, with a maximum opportunity of 200% of salary and include financial (70%), operational (15%) and individual (15%) measures. Further details are set out on page 125.

The 2026 LTPP will be awarded at 400% of salary for Zoë Yujnovich and 350% for Andy Agg, maintaining a focus on long-term financial performance and strategic delivery. The financial and energy transformation measures are set out on page 125.

Martha Wyrsh

Chair of the People & Remuneration Committee

13 May 2026

Remuneration at a glance

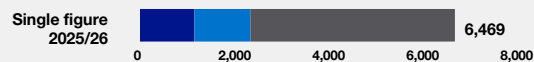
2025 Remuneration Policy

- The 2025 Directors' Remuneration Policy (2025 Policy) was adopted in July 2025 following approval at the AGM, with 98.38% of shareholders voting in favour of the Policy.
- Our remuneration strategy sets out to ensure strong alignment with our strategic priorities and creation of value for shareholders while providing market competitive remuneration to enable the attraction and retention of top leadership talent.
- The Policy operated as intended during the year, with outcomes that were aligned to Company performance and resulted in an appropriate level of remuneration quantum.
- The Policy is available on our website at nationalgrid.com/about-us/corporate-information/corporate-governance

Single total figure of remuneration

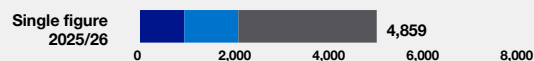
Executive Directors

Zoë Yujnovich (Chief Executive) £,000



2025/26 variable pay 74.2% of total maximum opportunity.

Andy Agg (CFO) £,000



2025/26 variable pay 77.4% of total maximum opportunity.

Former Executive Director

John Pettigrew (Former Chief Executive) £,000



2025/26 variable pay 71.2% of total maximum opportunity.

● Fixed Pay ● APP ● Share award (inc. LTTP)

Policy implementation

Executive Directors

Salary & pension

Purpose and link to business strategy: to attract, motivate and retain high-calibre individuals.

Executive Directors receive pension contributions of 12% of salary, which is aligned to the wider workforce.

2025/26

	Salary £,000	% increase
Zoë Yujnovich (Chief Executive)	£1,300,000	— %
Andy Agg (CFO)	£820,575	5 %
John Pettigrew (Former Chief Executive)	£1,246,665	5 %
Wider workforce principles		5 %

2026/27

	Salary £,000	% increase
Zoë Yujnovich (Chief Executive)	£1,359,000	4.5 %
Andy Agg (CFO)	£849,000	3.5 %
Wider workforce principles		4.5 %

[Read more on page 111](#)

Shareholding requirement

Requirement

Chief Executive: 500% of salary

Chief Financial Officer: 400% of salary

Former Executive Directors: 200% of salary for two years post-employment

Achievement as at 31 March 2026

Zoë Yujnovich (Chief Executive)	— %
Andy Agg (CFO)	1,367 %
John Pettigrew (Former Chief Executive)	2,164 %

Zoë Yujnovich joined National Grid on 1 September 2025 and is building up towards her shareholding requirement.

[Read more on page 119](#)

Remuneration at a glance cont.

APP

Purpose and link to business strategy: to incentivise and reward the achievement of annual financial measures and strategic non-financial measures.

2025/26

Maximum opportunity: 200% of salary

Total bonus payout (% of maximum):

74.22%

Zoë Yujnovich (Chief Executive)

69.72%

Andy Agg (CFO)

71.22%

John Pettigrew (Former Chief Executive)

Performance measure	Weighting	Outturn bar	Outcome (% of maximum)
Group underlying EPS (pence)	35%		89.52%
Group RoE	35%		55.64%
Group capital delivery and effectiveness	7.5%		87.12%
"Leadership of change" index	7.5%		25%
Individual objectives			
Zoë Yujnovich ¹	15%		100%
Andy Agg	15%		70%
John Pettigrew	15%		80%

¹ Reflects seven months performance

2026/27

Maximum opportunity: 200% of salary

Measures:

Financial	Operational	Individual
– Group underlying EPS: 35%	– Performance delivery: 15%	– Individual objectives: 15%
– Group RoE: 35%		

[Read more on page 112](#)

LTPP

Purpose and link to business strategy: to drive long-term business performance, aligning Executive Director incentives to key shareholder interests over the longer term.

2023 LTPP

Maximum opportunity: 350% (Chief Executive) and 300% (CFO) of salary in line with 2022 Policy

Performance outcome (% of maximum):

82.54%

2023 vesting outcome

Performance measure	Weighting	Outturn bar	Outcome (% of maximum)
Underlying Group EPS	40%		100%
Group RoE	40%		61.60%
Reduction in Scope 1 emissions	10%		100%
Enablement of energy transformation	10%		79.00%

2026 LTPP

Maximum opportunity: 400% (Chief Executive) and 350% (CFO) of salary in line with 2025 Policy

Measures:

Measure	Threshold	Maximum
Cumulative three-year underlying Group EPS (40%)	291p	311p
Group RoE (40%)	10.30%	11.55%
Reduction of Scope 1 emissions (10%)	3%	9%
Enablement of strategic growth initiative (10%)	Demand and generation connections	

[Read more on page 116](#)

People & Remuneration Committee report cont.

Statement of implementation of Policy in 2025/26

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

2025/26 remuneration implementation

Single total figure of remuneration – Executive Directors

The following table shows a single total figure of remuneration in respect of qualifying service for 2025/26, together with comparative figures for 2024/25. All figures shown to £'000:

	Executive Directors				Former Executive Director			
	Zoë Yujnovich		2025/26 total	2024/25	Andy Agg		John Pettigrew	
	Chief Executive Designate – 1 September '25 to 16 November '25	Chief Executive – 17 November '25 to 31 March '26			2025/26	2024/25	2025/26	2024/25
Salary	325	433	758	–	811	773	768	1,175
Benefits	–	294	294	–	21	25	39	40
Pension	39	52	91	–	97	93	92	141
Total fixed pay	364	779	1,143	–	929	891	899	1,356
APP	–	1,126	1,126	–	1,131	874	1,094	1,349
Share awards (inc. LTPP)	4,200	–	4,200	–	2,799	2,134	–	3,783
Total variable pay	4,200	1,126	5,326	–	3,930	3,008	1,094	5,132
Total remuneration	4,564	1,905	6,469	–	4,859	3,899	1,993	6,488

Notes:

1. Zoë Yujnovich joined the National Grid plc Board as Chief Executive Designate on 1 September 2025 and was appointed Chief Executive on 17 November 2025.
2. John Pettigrew stood down from the Board on 16 November 2025. John's 2025/26 APP was prorated to reflect his period of service as an Executive Director. The leaving arrangement for John can be found on page 118.

Salary: John Pettigrew's and Andy Agg's salaries increased by 5.0% to £1,246,665 and £820,575 as of 1 July 2025 respectively, aligned to the principles used for the wider workforce increases. Zoë Yujnovich was hired on a salary of £1,300,000.

Benefits: This includes private medical insurance, life assurance, allowance under the Group's flexible benefits programme, travel and accommodation expenses, partner travel, a fully expensed car or cash alternative and the use of a car and a driver when required. Zoë Yujnovich received £165,095 as a relocation allowance, £7,000 for her company car allowance, £6,870 for life assurance, £1,782 for private medical insurance, £48,023 for the use of a car and driver, £57,814 for taxable accommodation and travel expenses including partner travel for 2025/26. A Sharesave option award was granted to Zoë Yujnovich on 30 January 2026 and benefit (approximately £7,500) of this award is included. Andy Agg received £12,000 for his company car allowance, £6,926 for life assurance, £2,852 for private medical insurance and £185 for taxable accommodation and travel expenses for 2025/26. John Pettigrew received £7,533 for his company car allowance, £1,665 for life assurance, £624 for private medical insurance, £20,000 for legal fees and £9,281 for the use of a car and driver for 2025/26. There were no Sharesave options granted to either Andy Agg or John Pettigrew during 2025/26.

Pension: Pension contributions for Zoë Yujnovich, Andy Agg and John Pettigrew were 12% of salary for 2025/26.

Share awards (inc. LTPP): The 2023 LTPP is due to vest in July 2026. The average share price over the three months from 1 January 2026 to 31 March 2026 of 1,274.85 pence has been applied and estimated dividend equivalents are included. The value of the 2023 LTPP award is driven in part by growth in share value over the period, with a share price change of 35.10% and Total Shareholder Return (TSR) growth of 53.61% from the date of grant to 31 March 2026, using one-month average figures. The 2022 LTPP figures (included in the 2024/25 column) have been restated to reflect the actual share price on vesting and all dividend equivalent shares. As the vesting share price of 1,077.92 pence was higher versus the estimate of 962.17 pence (and the reduced dividend equivalent shares added for the dividend with a record date of 17 July 2025 with a dividend rate of 30.88 pence per share), the actual value at vesting was £391,057 higher than for the estimate published last year for John Pettigrew and £221,029 higher for Andy Agg. The share award value for Zoë Yujnovich relates to her buy-out award and further information can be found on page 119.

Malus and clawback: The Committee operates malus and clawback arrangements to ensure that variable remuneration outcomes are appropriate and fully justified. Malus (to reduce or forfeit unpaid or unvested awards) and clawback (to recover awards already paid or vested) may be applied in exceptional circumstances, including material misstatement of results, awards determined using inaccurate or misleading information, fraud or gross misconduct, regulatory censure or significant reputational damage attributable to the participant, or a material failure of risk management and/or corporate failure. Where such circumstances arise, the Committee may reduce, forfeit or recover all or part of an award using methods it considers appropriate. Malus applies to APP cash awards up to payment with clawback for two years from the end of the performance period; to APP deferred shares until two years after the financial year in which the bonus is earned with clawback for a further two years; and to LTPP awards up to vesting with clawback during the two-year post-vesting holding period. During the year, the Committee considered whether any or all of an award should be forfeited, even if already paid, due to the exceptional circumstances outlined above and in the Directors' Remuneration Policy, and determined that no action was required. The Committee considers these malus and clawback periods to be appropriate having regard to the long-term nature of the Group's strategy, investment cycle and regulatory environment, and the timeframes over which risks and performance outcomes may crystallise.

People & Remuneration Committee report cont.

Statement of implementation of Policy in 2025/26 cont.

Total pension benefits

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

John Pettigrew has, in addition, accrued defined benefit (DB) entitlements. He opted out of the DB scheme on 31 March 2016 with a deferred pension and lump sum payable at his normal retirement date of 26 October 2031. At 31 March 2026, John Pettigrew's accrued DB pension was £116,725 per annum and his accrued lump sum was £350,176. No additional DB entitlements have been earned over the financial year, other than an increase for price inflation due under the pension scheme rules and legislation. Under the terms of the pension scheme, if he satisfies the ill-health requirements or he is made redundant, a pension may be payable earlier than his normal retirement date. A lump sum death in service benefit is also provided in respect of these DB entitlements.

2025/26 APP

For 2025/26 APP, financial measures represented 70% of the award and operational measures and individual objectives represent 15% each of the award, similar to 2024/25. At least 50% of the award is delivered in shares (after any sales to pay associated tax) which must be retained until the shareholding requirement is met. Once the shareholding requirement is met, at least 33% of the award is delivered in shares (after any sales to pay associated tax) must be retained in shares for two years.

For financial measures, threshold, target and stretch performance levels are set by the Committee for the performance period and pay out at 0%, 50% and 100% of the maximum calculated on a straight-line basis. The capital delivery and effectiveness measure has been assessed primarily on quantitative metrics with a qualitative element to reflect a balanced assessment of progress and performance in our capital investment ambitions. The 'Leadership of change' index measure was a quantitative assessment from our annual Group-wide employee engagement survey of colleagues. Target and stretch performance levels for the individual objectives are also predetermined by the Committee for the performance period, and an assessment of the performance relative to the target and stretch performance levels is made at the end of the performance year on each objective. Executive Directors have a maximum opportunity of 200% of salary for 2025/26. In reaching its overall decisions on the APP, the Committee considered the strong performance and delivery throughout the year across financial, operational, and individual objectives. The Committee concluded that the outcomes are appropriate in the context of performance achieved and determined that no discretion was required to the resultant APP formulaic outcome.

APP – Financial performance

The financial measures (70%) were weighted equally between two measures – Group Underlying EPS and Group RoE. Performance was delivered through clear management actions, including improved Electricity Distribution and New England incentive outcomes, strong interconnector performance, and proactive financing activities, offsetting headwinds from the FERC regulatory order.

The financial performance outcomes of the 2025/26 APP award are summarised in the table below:

Measure	Weighting (% of APP)	Threshold	Target	Stretch	Outcome (% of max)
Group Underlying EPS (pence) 	35%	72.6p	75.6p	78.6p	89.52%
			78.0p		
Group RoE (%) 	35%	9.4%	9.8%	10.2%	55.64%
			9.85%		
Total financial outturn	70%				72.58%

Notes:

Group Underlying EPS: Technical adjustments have been made which reduce the performance range (including threshold, target and stretch) by 2.5 pence. This reflects the net effect of currency adjustments, scrip issuances, US pension assumptions, US/UK pension interest and storms.

Group RoE: Technical adjustments have been made which decrease the performance range by 0.1% to reflect the impact of the final opening equity being higher than forecast.

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Statement of implementation of Policy in 2025/26 cont.

APP – Operational performance

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

- Group capital delivery and effectiveness; and
- Group “Leadership of change” index.

Measure	Details	Assessment	Outcome
Group capital delivery and effectiveness (7.5%)	– Progress in the investment programme is a top priority for investors, making this measure essential for tracking performance. – The capital delivery and effectiveness measure is assessed primarily on quantitative metrics with a qualitative element to reflect a balanced assessment of progress and performance in our capital investment ambitions.	Actual capital investment for the year was £11.6bn, delivering a small variance to target and representing a significant increase compared with the prior year. In parallel, an assessment linked to the delivery of major projects was undertaken, focusing on performance against key milestones, the management of delivery risks, and overall delivery quality. Performance has been strong, with record levels of capital investment achieved and the majority of projects remaining on track; this resulted in an overall outturn of 87.12% of maximum.	87.12%
‘Leadership of change’ index (7.5%)	– Index in our annual employee engagement survey (Grid:Voice) that assesses the ability of leaders to drive and sustain high performance during periods of significant change in our business to achieve our organisational goals.	Colleague feedback reflected a year of change, with engagement remaining generally positive but highlighting a continued need for clearer and more consistent communication and practical support during periods of transition, resulting in an overall outturn of 25% of maximum.	25.00%
Combined operational outcome			56.06%

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Statement of implementation of Policy in 2025/26 cont.

APP – Individual objectives

In addition to the financial and operational goals outlined above, the Board approves annual individual performance for the Executive Directors in line with key operational and strategic priorities. As part of the process for assessing individual performance, the Board is provided with a comprehensive review of company performance and individual contributions relative to the previously adopted goals. The following tables sets out the 2025/26 individual objectives together with associated performance commentaries and the Committee's assessment of the performance outcome for each of the Executive Directors:

Individual objectives and performance summary – Zoë Yujnovich¹

Outcome – 100%

Deliver 2025/26 business plan

- Ensured continuity through leadership transition, maintaining strong delivery discipline, safety, and operational performance.
- Conducted extensive investor engagement to sustain confidence and built effective working relationships with the Board.
- Launched a strategic planning process with broad organisational engagement, preserving continuity while enabling forward-looking focus beyond 2025/26.
- Played an active role in final RIIO-T3 negotiations and supporting enhanced investor guidance.

Establish a performance-focused leadership cadence

- Reset performance review cadence and content.
- Enhanced quality of leadership dialogue and demonstrated direct, hands-on leadership engagement.
- Refreshed executive team accountabilities.
- Embedded performance objectives deeper across the organisation, expanding metrics beyond financials to include asset health, capital delivery, and technology.

Deliver a high-quality Board strategy session

- Board strategy session provided strong confidence in delivery, clarified key strategic shifts, and established a foundation for future refresh.
 - Increased active management participation in strategy development to strengthen alignment and buy-in to ambitious delivery goals.
 - Initiated first assessment of opportunities beyond 2031, identifying areas for further strategic development.
-

¹Reflects seven months performance.

People & Remuneration Committee report cont.

Statement of implementation of Policy in 2025/26 cont.

Individual objectives and performance summary – Andy Agg

Outcome – 70%

Delivering the next steps of the financing strategy

- Played a leading role in the RIIO-T3 price control outcome, which supported market confidence in the Group's financing strategy and outlook.
- Delivered the launch of a new Green Financing Framework and completed the first green issuance under the Framework, strengthening access to sustainable finance.
- Closed the National Grid Renewables and Grain sales.

Securing positive regulatory outcomes and supporting the delivery of our capital projects

- Successfully agreed the NiMo rate case and submitted other relevant regulatory cases.
- Drove continuous improvements in capex portfolio management, risk management and governance, with enhanced frameworks now embedded and informing a dedicated capital workstream.
- Total shareholder return (TSR) and share price performance were positive over the period, reflecting investor confidence in National Grid's strategy and growth plans.

Developing our organisational capabilities and tools

- Exceeded efficiency targets for 2025/26, demonstrating continued cost discipline and productivity improvement.
- Progressed implementation of a new financial planning system, with deployment on track and expected to enhance forecasting and decision-making through AI-enabled capabilities.
- Continues to strengthen the internal control environment.

Driving the identification and development of talent into the right pipelines

- Continued to strengthen succession planning and confidence across key roles.
- Supported leadership continuity and succession pipelines through targeted role moves and development, strengthening breadth of experience and capability.
- Leveraged workstreams to enhance visibility of talent, access to senior leadership and cross-functional development opportunities.

Individual objectives and performance summary – John Pettigrew

Outcome – 80%

Deliver RIIO-T3 and continue to deliver to expectations set at time of rights offering including digital transformation milestones

- Actively contributed to the RIIO-T3 outcome.
- Maintained regulatory and operational momentum to support delivery of the £60bn five-year commitment.
- Delivered capital investment.
- Strengthened focus on Electricity Distribution, driving safety improvements, capturing synergies, and positioning for the ED3 regulatory cycle.
- Progressed divestment of non-core assets.
- Scaled technologies including 3D printing, AMI/FLISR, and drone solutions.
- Identified new National Grid Partners opportunities, supporting an additional \$100m AI investment.

Successful Chief Executive transition

- Succession planning.
- Engaged directly with high-potential leaders through site visits across the organisation.
- Proactively communicated with investors following the leadership transition announcement.
- Agreed a clear division of responsibilities with the Chair and Chief Executive-Designate during the transition period.
- Facilitated introductions between the successor and key stakeholders, and transferred key industry leadership responsibilities.

People & Remuneration Committee report cont.

Statement of implementation of Policy in 2025/26 cont.

2023 LTTP

Performance conditions

The 2023 LTTP will vest on 1 July 2026 and was based on two equally weighted financial measures, Group Underlying EPS (40%) and Group RoE (40%). The remaining 20% weighting was split equally between two non-financial measures: Reduction of Scope 1 emissions (10%) and Enablement of energy transformation (10%). The targets and weightings of the 2023 LTTP below are the same for both Andy Agg and John Pettigrew.

The outturns of the 2023 LTTP are reflective of the business' performance over the period. During the performance period we have delivered record levels of capital expenditure, while maintaining a strong focus on cost efficiencies. In addition, we successfully completed the strategic pivot with the sale of the remaining 40% stake of the UK Gas Transmission business and completed the disposals of both Grain LNG and National Grid Renewables (NGR). The financial element achieved 80.80% of maximum with EPS achieving stretch driven by strong performance by the regulated businesses, within the interconnector portfolio in NGV and through management of financing costs. The non-financial measures recognise our role in delivering critical and green investment to enable the decarbonisation of power, transport and heat, and lead a clean, fair and affordable energy transition across our jurisdictions. Scope 1 emissions reductions outturn is 100% with emissions reductions through SF6 leakage reduction, methane emissions reductions including leak prone pipe replacement, deploying electric vehicles in our fleet and energy efficiency improvements in our buildings. This measure excludes Scope 1 emissions from our Generation plant in New York, as these emissions are deemed to be outside management control. This measure therefore makes up a relatively small proportion of our group Scope 1 and 2 target and reflects the elements where management are deemed to have more control. For further information on our GHG emissions performance, please see the Responsible Business section of this report on page 40. Enablement of energy transformation outturn was 79% of maximum and was based on progress in energy efficiency and generation, policy and regulatory engagement to support clean energy, and clean energy connections to our UK transmission networks and UK and US electricity distribution networks.

Performance measure	Weighting	Threshold 20% vesting	Maximum 100% vesting	Outcome (% of max)
Cumulative three-year Underlying Group EPS	40 %	200p	218p	100%
		223.4p		
Group RoE	40 %	9.15%	10.4 %	
		9.8%		61.60%
National Grid Scope 1 emissions	10 %	34ktCO ₂ e	77ktCO ₂ e	
		119ktCO₂e		100%
Enablement of energy transformation: Strategic initiatives (Scope 2 and 3)	10 %	Four strategic initiatives assessed on a four-point scale		
		79%		79.00%
				82.54%

Notes: As disclosed on p130 and p292 of the 2024/25 ARA, the financial performance targets were adjusted for the impact of the Rights Issue, exclude the impact of UK regulated Deferred Tax and reflect a change in the calculation methodology (approved by the Audit & Risk Committee) to reflect amortisation of goodwill and other indefinite life intangible assets (ILIs) over 20 years. Scope 1 emissions targets have been adjusted to account for within-period emissions accounting methodology changes and the sale of our Grain LNG terminal in 2025.

Vesting

The performance period for the 2023 LTTP ended on 31 March 2026. Across the period, performance was based on financial measures (80%) and energy transformation measures (20%), as set out in the 2022/23 Annual Report and as detailed above.

The overall outcome of the 2023 LTTP was 82.54% of maximum, with 80.80% of the total award vesting linked to financial measures, driven by achievement of 100% of maximum for Group Underlying EPS and 61.60% of maximum for Group RoE, both weighted equally; 89.50% of the total LTTP award vested in relation to the energy transformation measures, driven by achievement of 100% of maximum for Scope 1 emissions and 79% of maximum for enablement of energy transformation, both weighted equally.

The amounts due to vest under the 2023 LTTP for the performance period that ended on 31 March 2026 are included in the 2025/26 single total figure table on page 111 and are shown in the table below. Because awards are not yet vested, the figures in the table are based on the average share price over the three months from 1 January 2026 to 31 March 2026 of 1,274.85 pence and the proposed 2025/26 final dividend with record date of 29 May 2026, subject to shareholder approval, is included. The total number of shares subject to awards which vest (after any sales to pay associated income tax and social security), including dividend equivalent shares are subject to a two-year holding period.

The Committee considered wider business factors, such as underlying financial performance, ESG considerations, potential windfall gains and shareholder experience, when determining the final outturn for the 2023 LTTP and were comfortable that no adjustments were required.

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Statement of implementation of Policy in 2025/26 cont.

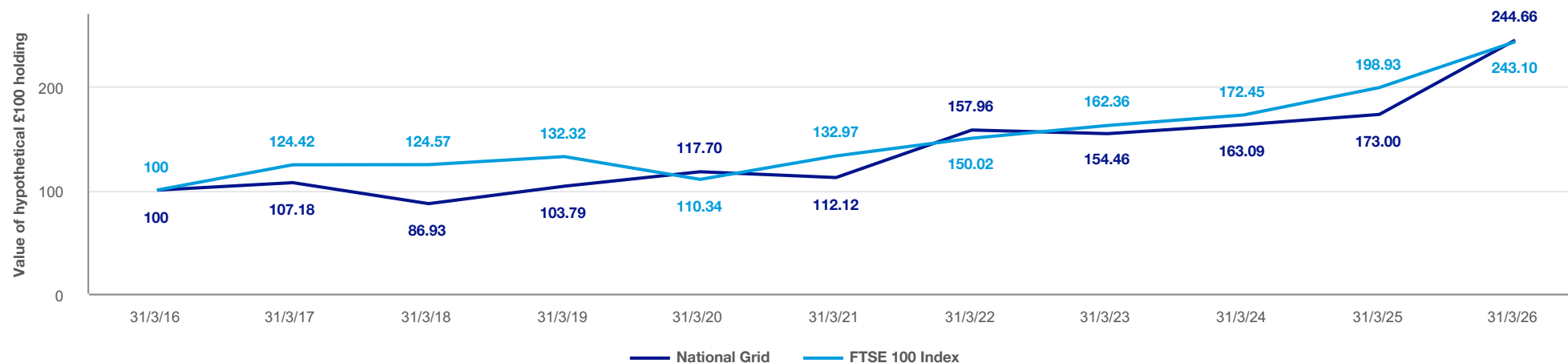
Vesting continued

	Shares awarded	Rights Issue adjustment	Total number of shares	Performance outcome (% of maximum)	Vested share based on performance	Face value of the award at grant (£'000)	Share price appreciation (£,000)	Dividend equivalent shares (£,000)	Total value (£'000)
Andy Agg	214,445	22,945	237,390	82.54	195,941	2,050	448	301	2,799
John Pettigrew	380,130	40,673	420,803	82.54	347,330	3,634	794	534	4,962

Assessment of National Grid shareholder returns

National Grid plc's 10-year annual TSR performance against the FTSE 100 Index since 31 March 2016 is shown below and illustrates the growth in value of a notional £100 holding invested in National Grid plc on 31 March 2016, compared with the same invested in the FTSE 100 Index. The FTSE 100 Index has been chosen because it is a widely recognised performance benchmark for large companies in the UK and it is a useful reference to assess relative value creation for National Grid plc shareholders. Over the last 10-year period, National Grid plc's TSR is 145% versus the FTSE 100 Index at 143%, demonstrating sustainable long-term value for our shareholders.

Total Shareholder Return (£)



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Statement of implementation of Policy in 2025/26 cont.

2025 LTPP

Performance conditions

For the 2025 LTPP, the performance measures comprise two equally weighted financial measures totalling 80% and two equally weighted energy transformation measures totalling 20% over the three-year performance period, as outlined in the table below.

Performance measure	Weighting	Threshold 20% vesting	Maximum 100% vesting
Cumulative three-year Underlying Group EPS	40 %	241p	259p
Group RoE	40 %	9.35 %	10.60 %
Reduction of Scope 1 emissions	10 %	4 %	10 %
Enablement of strategic growth initiative	10 %	10.2 GW	13.3 GW

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

2025 LTPP awards made during the year

The face value of the awards is calculated using the volume weighted average share price at the date of grant. The date of grant for Andy Agg and John Pettigrew was 23 June 2025 and the share price was 1,065.79 pence. For Zoë Yujnovich the date of grant was 1 September 2025 and the share price was 1,027.49 pence. The 2025 LTPP will vest on 30 June 2028. The total number of shares subject to awards which vest (after any sales to pay associated income tax and social security), including dividend equivalent shares, are subject to a two-year holding period following vesting.

	Basis of award (% of salary)	Number of shares	Face value (£'000)	Proportion vesting threshold performance	Performance period end date
Zoë Yujnovich	400%	506,086	5,200	20 %	31 March 2028
Andy Agg	300 %	230,975	2,462	20 %	31 March 2028
John Pettigrew	350 %	409,397	4,363	20 %	31 March 2028

Payments to past Directors

The leaving arrangement for John Pettigrew is set out below. There were no payments to past Directors during 2025/26.

Leaving arrangement for John Pettigrew

On 1 May 2025 the Company announced that John Pettigrew would retire from the Board effective 16 November 2025. John remained available to the Group until 30 April 2026, being the end of his 12-month notice period. In line with the approved Policy, he received salary (£464,036), benefits (£10,830) and a pension allowance (£55,684) until 31 March 2026.

In line with the Policy, due to his retirement, John will be treated as a good leaver for the purposes of his outstanding incentive awards. He received a prorated 2025/26 APP to reflect his period of service as an Executive Director. Details of the outcome of his 2025/26 APP can be found on pages 112 to 115. His outstanding LTPP awards will be prorated to his date of leaving, and will vest at the normal dates subject to the achievement of the relevant performance conditions and continue to be subject to the two-year post-vesting holding period and any relevant malus and clawback provisions. Details of the vesting of his 2023 LTPP can be found on pages 116 to 117.

A post-employment shareholding requirement is applicable for two years following his departure.

People & Remuneration Committee report cont.

Statement of implementation of Policy in 2025/26 cont.

Joining arrangement for Zoë Yujnovich

Zoë Yujnovich joined the National Grid plc Board as Chief Executive Designate on 1 September 2025 and was appointed Chief Executive on 17 November 2025. Zoë receives a salary of £1,300,000 per annum. The remaining elements of her remuneration are in line with the Directors' Remuneration Policy and are set out within this report.

Buy-out award

On appointment, Zoë was granted a share-based award (408,762 shares) to replace remuneration foregone when leaving her previous employer, as assessed by the Committee under the approved Policy. The award was structured as a restricted share award, subject to continued employment, and will vest in three equal tranches (12, 24 and 36 months from commencement of employment). The face value of the award is £4,200,000 based on the volume weighted average share price at the date of grant. This aims to broadly mirror the delivery mechanisms, time horizons and levels of conditionality of the remuneration forfeited upon leaving her previous employment.

	Type of award	Number of shares	Face value (£'000)	Vesting dates
Zoë Yujnovich	Buy-out award	408,762	4,200	1 September 2026 (one-third) 1 September 2027 (one-third) 1 September 2028 (one-third)

Statement of Directors' shareholdings and share interests

The Executive Directors are required to build up and hold a shareholding from vested share plan awards until their shareholding requirement is met. Until this point, Executive Directors will not be permitted to sell shares, other than to pay income tax liabilities on shares just vested or in exceptional circumstances approved by the Committee. The following table shows the position of each of the Executive Directors in relation to the shareholding requirement, including their connected persons. The shareholding is as at 31 March 2026 and the salary used to calculate the value of the shareholding is the gross salary as at 31 March 2026. The table also presents the number of shares owned by the Non-executive Directors, including their connected persons.

Zoë Yujnovich is building up towards her shareholding requirement and Andy Agg has met his shareholding requirement.

Further shares have been purchased in April and May 2026 on behalf of Andy Agg as part of the Share Incentive Plan (SIP) (an HMRC tax-advantaged all-employee share plan), thereby increasing the beneficial interests by 23 shares (11 in April and 12 in May) for Andy Agg. There have been no other changes in Directors' shareholdings between 1 April 2026 and 13 May 2026.

Directors	Share ownership requirements (multiple of salary)	Number of shares owned outright (including connected persons and SIP for Executive Directors)	Value of shares held as a multiple of current salary (including connected persons)	Number of options outstanding under the Sharesave Plan	Conditional share awards subject to performance conditions (2023, 2024 and 2025 LTTP)	Share awards subject to time-based vesting only (buy-out awards)
Executive Director						
Zoë Yujnovich	500 %	-	-	3,292	506,086	408,762
Andy Agg	400 %	883,769	1,367 %	4,777	715,558	-
Former Executive Director						
John Pettigrew	500 %	2,124,589	2,164 %	4,219	1,268,341	-
Non-executive Directors						
Paula Rosput Reynolds	-	23,393	-	-	-	-
Anne Robinson	-	-	-	-	-	-
Earl Shipp	-	6,046	-	-	-	-
Iain Mackay	-	4,500	-	-	-	-
Ian Livingston	-	2,374	-	-	-	-
Jacqui Ferguson	-	-	-	-	-	-
Jonathan Silver	-	-	-	-	-	-
Martha Wyrsh	-	25,000	-	-	-	-
Tony Wood	-	2,583	-	-	-	-

Notes:

Zoë Yujnovich: On 31 March 2026, held 3,292 options under the Sharesave Plan with an exercise price of 928 pence per share (20% discounted option price) which can, subject to their terms, be exercised between 1 April 2031 and 30 September 2031. The number of conditional share awards subject to performance conditions is as follows: 2025 LTTP: 506,086. The number of shares awards subject to time-based vesting relates to the buy-out award (408,762).

Andy Agg: On 31 March 2026, held 4,777 options granted under the Sharesave Plan with an exercise price of 628 pence per share (the 20% discounted option price) and they can, subject to their terms, be exercised between 1 April 2026 and 30 September 2026. The number of conditional share awards subject to performance conditions is as follows: 2023 LTTP: 237,390; 2024 LTTP: 247,193; and 2025 LTTP: 230,975.

John Pettigrew: On 31 March 2026, held 4,219 options granted under the Sharesave Plan with an exercise price of 743 pence per share (the 20% discounted option price) which can, subject to their terms, be exercised between 1 April 2030 and 30 September 2030. The number of conditional share awards subject to performance conditions is as follows: 2023 LTTP: 420,803; 2024 LTTP: 438,141 and 2025 LTTP: 409,397. During the year, John exercised 4,670 share options granted under the Sharesave Plan at an option price of 642.30 pence per share.

Paula Rosput Reynolds, Earl Shipp and Martha Wyrsh: Hold American Depositary Shares (ADSs) and each ADS represents five ordinary shares, as presented in the table above.

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Statement of implementation of Policy in 2025/26 cont.

Post-employment shareholding requirements

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

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

John Pettigrew stood down from the Board on 16 November 2025 and remained subject to an in-employment shareholding requirement until his final employment date of 30 April 2026, at which time he was subject to a post-employment shareholding requirement of 200% of salary for a period of two years. As of 13 May 2026, John Pettigrew continued to meet his shareholding requirement.

Shareholder dilution

All Company employees are encouraged to become shareholders through a number of all-employee share plans and a significant proportion of our employees participate annually. These plans include Sharesave and the SIP in the UK and the US Employee Stock Purchase Plan (ESPP) and US Incentive Thrift Plan (commonly referred to as a 401(k) plan) in the US which are summarised on page 255 and in our Policy.

Where shares may be issued or treasury shares reissued to satisfy incentives, dilution resulting from all incentives, including all-employee incentives, will not exceed 10% in any 10-year period. The Committee reviews dilution levels against this limit annually and under this limit the Company, as at 31 March 2026, had a headroom of 8.18% respectively.

Unvested or unexercised awards under our all-employee and discretionary share plans that were outstanding on 23 May 2024 have been adjusted to take account of the Rights Issue.

Chief Executive pay ratio

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

The Chief Executive pay ratio has decreased from 85:1 to 52:1 at the UK median, primarily driven by the Chief Executive leadership transition and the absence of share awards vesting during tenure. This has also caused the Group median pay ratio to decrease when compared to last year. The Chief Executive remuneration used in the pay ratio calculation reflects the combined single figure totals (as disclosed on page 111) for Zoë Ujnovich and John Pettigrew during the periods in which they served as Chief Executive.

Year	Method	UK			Group-wide
		25th percentile pay ratio	Median pay ratio	75th percentile pay ratio	Median pay ratio
2025/26	Option A	69	52	40	39
2024/25	Option A	112	85	65	61
2023/24	Option A	117	90	69	65
2022/23	Option A	144	111	86	76
2021/22	Option A	135	105	81	76
2020/21	Option A	104	81	62	54
2019/20	Option A	111	86	66	53
2018/19 – voluntary	Option A	96	76	58	48

Notes: Salaries as at 31 March 2026 and estimated performance-based annual payments for 2025/26 have been annualised for part-time employees to reflect full-time equivalents. Performance payments have not been further adjusted to compensate where new employees have not completed a full performance year. The comparison with UK employees is specified by the 2018 amendment of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. US employees represent approximately 56% of our total employees. Our median pay ratio on a Group-wide basis is outlined above and calculated on the same basis as the UK pay ratios and at an exchange rate of \$1.34332:£1.

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

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Statement of implementation of Policy in 2025/26 cont.

The 2025/26 salary and total pay including benefits for the Chief Executive versus UK employees is shown below.

2025/26 salary and benefits – Chief Executive versus UK wider workforce

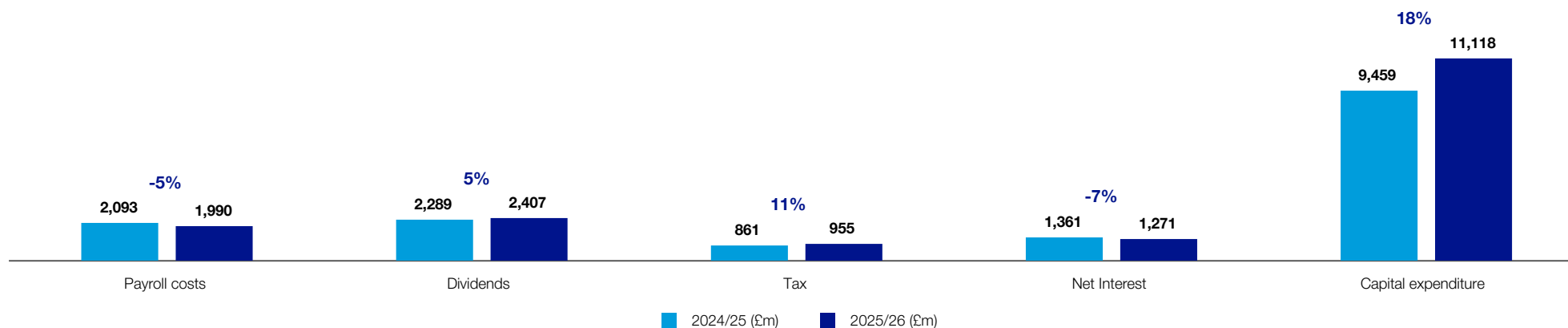
	Chief Executive remuneration	UK employee 25th percentile	UK employee median	UK employee 75th percentile
Salary	£1,201,000	£45,495	£53,379	£68,321
Total pay and benefits	£3,897,000	£56,874	£74,663	£98,608

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

We are satisfied that the median pay ratio reported this year is consistent with our wider pay, reward and progression policies for employees.

Relative importance of spend on pay

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



Notes:

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

People & Remuneration Committee report cont.

Statement of implementation of Policy in 2025/26 cont.

Chief Executive's pay in the last 10 financial years

Zoë Yujnovich became Chief Executive on 17 November 2025. John Pettigrew was Chief Executive from 1 April 2016 to 16 November 2025.

	Zoë Yujnovich		John Pettigrew								
	2025/26	2025/26	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17
Single total figure of remuneration (£'000)	6,469	1,993	6,488	6,113	7,262	6,614	5,071	5,205	4,651	3,648	4,623
Single total figure of remuneration including only 2014 LTPP (£'000)											3,931
APP (proportion of maximum awarded)	74.22%	71.22%	91.92%	75.50%	82.62%	85.20%	80.43%	70.58%	84.20%	82.90%	73.86%
LTPP (proportion of maximum vesting)	–	–	76.31%	81.87%	100.00%	74.22%	68.00%	84.90%	84.20%	85.20%	90.41%

Notes:

Zoë Yujnovich: The single total figure of remuneration for 2025/26 is explained in the single total figure of remuneration table.

John Pettigrew: The single total figure of remuneration for 2025/26 is explained in the single total figure of remuneration table and the single total figure for 2024/25 has been restated to reflect actual share price for 2022 LTPP vesting in 2025 and dividend equivalent shares, consistent with comparative figures shown in this year's single total figure of remuneration table.

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

Single total figure of remuneration – Non-executive Directors

The following table shows a single total figure in respect of qualifying service for 2025/26, together with comparative figures for 2024/25:

	Fees (£'000)		Other emoluments (£'000)		Total (£'000)	
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
Paula Rosput Reynolds	753	724	50	51	803	775
Anne Robinson	133	121	2	1	135	123
Earl Shipp	139	129	6	7	145	136
Iain Mackay	164	158	–	40	165	198
Ian Livingston	199	189	1	1	199	190
Jacqui Ferguson	136	123	2	3	138	126
Jonathan Silver	131	120	2	4	133	124
Martha Wyrsh	146	134	11	10	157	145
Tony Wood	133	118	5	6	137	124
Total	1,934	1,816	79	123	2,012	1,941

Notes:

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

The total emoluments paid to Executive and Non-executive Directors in the year were £15.4 million (2024/25: £12.3 million).

People & Remuneration Committee report cont.

Statement of implementation of Policy in 2025/26 cont.

Percentage change in remuneration

(Executive Directors, Non-executive Directors, employee average)

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

	2025/26			2024/25			2023/24			2022/23			2021/22		
Executive Directors	Salary	Benefits	Bonus	Salary	Benefits	Bonus	Salary	Benefits	Bonus	Salary	Benefits	Bonus	Salary	Benefits	Bonus
Zoë Yujnovich ¹	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Andy Agg	4.9%	-15.2%	32.2%	4.4%	-14.3%	29.6%	4.6%	0.3%	-7.8%	6.5%	32.6%	2.1%	6.5%	-31.6%	15.9%
Former Executive Director															
John Pettigrew ²	-34.6%	-2.5%	-19.0%	4.4%	-54.0%	27.0%	3.9%	48.9%	-5.0%	3.4%	-42.0%	0.3%	1.7%	-8.8%	7.8%
Non-executive Directors															
Paula Rosput Reynolds	4.1%	-2.1%	n/a	3.4%	-9.2%	n/a	- %	0.4%	n/a	16.9%	217.1%	n/a	2816.8%	n/a	n/a
Anne Robinson	9.4%	115.9%	n/a	4.3%	-89.4%	n/a	5.4%	-23.7%	n/a	474.0%	n/a	n/a	n/a	n/a	n/a
Earl Shipp	7.9%	-15.0%	n/a	4.4%	-31.1%	n/a	0.7%	-51.6%	n/a	9.0%	208.6%	n/a	8.6%	n/a	n/a
Iain Mackay	4.3%	-99.6%	n/a	10.2%	86.5%	n/a	60.7%	9695.4%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Ian Livingston	5.1%	-18.2%	n/a	16.9%	n/a	n/a	14.3%	-100.0%	n/a	113.2%	3.0%	n/a	n/a	n/a	n/a
Jacqui Ferguson	10.9%	-33.3%	n/a	362.3%	166.7%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Jonathan Silver	8.8%	-38.6%	n/a	-0.9%	-66.2%	n/a	-1.7%	-74.2%	n/a	24.5%	383.6%	n/a	-4.2%	n/a	n/a
Martha Wyrsh	9.0%	0.8%	n/a	9.6%	27.7%	n/a	4.5%	-30.6%	n/a	111.0%	280.3%	n/a	n/a	n/a	n/a
Tony Wood	12.1%	-21.2%	n/a	4.3%	-60.0%	n/a	-3.1%	-19.0%	n/a	144.2%	857.5%	n/a	n/a	n/a	n/a
Employee median ³	-0.4%	-5.8%	-1.5%	2.3%	3.6%	-8.0%	5.0%	6.6%	-3.8%	12.4%	36.4%	-23.0%	2.8%	6.1%	40.0%

1. Zoë Yujnovich was appointed to the Board on 1 September 2025, therefore percentage change is not applicable for 2025/26.

2. John Pettigrew retired from the Board effective 16 November 2025, his leaving arrangement is set out on page 118.

3. The reduction in employee median values during 2025/26 primarily reflects the impact of exchange rate movements.

4. Benefits/other emoluments: For Executive Directors, benefits include private medical insurance, life assurance, allowance under the Group's flexible benefits programme, travel and accommodation expenses, a fully expensed car or cash alternative and the use of a car and a driver when required. For Non-executive Directors, the equivalent of benefits is emoluments. In accordance with the Group's expenses policies, Non-executive Directors receive reimbursement for their reasonable expenses for attending Board meetings. In instances where these costs are treated by HMRC as taxable benefits, the Group also meets the associated tax cost to the Non-executive Directors through a PAYE settlement agreement with HMRC and these costs are included in the table above.

Service contracts/letters of appointment

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

There have been no changes made to Directors' service contracts and letters of appointment. Copies of service contracts and letters of appointment are available for inspection at the Company's registered office.

External appointments and retention of fees

As per our Policy, Executive Directors may, with the approval of the Board, accept one external appointment as a Non-executive Director of another company and retain any fees received for the appointment.

Experience as a board member of another company is considered to be valuable personal development, which in turn is of benefit to the Company. The table below details the Executive Directors' appointments as Non-executive Directors in other companies during the year ended 31 March 2026.

	Company
Zoë Yujnovich	Unilever plc
Andy Agg	The Weir Group plc
John Pettigrew	Rentokil Initial plc

People & Remuneration Committee report cont.
Statement of implementation of Policy in 2025/26 cont.

The Committee’s activities in 2025/26

Meeting/circulations	Main areas of discussion
April 2025	Remuneration arrangements as part of Chief Executive succession plan
May 2025	AGM update Approval of 2024/25 APP and 2022 LTPP outcomes for the Group Executive Committee Approval of the 2025/26 APP financial, operational and individual objectives and 2025 LTPP targets for the Group Executive Committee Discussion on a number of governance updates, including share dilution limits and shareholding for the Group Executive Committee
November 2025	External market update and evolving governance Update on the provisional incentive plan outcomes (2025/26 APP and outstanding LTPP) for the Group Executive Committee Discussion on the results of the half-year Group-wide employee engagement survey
January 2026	Discussion on the 2026/27 APP financial, operational and individual objectives and 2026 LTPP targets for the Group Executive Committee. Review of broader workforce remuneration and approval of the Gender Pay Gap calculation.
March 2026	Discussion on the provisional incentive plan outcomes (2025/26 APP and outstanding LTPP) for the Group Executive Committee Discussion on the 2026/27 APP financial, operational and individual objectives and 2026 LTPP award for the Group Executive Committee Market data review, salary increase proposals, in context of wider workforce increases, for the Group Executive Committee Review of Chair fees Discussion on the results of the full-year Group-wide employee engagement survey

Advisors to the People & Remuneration Committee

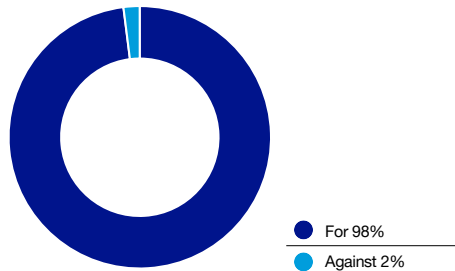
PricewaterhouseCoopers LLP (PwC) was selected by the Committee to become its independent advisor from 3 August 2020 and provided advice and counsel to the Committee throughout 2025/26. PwC is a member of the Remuneration Consultants Group (RCG) and has signed up to RCG’s code of conduct. The Committee is satisfied that any potential conflicts were appropriately managed. Work undertaken by PwC in its role as independent advisor to the Committee has incurred fees of £235,751 during the 2025/26 on the basis of time charged to perform services and deliverables.

The Committee reviews the objectivity and independence of the advice it receives from its advisors each year. It is satisfied that PwC provided credible and professional advice. PwC has provided general and technical remuneration services in relation to employees below Board and Group Executive Committee level that include broad-based employee reward support and data assurance services. In addition, WTW provided benchmarking support to the Committee in the year and incurred fees of £25,200.

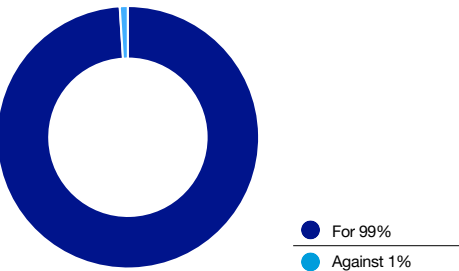
The Committee considers the views of the Chair on the performance and remuneration of the Chief Executive, and of the Chief Executive on the performance and remuneration of the other members of the Group Executive Committee. The Committee is also supported by the Group Company Secretary, and either he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

Voting on the Policy and the Directors’ Remuneration Report at the 2025 AGM

2025 Policy



Directors’ Remuneration Report 2024/25



Notes:

1. The Directors’ Remuneration Policy voting figures shown refer to votes cast at the 2025 AGM and represent 76.43% of the issued share capital. In addition, shareholders holding 3.9 million shares abstained.

2. The Directors’ Remuneration Report voting figures shown refer to votes cast at the 2025 AGM and represent 76.44% of the issued share capital. In addition, shareholders holding 3.4 million shares abstained.

People & Remuneration Committee report cont. Implementation of the Policy for 2026/27

The 2025 Policy will be implemented in 2026/27 as detailed below.

Salary and pensions

Salary increases for the Executive Directors will be on par with the wider UK and US workforce principles (4.5%). The wider workforce (non-union) salary budget increase is set at 3.5% plus 1% for compression and market adjustment. Zoë Yujnovich and Andy Agg will each receive salary increases of 4.5% and 3.5% respectively, effective from 1 July 2026, with both increases aligned with the principles applied in determining increases across the wider workforce.

The Committee considers that the Chief Executive's starting remuneration appropriately reflects that Zoë is new to the role and deliberately positioned towards the lower end of the market. Since appointment, Zoë has delivered exceptional performance, reinforcing the Committee's performance-first philosophy. Subject to continued strong company and individual performance, the Committee expects to review salary at the Chief Executive's work anniversary, with a view to moving towards a more competitive level over time. Any increase would be non-automatic, consistent with the shareholder-approved Policy, aligned with relevant peer benchmarks, and reflective of the experience of shareholders.

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

	From 1 July 2026	From 1 July 2025	% increase
Zoë Yujnovich	£1,359,000	£1,300,000	4.5 %
Andy Agg	£849,000	£820,575	3.5 %

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

2026/27 APP

The 2026/27 APP measures will be split across financial measures, operational measures and individual objectives, weighted 70%, 15% and 15% respectively. The maximum APP award for both Executive Directors for 2026/27 is 200% of salary.

	Measure	Weighting
Financial measure	Underlying Group EPS	35 %
	Group RoE	35 %
Operational measure	Performance delivery	15 %
Individual objectives		15 %

Financial measures

For 2026/27, the Committee opted to retain Underlying Group EPS and Group RoE as financial measures. Group RoE continues to be a relevant and important measure of performance as a primarily regulated asset-based company and targets are set to ensure strong in-year returns and operational results. In respect of earnings measures, Underlying Group EPS remains the most appropriate measure under the APP from the perspective of the business, and the targets are set in a manner which considers specific challenges and opportunities in the year ahead and are flexed accordingly while remaining consistent with our longer-term performance goals.

Financial APP targets are considered commercially sensitive and consequently will be disclosed retrospectively in the 2026/27 Directors' Remuneration Report.

Operational measures

The Committee is introducing a "performance delivery" measure focusing on capital, asset, customer and functional effectiveness. Performance will be assessed on delivering our capital programme on time and on budget; improving asset reliability, safety and productivity through stronger asset management; providing consistent, high-quality customer experiences through clear communication and proactive engagement; and enabling the business through efficient, responsive corporate functions and IT services.

Individual objectives

The Committee has approved individual objectives for the Executive Directors in line with key strategic and operational priorities for the year ahead. Zoë Yujnovich's individual objectives for 2026/27 are focused on: (1) aligning the Board on strategic direction and enhancing strategic optionality; (2) driving big shifts by developing talent and a high-performance culture, building external influence and credibility, scaling technology and innovation; and (3) delivering the brilliant basics. Andy Agg's individual objectives are focused on: (1) execute our growth strategy; (2) enhance our investor engagement; (3) embed technology & innovation; and (4) enhance functional effectiveness.

2026 LTPP

The 2026 LTPP performance measures and weightings for all Executive Directors comprise two equally weighted financial measures totalling 80% and two equally weighted energy transformation measures totalling 20% as outlined in the table below. The maximum 2026 LTPP award is 400% and 350% of salary for Zoë Yujnovich and Andy Agg respectively.

LTPP performance is measured over the entire three-year performance period, which for the 2026 LTPP is 1 April 2026 – 31 March 2029.

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

Financial measures

Financial measures under the 2026 LTPP are selected to provide alignment with the key drivers of the Group's long-term strategy and value creation for shareholders. Earnings growth and sustainable investment returns remain key measures of long-term value creation in light of the Group's regulated and long-term nature.

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

Consequently, the 2026 LTPP financial measures are designed in a manner which incentivises alternative elements of performance over the long term as compared with the short term. Specifically in LTPP, Group RoE is averaged across the three-year performance period to incentivise sustainable returns for shareholders in the longer term. Similarly, the cumulative three-year Underlying Group EPS measure assesses Underlying EPS for the three years in the LTPP performance period.

People & Remuneration Committee report cont. Implementation of the Policy for 2026/27 cont.

Below are the performance ranges for the financial measures in the 2026 LTTP.

Performance conditions

Performance measures	Weighting	Threshold 20% vesting	Maximum 100% vesting
Cumulative three-year Underlying Group EPS	40 %	291p	311p
Group RoE	40 %	10.30 %	11.55 %

Note: Vesting between threshold and maximum will be on a straight-line basis. Underlying EPS growth reflects the cumulative summation of the Underlying EPS results for each of the three years in the performance period: 2026/27, 2027/28 and 2028/29.

Energy transformation measures

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

Similar to previous years, the reduction of Scope 1 emissions measure supports meeting our 2030 Group emission reduction targets. These targets are SBTi validated and aligned to a 1.5°C pathway.

The second measure of enablement of strategic growth initiative is being expanded to further align with our strategy and include demand-side connections and large loads that support the energy transition and business growth, in addition to generation connections. These demand-side connections include transmission growth to support growth in renewable generation, electric vehicle demand and heat pumps in distribution networks, electrification of industrial processes and data centre connections.

Performance measures	Weighting	Threshold 20% vesting	Maximum 100% vesting
Reduction of Scope 1 emissions	10 %	3 %	9 %
Enablement of strategic growth	10 %	Demand and generation connections measured in MW	

Notes:

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

The overall enablement of strategic growth initiative measure comprises of equally weighted demand and generation connection targets across Electricity Transmission, Electricity Distribution, New England, and New York.

Fees for Non-executive Directors

Non-executive Director fees were reviewed in May 2026 and will be effective from 1 July 2026, in line with the annual salary review cycle for our wider workforce.

	From 1 July 2026 (£'000)	From 1 July 2025 (£'000)	% increase vs 2025
Chair	795.0	760.8	4.5 %
Senior Independent Director	33.9	33.9	— %
Board fee	100.0	90.4	10.6 %
Chair Audit & Risk Committee	40.0	38.1	5.0 %
Chair People & Remuneration Committee	40.0	33.9	18.0 %
Chair Nomination Committee	—	—	— %
Chair other Committees (Responsible Business, Safety & Operations)	30.0	28.3	6.0 %
Audit & Risk Committee member	26.0	26.0	— %
People & Remuneration Committee member	26.0	20.3	28.1 %
Nomination Committee member	10.0	—	n/a
Other Committee member (Responsible Business, Safety & Operations)	17.0	17.0	— %

The above table incorporates adjustments following the December 2025 restructuring of the Committees to reflect changes in role scope. These include the expansion of the Remuneration Committee to the People & Remuneration Committee, the establishment of the Nomination Committee as a standalone committee, and changes to the composition of other Committees. Prior to the restructuring, other Committees comprised Finance, Safety & Sustainability, and People & Governance.

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

Martha Wyrsh

Chair of the People & Remuneration Committee

13 May 2026

Financial Statements

Ready for the future

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Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Accounts, including the Group financial statements and the Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRS) as adopted by the UK. The financial statements also comply with IFRS as issued by the IASB. In addition, the Directors have elected to prepare the Parent Company financial statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. Under company law, the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group and Parent Company for that period.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

In preparing the Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company on a consolidated and individual basis, and to enable them to ensure that the Group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Parent Company and its subsidiaries and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Having made the requisite enquiries, so far as the Directors in office at the date of the approval of this Report are aware, there is no relevant audit information of which the auditors are unaware and each Director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Each of the Directors, whose names and functions are listed on pages 91 – 93 confirms that:

- to the best of their knowledge, the Group financial statements and the Parent Company financial statements, which have been prepared in accordance with IFRS as issued by the IASB and IFRS as adopted by the UK and UK GAAP FRS 101 respectively, give a true and fair view of the assets, liabilities, financial position and profit of the Company on a consolidated and individual basis;
- to the best of their knowledge, the Strategic Report contained in the Annual Report and Accounts includes a fair review of the development and performance of the business and the position of the Company on a consolidated and individual basis, together with a description of the principal risks and uncertainties that it faces; and
- they consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

This Responsibilities Statement was approved by the Board and signed on its behalf.

Directors' Report

The Directors' Report, prepared in accordance with the requirements of the Companies Act 2006 and the UK Listing Authority's Listing Rules, and Disclosure Guidance and Transparency Rules, comprising pages 1 – 126 and 219 – 261, was approved by the Board and signed on its behalf.

Strategic Report

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

Company number: 04031152

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Consolidated income statement

for the years ended 31 March

	Notes	2026 £m	2025 £m	2024 £m
Continuing operations				
<i>Revenue</i>	2(a),3	17,687	18,378	19,850
Impairment losses on financial assets	4	(243)	(200)	(179)
Other operating costs	4	(12,502)	(13,244)	(15,208)
Other operating income		489	—	12
<i>Operating profit</i>	2(b)	5,431	4,934	4,475
Finance income	6	380	450	248
Finance costs	6	(1,705)	(1,807)	(1,712)
Share of post-tax results of joint ventures and associates	16	76	73	37
<i>Profit before tax</i>	2(b)	4,182	3,650	3,048
Tax	7	(939)	(821)	(831)
Profit after tax from continuing operations		3,243	2,829	2,217
Profit after tax from discontinued operations	10	—	76	74
Total profit for the year		3,243	2,905	2,291
Attributable to:				
Equity shareholders of the parent		3,241	2,902	2,290
Non-controlling interests		2	3	1
Earnings per share (pence)				
Basic earnings per share (continuing)	8	65.5	60.0	55.5
Diluted earnings per share (continuing)	8	65.2	59.8	55.3
Basic earnings per share (continuing and discontinued)	8	65.5	61.6	57.4
Diluted earnings per share (continuing and discontinued)	8	65.2	61.4	57.1

Consolidated statement of comprehensive income

for the years ended 31 March

	Notes	2026 £m	2025 £m	2024 £m
Profit after tax from continuing operations		3,243	2,829	2,217
Profit after tax from discontinued operations		—	76	74
Total profit for the year		3,243	2,905	2,291
Other comprehensive income from continuing operations				
<i>Items from continuing operations that will never be reclassified to profit or loss:</i>				
Remeasurement gains/(losses) on pension assets and post-retirement benefit obligations	25	132	(106)	(218)
Net gains/(losses) in respect of cash flow hedging of capital expenditure		22	(16)	(37)
Tax on items that will never be reclassified to profit or loss	7	(44)	27	59
Total items from continuing operations that will never be reclassified to profit or loss		110	(95)	(196)
<i>Items from continuing operations that may be reclassified subsequently to profit or loss:</i>				
Retranslation of net assets offset by net investment hedge		(348)	(352)	(335)
Exchange differences reclassified to the consolidated income statement on disposal	10	76	—	—
Net (losses)/gains in respect of cash flow hedges		(120)	218	240
Net gains/(losses) in respect of cost of hedging		36	(52)	26
Net gains on investment in debt instruments measured at fair value through other comprehensive income		8	1	21
Tax on items that may be reclassified subsequently to profit or loss	7	21	(40)	(66)
Total items from continuing operations that may be reclassified subsequently to profit or loss		(327)	(225)	(114)
Other comprehensive loss		(217)	(320)	(310)
Other comprehensive (loss)/income for the year from discontinued operations, net of tax	10	—	(10)	10
Other comprehensive loss		(217)	(330)	(300)
Total comprehensive income for the year from continuing operations		3,026	2,509	1,907
Total comprehensive income for the year from discontinued operations	10	—	66	84
Total comprehensive income for the year		3,026	2,575	1,991
Attributable to:				
<i>Equity shareholders of the parent</i>				
From continuing operations		3,022	2,508	1,906
From discontinued operations		—	66	84
		3,022	2,574	1,990
<i>Non-controlling interests</i>				
From continuing operations		4	1	1

Consolidated statement of changes in equity

for the years ended 31 March

Notes	Share capital £m	Share premium account £m	Retained earnings £m	Other equity reserves ¹ £m	Total shareholders' equity £m	Non-controlling interests £m	Total equity £m
At 31 March 2023	488	1,302	31,608	(3,860)	29,538	24	29,562
Profit for the year	—	—	2,290	—	2,290	1	2,291
Other comprehensive loss for the year	—	—	(168)	(132)	(300)	—	(300)
Total comprehensive income/(loss) for the year	—	—	2,122	(132)	1,990	1	1,991
Equity dividends	—	—	(1,718)	—	(1,718)	—	(1,718)
Scrip dividend-related share issue ²	5	(6)	—	—	(1)	—	(1)
Issue of treasury shares	—	—	21	—	21	—	21
Transactions in own shares	—	2	(6)	—	(4)	—	(4)
Share-based payments	—	—	37	—	37	—	37
Tax on share-based payments	—	—	2	—	2	—	2
Cash flow hedges transferred to the statement of financial position, net of tax	—	—	—	2	2	—	2
At 1 April 2024	493	1,298	32,066	(3,990)	29,867	25	29,892
Profit for the year	—	—	2,902	—	2,902	3	2,905
Other comprehensive loss for the year	—	—	(80)	(248)	(328)	(2)	(330)
Total comprehensive income/(loss) for the year	—	—	2,822	(248)	2,574	1	2,575
Rights Issue	27	135	—	6,704	6,839	—	6,839
Transfer between reserves	27	—	6,704	(6,704)	—	—	—
Equity dividends	—	—	(1,529)	—	(1,529)	—	(1,529)
Scrip dividend-related share issue ²	10	(10)	—	—	—	—	—
Issue of treasury shares	—	—	18	—	18	—	18
Transactions in own shares	—	4	(11)	—	(7)	—	(7)
Other movements in non-controlling interests	—	—	—	—	—	(3)	(3)
Share-based payments	—	—	37	—	37	—	37
Tax on share-based payments	—	—	(1)	—	(1)	—	(1)
Cash flow hedges transferred to the statement of financial position, net of tax	—	—	—	5	5	—	5
At 1 April 2025	638	1,292	40,106	(4,233)	37,803	23	37,826
Profit for the year	—	—	3,241	—	3,241	2	3,243
Other comprehensive income/(loss) for the year	—	—	93	(312)	(219)	2	(217)
Total comprehensive income/(loss) for the year	—	—	3,334	(312)	3,022	4	3,026
Equity dividends	—	—	(1,623)	—	(1,623)	—	(1,623)
Scrip dividend-related share issue ²	9	(9)	—	—	—	—	—
Issue of treasury shares	—	—	40	—	40	—	40
Transactions in own shares	—	2	(3)	—	(1)	—	(1)
Other movements in non-controlling interests	—	—	—	—	—	4	4
Share-based payments	—	—	45	—	45	—	45
Tax on share-based payments	—	—	10	—	10	—	10
Cash flow hedges transferred to the statement of financial position, net of tax	—	—	—	3	3	—	3
At 31 March 2026	647	1,285	41,909	(4,542)	39,299	31	39,330

1. For further details of other equity reserves, see note 28.

2. Included within the share premium account are costs associated with scrip dividends.

Consolidated statement of financial position

as at 31 March

	Notes	2026 £m	2025 £m		Notes	2026 £m	2025 £m
<i>Non-current assets</i>				<i>Current liabilities</i>			
Goodwill	11	9,417	9,532	Borrowings	21	(3,900)	(4,662)
Other intangible assets	12	3,879	3,564	Derivative financial liabilities	17	(268)	(381)
Property, plant and equipment	13	81,520	74,091	Trade and other payables	22	(5,049)	(4,472)
Other non-current assets	14	1,384	959	Contract liabilities	23	(110)	(96)
Pensions and other post-retirement benefit assets	25	2,507	2,489	Current tax liabilities		(45)	(219)
Financial and other investments	15	842	798	Provisions	26	(425)	(357)
Investments in joint ventures and associates	16	624	608	Liabilities held for sale	10	—	(434)
Derivative financial assets	17	623	369	Total current liabilities		(9,797)	(10,621)
Total non-current assets		100,796	92,410	<i>Non-current liabilities</i>			
<i>Current assets</i>				Borrowings	21	(42,855)	(42,877)
Inventories	18	559	557	Derivative financial liabilities	17	(750)	(821)
Trade and other receivables	19	3,867	4,092	Other non-current liabilities	24	(1,114)	(876)
Current tax assets		16	11	Contract liabilities	23	(2,699)	(2,418)
Financial and other investments	15	2,453	5,753	Deferred tax liabilities	7	(9,040)	(8,038)
Derivative financial assets	17	215	113	Pensions and other post-retirement benefit obligations	25	(360)	(573)
Cash and cash equivalents	20	375	1,178	Provisions	26	(2,336)	(2,692)
Assets held for sale	10	—	2,628	Total non-current liabilities		(59,154)	(58,295)
Total current assets		7,485	14,332	Total liabilities		(68,951)	(68,916)
Total assets		108,281	106,742	Net assets		39,330	37,826
				<i>Equity</i>			
				Share capital	27	647	638
				Share premium account		1,285	1,292
				Retained earnings		41,909	40,106
				Other equity reserves	28	(4,542)	(4,233)
				Total shareholders' equity		39,299	37,803
				Non-controlling interests		31	23
				Total equity		39,330	37,826

The consolidated financial statements set out on pages 137 – 211 were approved by the Board of Directors on 13 May 2026 and were signed on its behalf by:

Zoë Yujnovich

Chief Executive

Andy Agg

Chief Financial Officer

National Grid plc

Registered number: 4031152

Consolidated cash flow statement

for the years ended 31 March

	Notes	2026 £m	2025 £m	2024 £m
<i>Cash flows from operating activities</i>				
Total operating profit from continuing operations	2(b)	5,431	4,934	4,475
Adjustments for:				
Gain on sale of investments		(393)	(188)	—
Other fair value movements		(31)	66	(16)
Depreciation, amortisation and impairment		2,247	2,479	2,061
Share-based payments		45	37	37
Changes in working capital		720	40	(147)
Changes in provisions		(127)	(287)	840
Changes in pensions and other post-retirement benefit obligations		(31)	(90)	31
Cash generated from operations – continuing operations		7,861	6,991	7,281
Tax paid		(32)	(183)	(342)
Net cash inflow from operating activities – continuing operations		7,829	6,808	6,939
<i>Cash flows from investing activities</i>				
Purchases of intangible assets		(586)	(526)	(549)
Purchases of property, plant and equipment		(9,989)	(8,780)	(6,904)
Disposals of property, plant and equipment		68	26	52
Investments in joint ventures and associates		(94)	(396)	(332)
Dividends received from joint ventures, associates and other investments		105	126	176
Disposal of interest in National Grid Renewables ¹	10	1,473	—	—
Disposal of interest in Grain LNG ¹	10	1,336	—	—
Disposal of interest in the UK Electricity System Operator ¹		—	577	—
Disposal of interest in the UK Gas Transmission business ¹	10	—	686	681
Disposal of financial and other investments		67	85	102
Acquisition of financial investments		(67)	(122)	(81)
Contributions to National Grid Renewables and Emerald Energy Venture LLC		—	—	(19)
Net movements in short-term financial investments		3,285	(2,606)	(1,141)
Interest received	29(b)	231	332	148
Cash inflows on derivatives	29(b)	20	11	123
Cash outflows on derivatives	29(b)	(6)	(6)	—
Insurance claim from loss of property, plant and equipment		—	—	143
Net cash flow used in investing activities – continuing operations		(4,157)	(10,593)	(7,601)
Net cash inflow from investing activities – discontinued operations		—	22	102

	Notes	2026 £m	2025 £m	2024 £m
<i>Cash flows from financing activities</i>				
Proceeds of Rights Issue	27	—	7,001	—
Transaction fees related to Rights Issue	27	—	(162)	—
Proceeds from issue of treasury shares		40	18	20
Transactions in own shares		(1)	(7)	(4)
Proceeds received from loans	29(b)	4,172	3,237	5,563
Repayment of loans	29(b)	(2,961)	(2,861)	(1,701)
Payments of lease liabilities	29(b)	(145)	(130)	(118)
Net movements in short-term borrowings	29(b)	(2,225)	925	544
Cash inflows on derivatives	29(b)	93	62	86
Cash outflows on derivatives	29(b)	(38)	(106)	(58)
Interest paid	29(b)	(1,932)	(1,920)	(1,627)
Dividends paid to shareholders	9	(1,623)	(1,529)	(1,718)
Net cash flow (used in)/from financing activities – continuing operations		(4,620)	4,528	987
Net cash flow used in financing activities – discontinued operations		—	—	—
Net (decrease)/increase in cash and cash equivalents	29(b)	(948)	765	427
Reclassification to held for sale	10,29(b)	153	(123)	(30)
Exchange movements	29(b)	(8)	(23)	(1)
Cash and cash equivalents at start of year		1,178	559	163
Cash and cash equivalents at end of year	20	375	1,178	559

1. Balances consist of cash proceeds received, net of cash disposed.

Notes to the consolidated financial statements

1. Basis of preparation and recent accounting developments

Accounting policies describe our approach to recognising and measuring transactions and balances in the year. The accounting policies applicable across the financial statements are shown below, whereas accounting policies that are specific to a component of the financial statements have been incorporated into the relevant note.

This section also shows areas of judgement and key sources of estimation uncertainty in these financial statements. In addition, we have summarised new International Accounting Standards Board (IASB) accounting standards, amendments and interpretations and whether these are effective for this year end or in later years, explaining how significant changes are expected to affect our reported results.

National Grid's principal activities involve the transmission and distribution of electricity in Great Britain and of electricity and gas in northeastern US. The Company is a public limited liability company incorporated and domiciled in England and Wales, with its registered office at 1–3 Strand, London, WC2N 5EH.

The Company, National Grid plc, which is the ultimate parent of the Group, has its primary listing on the London Stock Exchange and is also quoted on the New York Stock Exchange.

These consolidated financial statements were approved for issue by the Board on 13 May 2026.

These consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards (IFRSs) as issued by the IASB. They are prepared on the basis of all IFRSs that are mandatory for the period ended 31 March 2026 and in accordance with the Companies Act 2006. The comparative financial information has also been prepared on this basis.

The consolidated financial statements have been prepared on a historical cost basis, except for the recording of pension assets and liabilities, the revaluation of derivative financial instruments and certain commodity contracts and certain financial assets and liabilities measured at fair value.

These consolidated financial statements are presented in pounds sterling, which is also the functional currency of the Company.

The notes to the financial statements have been prepared on a continuing basis unless otherwise stated.

A. Going concern

As part of the Directors' consideration of the appropriateness of adopting the going concern basis of accounting in preparing these financial statements, the Directors have assessed the Principal Risks alongside potential downside business cash flow scenarios impacting the Group's operations. The Directors specifically considered both a base case and reasonable worst-case scenario for business cash flows.

The main cash flow impacts identified in the reasonable worst-case scenario are:

- adverse impacts of higher spend on our capital expenditure programme;
- adverse impact from timing across the Group (i.e. a net under-recovery of allowed revenues or reductions in over-collections) and slower collections of outstanding receivables;
- higher operating and financing costs than expected, including non-delivery of planned efficiencies across the Group; and
- the potential impact of further significant storms in the US.

As part of its analysis, the Board also considered the following potential levers at their discretion to improve the position identified by the analysis if the debt capital markets are not accessible:

- the payment of dividends to shareholders;
- significant changes in the phasing of the Group's capital expenditure programme, with elements of non-essential works and programmes delayed; and
- a number of further reductions in operating expenditure across the Group.

Having considered the reasonable worst-case scenario and the further levers at the Board's discretion, the Group continues to have headroom against the Group's committed facilities identified in note 33 to the financial statements.

In addition to the above, the ability to raise new and extend existing financing was separately included in the analysis, and the Directors noted £4.2 billion of new long-term senior debt had been raised in the year from 1 April 2025 to 31 March 2026 as evidence of the Group's ability to continue to have access to the debt capital markets if needed.

We have considered the impact of recent geopolitical developments, including the escalation of conflict in the Middle East, which has contributed to increased market volatility and higher energy prices. While these conditions could increase the cost of new debt and introduce short term execution volatility, we have continued to observe access to funding and availability of committed liquidity during this period, consistent with our recent issuance activity and funding plan; including a \$0.7 billion bond issued in March 2026 and a \$0.9 billion loan executed in April 2026. Consequently, we believe that, despite a more uncertain external environment, the Group retains the ability to access debt capital markets as required to support its financing needs over the going concern period.

Based on the above, the Directors have concluded the Group is well placed to manage its financing and other business risks satisfactorily and have a reasonable expectation that the Group will have adequate resources to continue in operation for at least 12 months from the signing date of these consolidated financial statements. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Notes to the consolidated financial statements cont.

1. Basis of preparation and recent accounting developments cont.

B. Basis of consolidation

The consolidated financial statements incorporate the results, assets and liabilities of the Company and its subsidiaries, together with a share of the results, assets and liabilities of joint operations.

A subsidiary is defined as an entity controlled by the Group. Control is achieved where the Group is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group accounts for joint ventures and associates using the equity method of accounting, where the investment is carried at cost plus post-acquisition changes in the share of net assets of the joint venture or associate, less any provision for impairment. Losses in excess of the consolidated interest in joint ventures and associates are not recognised, except where the Company or its subsidiaries have made a commitment to make good those losses.

Where necessary, adjustments are made to bring the accounting policies used in the individual financial statements of the Company, subsidiaries, joint operations, joint ventures and associates in line with those used by the Group in its consolidated financial statements under IFRS. Intercompany transactions are eliminated.

The results of subsidiaries, joint operations, joint ventures and associates acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Acquisitions are accounted for using the acquisition method, where the purchase price is allocated to the identifiable assets acquired and liabilities assumed on a fair value basis and the remainder recognised as goodwill.

C. Foreign currencies

Transactions in currencies other than the functional currency of the Company or subsidiary concerned are recorded at the rates of exchange prevailing on the date of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at closing exchange rates. Non-monetary assets are not retranslated unless they are carried at fair value.

Gains and losses arising on the retranslation of monetary assets and liabilities are included in the income statement, except where the application of hedge accounting requires inclusion in other comprehensive income (see note 32(e)).

On consolidation, the assets and liabilities of operations that have a functional currency different from the Company's functional currency of pounds sterling, principally our US operations that have a functional currency of US dollars, are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period where these do not differ materially from rates at the date of the transaction. Exchange differences arising are recognised in other comprehensive income and transferred to the consolidated translation reserve within other equity reserves (see note 28).

D. Areas of judgement and key sources of estimation uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Information about such judgements and estimations is in the notes to the financial statements, and the key areas are summarised below.

An area of judgement that has the most significant effect on the amounts recognised in the financial statements is:

- the judgement that, notwithstanding legislation enacted and targets committing the states of New York and Massachusetts to achieving net zero greenhouse gas emissions by 2050, these do not shorten the remaining useful economic lives (UELs) of our US gas network assets, which we consider will have an expected use and utility beyond 2050 (see other areas of estimation uncertainty below and note 13).

Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- the future cash flows and real discount rates applied in determining the US environmental provisions, in particular relating to two Superfund sites and certain other legacy Manufacturing Gas Plant (MGP) sites (see note 26); and
- the valuation of liabilities for pensions and other post-retirement benefits (see note 25).

In order to illustrate the impact that changes in assumptions for the valuation of pension liabilities and cash flows for environmental provisions could have on our results and financial position, we have included sensitivity analysis in note 35.

Other areas of estimation uncertainty

A further area of estimation uncertainty pertains to the estimates made regarding the UELs of our gas network assets due to uncertainty over the pace of delivery of the energy transition and the multiple pathways by which it could be delivered. Our estimates consider anticipated changes in customer behaviour and developments in new technology, the potential to decarbonise fuel through the use of renewable natural gas and green hydrogen, and the feasibility and affordability of increased electrification (see note 13 for details and sensitivity analysis).

E. Impact of climate change and the transition to net zero

In preparing these financial statements for the year ended 31 March 2026, management has taken into account the Group's commitments regarding its transition to net zero and the impact of climate change. The Group has a published climate transition plan which sets out its targets to achieve this commitment by 2050, in line with the Paris Agreement. Management has also identified a number of significant climate-related risks and opportunities. Changes to the Group's commitments and the impact of climate change may have a material impact on the currently reported amounts of the Group's assets and liabilities and on similar assets and liabilities that may be recognised in future reporting periods, as set out above with respect to the judgement and other areas of estimation uncertainty regarding the UELs of our US gas network assets. Other climate and transition impacts are further detailed below.

Repairs to property, plant and equipment and climate adaptation activities

The Group's network assets recorded within property, plant and equipment (PP&E) are at risk of physical impacts from extreme weather events such as major storms which may be accentuated by increased frequency of weather incidents and changing long-term climate trends, thereby leading to asset damage. Major storm costs in the US, net of deductibles and disallowances, incurred by the Group are recoverable as revenue in future periods under our rate plans but the associated repair costs are expensed as incurred as other operating costs under IFRS.

Notes to the consolidated financial statements cont.

1. Basis of preparation and recent accounting developments cont.

E. Impact of climate change and the transition to net zero cont.

Impairment of property, plant and equipment and goodwill

Included within the Group's plant and machinery (see note 13) are £267 million of oil- and gas-fired electricity generation units with approximately 3,800 MW of electric generation capacity located in Long Island, New York. While the Group retains ownership of these assets, it sells all of the capacity, energy in response to dispatch requests, and any related ancillary services provided by the generating facilities to the Long Island Power Authority (LIPA) via a Power Supply Agreement running until 2028.

The maximum UEL for these units ends in 2040, which aligns to the target set by the state of New York to achieve decarbonised power generation by 2040. However, there is a risk that the UEL of certain, or all, of the units may be shortened, depending on the progress of decarbonisation activities in Long Island. The Group believes there are no material accounting judgements in respect of the generation assets and the UELs have not been accelerated in the year.

The UELs of our assets related to our commercial operations in LNG at Providence, Rhode Island are informed by the recovery periods used for ratemaking purposes and the majority of the UELs are covered by fixed price service contracts. The net book value of these assets will be immaterial by 2050. Accordingly, the Group believes there are no material accounting judgements in respect of the UELs of the LNG assets as of 31 March 2026.

The net zero pathway may also impact our US gas networks which in turn may affect the recoverable amount of our New York and New England cash-generating units (CGUs). In assessing the recoverability of our CGUs (see note 11), we calculate the value-in-use based on projections that incorporate our best estimates of future cash flows and assumptions pertaining to the net zero plans of the jurisdictions that we operate in. In respect of our New York and New England CGUs, our forecast cash flow duration used in our impairment testing is five years. We apply a terminal growth rate informed by expected long-term economic inflation and the discount rate used takes into consideration the potential impact of net zero plans on our gas business. Accordingly, the impact of certain variables that will play out in the medium to long term as a result of the anticipated transition to decarbonised power generation are not anticipated to have an impact on the recoverable amount of our New York and New England CGUs.

Decommissioning provisions

Provisions to decommission significant portions of our regulated transmission and distribution assets are not recognised where no legal obligations exist, and a realistic alternative exists to incurring costs to decommission assets at the end of their life. Included within the Group's decommissioning provisions as at 31 March 2026 (see note 26) is £38 million relating to legal requirements to remove asbestos upon major renovation or demolition of our oil- and gas-fired electricity generation structures and facilities located in Long Island, New York. As noted above, the progress of decarbonisation activities in Long Island may bring forward the decommissioning of these assets, thereby increasing the present value of associated decommissioning provisions. In the current year, there have been no material changes to the expected timing of decommissioning expenditures. Currently, the expected timing of decommissioning expenditures has not materially been brought forward but management will continue to review the facts and circumstances.

Sensitivity to commodity contract derivatives

The Group has contracts associated with the forward purchase of gas and enters into derivative financial instruments linked to commodity prices, including gas options and swaps which are used to manage market price volatility (see note 17(b)). As at 31 March 2026, the Group's gas commodity contract

derivatives are primarily short-term and, accordingly, we do not anticipate a risk as a result of the transition to net zero.

F. Accounting policy choices

IFRS provides certain options available within accounting standards. Choices we have made, and continue to make, include the following:

- Presentational formats: we use the nature of expense method for our income statement and aggregate our statement of financial position to net assets and total equity.
- Financial instruments: we normally opt to apply hedge accounting in most circumstances where this is permitted (see note 32(e)).

G. New IFRS accounting standards and interpretations effective for the year ended 31 March 2026

The Group adopted the following amendments to standards which have had no material impact on the Group's results or financial statement disclosures:

- amendments to IAS 21 'Lack of exchangeability'.

H. New IFRS accounting standards and interpretations not yet adopted

The following new accounting standards and amendments to existing standards have been issued but are not yet effective:

- IFRS 18 'Presentation and Disclosure in Financial Statements';
- IFRS 9 and IFRS 7 'Amendments to the Classification and Measurement of Financial Instruments';
- Amendments to IFRS 9 and IFRS 7 'Contracts Referencing Nature-dependent Electricity';
- Annual Improvements to IFRS Accounting Standards – Volume 11; and
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures'.

The Group is currently assessing the impact of the above standards, but they are not expected to have a material impact other than in respect of IFRS 18.

IFRS 18 replaces IAS 1 and the Group will apply the new standard from 1 April 2027, with retrospective application. The Group is in the process of assessing the impact of IFRS 18 and anticipates changes to certain presentational and disclosure-related matters in its consolidated financial statements. The adoption of IFRS 18 will not affect the Group's profit after tax; however, it will result in changes to the presentation of the primary financial statements and to certain disclosures. In particular, income and expenses will be grouped into five categories in the Consolidated income statement, namely the operating, investing, financing, discontinued operations and income tax categories. There will also be an additional mandatory subtotal for 'Profit before financing and income taxes' and the 'useful structured summary' concept will necessitate certain changes to line items presented in the Consolidated income statement, although the overall impact is not expected to be significant. Management-defined performance measures will also require disclosure in a single note. Preparatory work is currently underway to support adoption, including updates to reporting systems and the chart of accounts.

The Group has not adopted any other standard, amendment or interpretation that has been issued but is not yet effective.

Notes to the consolidated financial statements cont.

2. Segmental analysis

This note sets out the financial performance for the year split into the different parts of the business (operating segments). The performance of these operating segments is monitored and managed on a day-to-day basis. Revenue and the results of the business are analysed by operating segment, based on the information the Board of Directors uses internally for the purposes of evaluating the performance of each operating segment and determining resource allocation between them. The Board is National Grid's chief operating decision maker (as defined by IFRS 8 'Operating Segments') and as a matter of course, the Board considers multiple profitability measures by segment, being 'adjusted profit' and 'underlying profit'. Adjusted profit excludes exceptional items and remeasurements (as defined in note 5) and is used by management and the Board to monitor financial performance as it is considered that it aids the comparability of our reported financial performance from year to year. Underlying profit, as presented in the Annual Report and Accounts, represents adjusted profit and also excludes the effects of timing, major storm costs and deferred tax expenses in our UK Electricity Transmission and UK Electricity Distribution businesses. The measure of profit disclosed in this note and the primary profitability benchmark considered by the chief operating decision maker is operating profit before exceptional items and remeasurements, adjusted profit, as this is the measure that is most consistent with the IFRS results reported within these financial statements.

The results of our five principal businesses are reported to the Board of Directors and are accordingly treated as reportable operating segments. All other operating segments are reported to the Board of Directors on an aggregated basis. The following table describes the main activities for each reportable operating segment:

UK Electricity Transmission	The high-voltage electricity transmission networks in England and Wales. This includes our Accelerated Strategic Transmission Investment projects to connect more clean, low-carbon power to the transmission network in England and Wales.
UK Electricity Distribution	The electricity distribution networks of NGED in the East Midlands, West Midlands and South West of England and South Wales.
New England	Electricity distribution networks, high-voltage electricity transmission networks and gas distribution networks in New England.
New York	Electricity distribution networks, high-voltage electricity transmission networks and gas distribution networks in New York.
National Grid Ventures	Comprises our electricity interconnectors in the UK, our electricity generation business in the US, all commercial operations in LNG at Providence, Rhode Island in the US and the Isle of Grain in the UK, and our investment in NG Renewables, our renewables business in the US. While NGV operates outside our regulated core business, the electricity interconnectors in the UK are subject to indirect regulation by Ofgem regarding the level of returns they can earn. The Group sold its interest in NG Renewables on 29 May 2025 and in Grain LNG on 28 November 2025 (see note 10).

Included within the comparative years are the results of the UK Electricity System Operator which also represented a separate operating segment. The Group completed the disposal of the ESO to the UK Government in the prior year.

Other activities that do not form part of any of the segments in the above table primarily relate to our UK property business together with insurance and corporate activities in the UK and US and the Group's investments in technology and innovation companies through National Grid Partners.

Notes to the consolidated financial statements cont.

2. Segmental analysis cont.

(a) Revenue

Revenue primarily represents the sales value derived from the generation, transmission and distribution of energy, together with the sales value derived from the provision of other services to customers. Refer to note 3 for further details.

Sales between operating segments are priced considering the regulatory and legal requirements to which the businesses are subject. The analysis of revenue by geographical area is on the basis of destination. There are no material sales between the UK and US geographical areas.

	2026			2025			2024		
	Total sales £m	Sales between segments £m	Sales to third parties £m	Total sales £m	Sales between segments £m	Sales to third parties £m	Total sales £m	Sales between segments £m	Sales to third parties £m
Operating segments – continuing operations:									
UK Electricity Transmission	2,898	(87)	2,811	2,619	(135)	2,484	2,735	(40)	2,695
UK Electricity Distribution	1,937	—	1,937	2,424	(3)	2,421	1,795	(5)	1,790
UK Electricity System Operator	—	—	—	1,029	(17)	1,012	3,788	(35)	3,753
New England	4,174	—	4,174	4,306	—	4,306	3,948	—	3,948
New York	7,618	—	7,618	6,689	—	6,689	6,094	—	6,094
National Grid Ventures	1,098	(41)	1,057	1,397	(47)	1,350	1,389	(57)	1,332
Other	97	(7)	90	122	(6)	116	244	(6)	238
Total revenue from continuing operations	17,822	(135)	17,687	18,586	(208)	18,378	19,993	(143)	19,850
Split by geographical areas – continuing operations:									
UK			5,472			6,707			9,063
US			12,215			11,671			10,787
Total revenue from continuing operations			17,687			18,378			19,850

The principal revenues of the UK Electricity Transmission segment arise from the provision of electricity transmission services and are invoiced to, and collected from, National Energy System Operator (NESO). Amounts are invoiced and settled in equal monthly instalments throughout the financial year. No other single customer contributed 10% or more of the Group's revenue in any of the years presented.

Notes to the consolidated financial statements cont.

2. Segmental analysis cont.

(b) Operating profit

A reconciliation of the operating segments' measure of profit to profit before tax from continuing operations is provided below. Further details of the exceptional items and remeasurements are provided in note 5.

	Total operating profit/(loss) before exceptional items and remeasurements			Exceptional items and remeasurements (see note 5)			Total operating profit/(loss) after exceptional items and remeasurements		
	2026 £m	2025 £m	2024 £m	2026 £m	2025 £m	2024 £m	2026 £m	2025 £m	2024 £m
Operating segments – continuing operations:									
UK Electricity Transmission	1,605	1,277	1,677	—	—	(3)	1,605	1,277	1,674
UK Electricity Distribution	1,122	1,610	993	—	(12)	(18)	1,122	1,598	975
UK Electricity System Operator	—	(364)	880	—	151	(498)	—	(213)	382
New England	960	982	643	(13)	26	(2)	947	1,008	641
New York	1,172	1,023	860	12	246	(498)	1,184	1,269	362
National Grid Ventures	327	380	469	388	(375)	89	715	5	558
Other	(142)	(143)	(60)	—	133	(57)	(142)	(10)	(117)
Total Group	5,044	4,765	5,462	387	169	(987)	5,431	4,934	4,475
Split by geographical area – continuing operations:									
UK	2,948	2,775	3,923	484	257	(487)	3,432	3,032	3,436
US	2,096	1,990	1,539	(97)	(88)	(500)	1,999	1,902	1,039
Total Group	5,044	4,765	5,462	387	169	(987)	5,431	4,934	4,475

	Profit/(loss) before tax before exceptional items and remeasurements			Exceptional items and remeasurements (see note 5)			Profit/(loss) before tax after exceptional items and remeasurements		
	2026 £m	2025 £m	2024 £m	2026 £m	2025 £m	2024 £m	2026 £m	2025 £m	2024 £m
Reconciliation to profit before tax:									
Operating profit from continuing operations	5,044	4,765	5,462	387	169	(987)	5,431	4,934	4,475
Share of post-tax results of joint ventures and associates	76	75	101	—	(2)	(64)	76	73	37
Finance income	378	449	244	2	1	4	380	450	248
Finance costs	(1,649)	(1,810)	(1,723)	(56)	3	11	(1,705)	(1,807)	(1,712)
Total Group	3,849	3,479	4,084	333	171	(1,036)	4,182	3,650	3,048

The following items are included in the total operating profit by segment:

	2026 £m	2025 £m	2024 £m
Depreciation, amortisation and impairment¹			
Operating segments:			
UK Electricity Transmission	(550)	(540)	(521)
UK Electricity Distribution	(271)	(249)	(223)
UK Electricity System Operator	—	—	(61)
New England	(493)	(469)	(420)
New York	(769)	(731)	(658)
National Grid Ventures	(151)	(173)	(166)
Other	(13)	(13)	(12)
Total	(2,247)	(2,175)	(2,061)
Asset type:			
Property, plant and equipment	(1,929)	(1,878)	(1,769)
Non-current intangible assets	(318)	(297)	(292)
Total	(2,247)	(2,175)	(2,061)

1. Depreciation, amortisation and impairment relates to property, plant and equipment and other intangible assets. The charge is stated net of depreciation and amortisation capitalised.

Notes to the consolidated financial statements cont.

2. Segmental analysis cont.

(c) Capital investment

Capital investment represents additions to property, plant and equipment, prepayments to suppliers to secure production capacity in relation to our capital projects, non-current intangibles and additional equity investments in joint ventures and associates. Capital investments exclude additions for assets or businesses from the point they are classified as held for sale.

	2026 £m	2025 £m	2024 £m
Operating segments:			
UK Electricity Transmission	4,372	2,999	1,912
UK Electricity Distribution	1,617	1,426	1,247
UK Electricity System Operator	—	—	85
New England	2,043	1,751	1,673
New York	3,428	3,289	2,654
National Grid Ventures	109	378	662
Other	7	4	2
Total	11,576	9,847	8,235
Asset type:			
Property, plant and equipment	9,924	8,894	7,124
Non-current intangible assets	693	478	481
Equity investments in joint ventures and associates	27	116	332
Capital expenditure prepayments	932	359	298
Total	11,576	9,847	8,235

(d) Geographical analysis of non-current assets

Non-current assets by geography comprise goodwill, other intangible assets, property, plant and equipment, investments in joint ventures and associates and other non-current assets.

	2026 £m	2025 £m	2024 £m
Split by geographical area:			
UK	47,551	42,623	40,065
US	49,273	46,131	44,270
	96,824	88,754	84,335
Reconciliation to total non-current assets:			
Pension assets	2,507	2,489	2,407
Financial and other investments	842	798	880
Derivative financial assets	623	369	324
Non-current assets	100,796	92,410	87,946

Notes to the consolidated financial statements cont.

3. Revenue

Revenue arises in the course of ordinary activities and principally comprises:

- **transmission services;**
- **distribution services; and**
- **generation services.**

Transmission services, distribution services and certain other services (excluding rental income) fall within the scope of IFRS 15 'Revenue from Contracts with Customers', whereas generation services (which solely relate to the contract with LIPA in the US) are accounted for under IFRS 16 'Leases' as rental income, also presented within revenue. Revenue is recognised to reflect the transfer of goods or services to customers at an amount that reflects the consideration to which the Group expects to be entitled to in exchange for those goods or services and excludes amounts collected on behalf of third parties and value added tax. The Group recognises revenue when it transfers control over a product or service to a customer.

Revenue in respect of regulated activities is determined by regulatory agreements that set the price to be charged for services in a given period based on pre-determined allowed revenues. Variances in service usage can result in actual revenue collected exceeding (over-recoveries) or falling short (under-recoveries) of allowed revenues. Where regulatory agreements allow the recovery of under-recoveries or require the return of over-recoveries, the allowed revenue for future periods is typically adjusted. In these instances, no assets or liabilities are recognised for under- or over-recoveries respectively, because the adjustment relates to future customers and services that have not yet been delivered.

Revenue in respect of non-regulated activities includes the sale of capacity on our interconnectors, which is determined at auctions and capacity market income. Capacity is sold in either day, month, quarter or year-ahead tranches. The price charged is determined by market fundamentals rather than regulatory agreement. The interconnectors are subject to regulation with regard to the levels of returns they are allowed to earn. Where amounts fall below this range they receive top-up revenues and where amounts exceed this range they must pass back the excess. In these instances, assets or liabilities are recognised for the top-up or pass-back respectively.

Below, we include a description of principal activities, by reportable segment, from which the Group generates its revenue. For more detailed information about our segments, see note 2.

(a) UK Electricity Transmission

The UK Electricity Transmission segment principally generates revenue by providing electricity transmission services in England and Wales. Our business operates as a monopoly regulated by Ofgem, which has established price control mechanisms that set the amount of annual allowed returns our business can earn (along with the Scottish and Offshore transmission operators amongst others).

The transmission of electricity encompasses the following principal services:

- the supply of high-voltage electricity – revenue is recognised based on usage. Our performance obligation is satisfied over time as our customers make use of our network. We bill monthly in advance and our payment terms are up to 60 days. Price is determined prior to our financial year end with reference to the regulated allowed returns and estimated annual volumes; and
- construction work (principally for connections) – revenue is recognised over time, as we provide access to our network. Customers can either pay over the useful life of the connection or up front. Where the customer pays up front, revenues are deferred as a contract liability and released over the life of the asset.

For other construction where there is no consideration for any future services (for example diversions), revenues are recognised as the construction work is completed.

(b) UK Electricity Distribution

The UK Electricity Distribution segment principally generates revenue by providing electricity distribution services in the Midlands and South West of England and South Wales. Similar to UK Electricity Transmission, UK Electricity Distribution operates as a monopoly in the jurisdictions that it operates in and is regulated by Ofgem.

The distribution of electricity encompasses the following principal services:

- electricity distribution – revenue is recognised based on usage by customers (over time), based upon volumes and price. The price control mechanism that determines our annual allowances is similar to UK Electricity Transmission. Revenues are billed monthly and payment terms are typically within 14 days; and
- construction work (principally for connections) – revenue is recognised over time as we provide access to our network. Where the customer pays up front, revenues are deferred as a contract liability and released over the life of the asset.

For other construction where there is no consideration for any future services, revenues are recognised as the construction work is completed.

(c) New England

The New England segment principally generates revenue by providing electricity and gas supply and distribution services and high-voltage electricity transmission services in New England. Supply and distribution services are regulated by the Massachusetts Department of Public Utilities (MADPU) and transmission services are regulated by the Federal Energy Regulatory Commission (FERC), both of whom regulate the rates that can be charged to customers.

The supply and distribution of electricity and gas and the provision of electricity transmission facilities encompasses the following principal services:

- electricity and gas supply and distribution and electricity transmission – revenue is recognised based on usage by customers (over time). Revenues are billed monthly and payment terms are 30 days; and
- construction work (principally for connections) – revenue is recognised over time as we provide access to our network. Where the customer pays up front, revenues are deferred as a contract liability or customer contributions (where they relate to government entities) and released over the life of the connection.

Notes to the consolidated financial statements cont.

3. Revenue cont.

(d) New York

The New York segment principally generates revenue by providing electricity and gas supply and distribution services and high-voltage electricity transmission services in New York. Supply and distribution services are regulated by the New York Public Service Commission (NYPSC) and transmission services are regulated by the FERC, both of which regulate the rates that can be charged to customers.

The supply and distribution of electricity and gas and the provision of electricity transmission facilities encompasses the following principal services:

- electricity and gas supply and distribution and electricity transmission – revenue is recognised based on usage by customers (over time). Revenues are billed monthly and payment terms are 30 days; and
- construction work (principally for connections) – revenue is recognised over time as we provide access to our network. Where the customer pays up front, revenues are deferred as a contract liability or customer contributions (where they relate to government entities) and released over the life of the connection.

(e) National Grid Ventures

National Grid Ventures generates revenue from electricity interconnectors, LNG at the Isle of Grain in the UK and Providence, Rhode Island in the US, NG Renewables and rental income.

The Group recognises revenue from transmission services through interconnectors and LNG importation at the Isle of Grain and Providence by means of customers' use of capacity and volumes. Revenue is recognised over time and is billed monthly. Payment terms are up to 30 days. The Group disposed of its interest in Grain LNG in November 2025 (see note 10).

Electricity generation revenue is earned from the provision of energy services and supply capacity to produce energy for the use of customers of LIPA through a power supply agreement, where LIPA receives all of the energy and capacity from the asset until at least 2028. The arrangement is treated as an operating lease within the scope of the leasing standard where we act as lessor, with rental income being recorded as other revenue, which forms part of total revenue. Lease payments (capacity payments) are recognised on a straight-line basis and variable lease payments are recognised as the energy is generated.

Other revenue in the scope of IFRS 15 principally includes sales of renewables projects from NG Renewables to Emerald Energy Venture LLC (Emerald), which was jointly controlled by National Grid and Washington State Investment Board (WSIB). The Group disposed of its interest in NG Renewables, together with Emerald, in May 2025 (see note 10). NG Renewables developed wind and solar generation assets in the US, while Emerald had a right of first refusal to buy, build and operate those assets. Revenue was recognised as it was earned.

Other revenue, recognised in accordance with standards other than IFRS 15, primarily comprises adjustments in respect of the interconnector cap and floor and Use of Revenue regimes constructed by Ofgem for certain wholly owned interconnector subsidiaries. Under the cap and floor regime, where an interconnector expects to exceed its total five-year cap, a provision and reduction in revenue is recognised in the current reporting period (see note 26). Where an interconnector does not expect to reach its five-year floor, either an asset will be recognised where a future inflow of economic benefits is considered virtually certain, or a contingent asset will be disclosed where the future inflow is concluded to be probable. Under the Use of Revenue framework, any revenues in excess of an agreed incentive level must be passed on as savings to consumers. Where the obligation to transfer excess revenues arises, a payable and reduction in revenue is recognised in the current reporting period.

(f) Other

Revenue in Other relates to our UK commercial property business. Revenue is predominantly recognised in accordance with standards other than IFRS 15 and comprises property sales by our UK commercial property business. Property sales are recorded when the sale is legally completed.

(g) UK Electricity System Operator

The Group disposed of the UK Electricity System Operator on 1 October 2024. Prior to its disposal and the formation of the NESO, the UK Electricity System Operator earned revenue for balancing supply and demand of electricity on Great Britain's electricity transmission system, where it acted as principal. Balancing services are regulated by Ofgem and revenue payable by generators and suppliers of electricity was recognised as the service was provided.

The UK Electricity System Operator also collected revenues on behalf of transmission operators, principally National Grid Electricity Transmission plc and the Scottish and Offshore transmission operators, from users (electricity suppliers) who connect to or use the transmission system. As the UK Electricity System Operator acted as an agent in this capacity, transmission network revenues were recorded net of payments to transmission operators.

(h) Disaggregation of revenue

In the following tables, revenue is disaggregated by primary geographical market and major service lines. The table below reconciles disaggregated revenue with the Group's reportable segments (see note 2).

Revenue for the year ended 31 March 2026	UK Electricity Transmission £m	UK Electricity Distribution £m	New England £m	New York £m	National Grid Ventures £m	Other £m	Total £m
<i>Revenue under IFRS 15</i>							
Transmission	2,597	—	55	355	713	—	3,720
Distribution	—	1,859	4,061	7,204	—	—	13,124
Other ¹	29	73	9	17	20	4	152
Total IFRS 15 revenue	2,626	1,932	4,125	7,576	733	4	16,996
<i>Other revenue</i>							
Generation	—	—	—	—	364	—	364
Other ²	185	5	49	42	(40)	86	327
Total other revenue	185	5	49	42	324	86	691
Total revenue from continuing operations	2,811	1,937	4,174	7,618	1,057	90	17,687

1. The UK Electricity Distribution other IFRS 15 revenue principally relates to engineering recharges, which are the recovery of costs incurred for construction work requested by customers, such as the rerouting of existing network assets.
2. Other revenue, recognised in accordance with accounting standards other than IFRS 15, includes property sales by our UK commercial property business, rental income, income arising in connection with the Transition Services Agreements following the sale of the ESO, and an adjustment to NGV revenue in respect of the interconnector cap and floor and Use of Revenue regimes constructed by Ofgem.

Notes to the consolidated financial statements cont.

3. Revenue cont.

(h) Disaggregation of revenue cont.

Geographical split for the year ended 31 March 2026	UK Electricity Transmission £m	UK Electricity Distribution £m	New England £m	New York £m	National Grid Ventures £m	Other £m	Total £m
<i>Revenue under IFRS 15</i>							
UK	2,626	1,932	—	—	713	—	5,271
US	—	—	4,125	7,576	20	4	11,725
Total IFRS 15 revenue	2,626	1,932	4,125	7,576	733	4	16,996
<i>Other revenue</i>							
UK	185	5	—	—	(61)	72	201
US	—	—	49	42	385	14	490
Total other revenue	185	5	49	42	324	86	691
Total revenue from continuing operations	2,811	1,937	4,174	7,618	1,057	90	17,687

Revenue for the year ended 31 March 2025	UK Electricity Transmission £m	UK Electricity Distribution £m	UK Electricity System Operator £m	New England £m	New York £m	National Grid Ventures £m	Other £m	Total £m
<i>Revenue under IFRS 15</i>								
Transmission ¹	2,265	—	46	85	252	879	1	3,528
Distribution	—	2,327	—	4,193	6,371	—	—	12,891
System Operator	—	—	966	—	—	—	—	966
Other ²	29	90	—	9	16	171	3	318
Total IFRS 15 revenue	2,294	2,417	1,012	4,287	6,639	1,050	4	17,703
<i>Other revenue</i>								
Generation	—	—	—	—	—	384	—	384
Other ³	190	4	—	19	50	(84)	112	291
Total other revenue	190	4	—	19	50	300	112	675
Total revenue from continuing operations	2,484	2,421	1,012	4,306	6,689	1,350	116	18,378

1. The UK Electricity System Operator transmission revenue generated in the period up until its disposal represented transmission revenues collected, net of payments made to transmission owners.
2. The UK Electricity Distribution other IFRS 15 revenue principally relates to engineering recharges, which are the recovery of costs incurred for construction work requested by customers, such as the rerouting of existing network assets. Within NGV, the other IFRS 15 revenue principally relates to revenue generated from our NG Renewables business.
3. Other revenue, recognised in accordance with accounting standards other than IFRS 15, includes property sales by our UK commercial property business, rental income, income arising in connection with the Transition Services Agreements following the sales of NECO, the UK Gas Transmission business and the ESO, and an adjustment to NGV revenue in respect of the interconnector cap and floor and Use of Revenue regimes constructed by Ofgem.

Geographical split for the year ended 31 March 2025	UK Electricity Transmission £m	UK Electricity Distribution £m	UK Electricity System Operator £m	New England £m	New York £m	National Grid Ventures £m	Other £m	Total £m
<i>Revenue under IFRS 15</i>								
UK	2,294	2,417	1,012	—	—	889	1	6,613
US	—	—	—	4,287	6,639	161	3	11,090
Total IFRS 15 revenue	2,294	2,417	1,012	4,287	6,639	1,050	4	17,703
<i>Other revenue</i>								
UK	190	4	—	—	—	(111)	11	94
US	—	—	—	19	50	411	101	581
Total other revenue	190	4	—	19	50	300	112	675
Total revenue from continuing operations	2,484	2,421	1,012	4,306	6,689	1,350	116	18,378

Revenue for the year ended 31 March 2024	UK Electricity Transmission £m	UK Electricity Distribution £m	UK Electricity System Operator £m	New England £m	New York £m	National Grid Ventures £m	Other £m	Total £m
<i>Revenue under IFRS 15</i>								
Transmission ¹	2,591	—	(10)	73	493	869	—	4,016
Distribution	—	1,712	—	3,786	5,500	—	—	10,998
System Operator	—	—	3,763	—	—	—	—	3,763
Other ²	25	73	—	8	15	168	4	293
Total IFRS 15 revenue	2,616	1,785	3,753	3,867	6,008	1,037	4	19,070
<i>Other revenue</i>								
Generation	—	—	—	—	—	360	—	360
Other ³	79	5	—	81	86	(65)	234	420
Total other revenue	79	5	—	81	86	295	234	780
Total revenue from continuing operations	2,695	1,790	3,753	3,948	6,094	1,332	238	19,850

1. The UK Electricity System Operator transmission revenue generated in the year represents transmission revenues collected, net of payments made to transmission owners.
2. The UK Electricity Transmission and UK Electricity Distribution other IFRS 15 revenue principally relates to engineering recharges, which are the recovery of costs incurred for construction work requested by customers, such as the rerouting of existing network assets. Within NGV, the other IFRS 15 revenue principally relates to revenue generated from our NG Renewables business.
3. Other revenue, recognised in accordance with accounting standards other than IFRS 15, includes property sales by our UK commercial property business, rental income, income arising in connection with the Transition Services Agreements following the sales of The Narragansett Electric Company (NECO) and the UK Gas Transmission business, and a provision and adjustment to NGV revenue in respect of the interconnector cap and floor and Use of Revenue regimes constructed by Ofgem.

Notes to the consolidated financial statements cont.

3. Revenue cont.

(h) Disaggregation of revenue cont.

Geographical split for the year ended 31 March 2024	UK Electricity Transmission £m	UK Electricity Distribution £m	UK Electricity System Operator £m	New England £m	New York £m	National Grid Ventures £m	Other £m	Total £m
<i>Revenue under IFRS 15</i>								
UK	2,616	1,785	3,753	—	—	878	1	9,033
US	—	—	—	3,867	6,008	159	3	10,037
Total IFRS 15 revenue	2,616	1,785	3,753	3,867	6,008	1,037	4	19,070
<i>Other revenue</i>								
UK	79	5	—	—	—	(76)	22	30
US	—	—	—	81	86	371	212	750
Total other revenue	79	5	—	81	86	295	234	780
Total revenue from continuing operations	2,695	1,790	3,753	3,948	6,094	1,332	238	19,850

Contract liabilities (see note 23) represent revenue to be recognised in future periods relating to contributions in aid of construction of £2,809 million (2025: £2,514 million; 2024: £2,246 million). Revenue is recognised over the life of the asset. The asset lives for connections in UK Electricity Transmission, UK Electricity Distribution, New England and New York are up to 40 years, 69 years, 51 years and 51 years respectively. The weighted average amortisation period over which revenue for contract liabilities is recognised is 26 years.

Future revenues in relation to unfulfilled performance obligations amount to £1.4 billion (2025: £1.5 billion; 2024: £6.1 billion). £1.4 billion (2025: £1.5 billion; 2024: £1.9 billion) relates to connection contracts in UK Electricity Transmission which will be recognised as revenue over a weighted average of 25 years.

The amount of revenue recognised for the year ended 31 March 2026 from performance obligations satisfied (or partially satisfied) in previous periods, mainly due to changes in the estimate of the stage of completion, is £nil (2025: £nil; 2024: £nil).

4. Other operating costs

Below we have presented separately certain items included in our operating costs from continuing operations. These include a breakdown of payroll costs (including disclosure of amounts paid to key management personnel) and fees paid to our external auditors.

	2026 £m	2025 £m	2024 £m
Depreciation, amortisation and impairment ¹	2,247	2,175	2,061
Payroll costs	1,992	2,143	2,043
Purchases of electricity	1,489	1,429	1,497
Purchases of gas	2,091	1,578	1,289
Property and other taxes	1,443	1,402	1,279
UK electricity balancing costs	—	1,143	2,486
Impairment of joint venture	—	303	—
Other ²	3,240	3,071	4,553
Other operating costs	12,502	13,244	15,208
Impairment losses on financial assets	243	200	179
Total operating costs from continuing operations	12,745	13,444	15,387
Operating costs from continuing operations include:			
Inventory consumed	454	506	408
Research and development expenditure	38	43	32

1. Depreciation, amortisation and impairment relates to property, plant and equipment and other intangible assets. The charge is stated net of depreciation and amortisation capitalised.

2. Included within Other are the costs incurred for the ongoing upkeep, repair, and management of infrastructure and assets necessary to ensure reliable energy delivery and operational efficiency.

Notes to the consolidated financial statements cont.

4. Other operating costs cont.

(a) Payroll costs

	2026 £m	2025 £m	2024 £m
Wages and salaries ¹	3,515	3,497	3,206
Social security costs	313	279	256
Defined contribution scheme costs	152	144	129
Defined benefit pension costs	73	114	96
Share-based payments	45	37	37
Severance costs (excluding pension costs)	16	10	12
	4,114	4,081	3,736
Less: payroll costs capitalised	(2,122)	(1,938)	(1,693)
Total payroll costs from continuing operations	1,992	2,143	2,043

1. Included within wages and salaries are US other post-retirement benefit costs of £27 million (2025: £25 million; 2024: £26 million). For further information, refer to note 25.

(b) Number of employees

	31 March 2026	Monthly average 2026	31 March 2025	Monthly average 2025	31 March 2024	Monthly average 2024
UK	14,554	14,105	13,477	13,919	13,956	13,439
US	18,472	18,286	18,177	17,888	17,469	17,406
Total number of employees (continuing operations)	33,026	32,391	31,654	31,807	31,425	30,845

(c) Key management compensation

	2026 £m	2025 £m	2024 £m
Short-term employee benefits	11	8	7
Share-based payments	7	4	5
Total key management compensation	18	12	12

Key management compensation relates to the Board, including the Executive Directors and Non-executive Directors, for the years presented.

(d) Auditor's remuneration

Auditor's remuneration is presented below in accordance with the requirements of the Companies Act 2006 and the principal accountant fees and services disclosure requirements of Item 16C of Form 20-F:

	2026 £m	2025 £m	2024 £m
Audit fees payable to the Parent Company's auditor and their associates in respect of:			
Audit of the Parent Company's individual and consolidated financial statements ¹	2.6	2.8	2.8
The auditing of accounts of any associate of the Company	8.6	8.7	8.8
Other services supplied ²	6.9	7.2	7.3
	18.1	18.7	18.9
Total other services³			
All other fees:			
Other assurance services ⁴	1.5	1.0	4.0
Other non-audit services not covered above	0.1	—	—
	1.6	1.0	4.0
Total auditor's remuneration	19.7	19.7	22.9

1. Audit fees in each year represent fees for the audit of the Company's financial statements for the years ended 31 March 2026, 2025 and 2024.
2. Other services supplied represent fees payable for services in relation to other statutory filings or engagements that are required to be carried out by the auditor. In particular, this includes fees for reports under section 404 of the US Public Company Accounting Reform and Investor Protection Act of 2002 (Sarbanes-Oxley Act), audit reports on regulatory returns and the review of interim financial statements for the six-month periods ended 30 September 2025, 2024 and 2023 respectively.
3. There were no tax compliance or tax advisory fees and no audit-related fees as described in Item 16C(b) of Form 20-F.
4. In all years, principally relates to assurance services provided in relation to comfort letters for debt issuances and reporting accountant services. The years ended 31 March 2026 and 31 March 2025 also includes fees for ESG reporting assurance.

The Audit & Risk Committee considers and makes recommendations to the Board, to be put to shareholders for approval at each AGM, in relation to the appointment, reappointment, removal and oversight of the Company's independent auditor. The Committee, under authority granted at the AGM, also considers and approves the audit fees on behalf of the Board in accordance with the Competition and Markets Authority Audit Order 2014.

Certain services are prohibited from being performed by the external auditor under the Sarbanes-Oxley Act and the FRC's 2024 Revised Ethical Standard. Of the above services, none were prohibited.

Notes to the consolidated financial statements cont.

5. Exceptional items and remeasurements

To monitor our segmental financial performance, we use an adjusted profit measure that excludes exceptional items and remeasurements. We exclude certain income and expenses from adjusted profit because, if included, these items could distort understanding of our performance for the year and the comparability between periods. This note analyses these items, which are included in our results for the year but are excluded from adjusted profit.

Exceptional items and remeasurements from continuing operations

	2026 £m	2025 £m	2024 £m
<i>Included within operating profit</i>			
Exceptional items:			
Net loss on disposal of NG Renewables	(96)	—	—
Net gain on the sale of Grain LNG	489	—	—
Transaction, separation and integration costs ¹	(17)	(65)	(44)
Changes in environmental provisions	—	146	(496)
Net gain on the sale of the ESO	—	187	—
Provision for UK electricity balancing costs	—	151	(498)
Impairment of joint venture	—	(303)	—
Major transformation programme	—	(74)	—
Cost efficiency programme	—	—	(65)
IFA fire	—	—	92
	376	42	(1,011)
Remeasurements – commodity contract derivatives	11	127	24
	387	169	(987)

1. Transaction, separation and integration costs represent the aggregate of distinct activities undertaken by the Group in the years presented.

Details of remeasurements, tax exceptional items and the tax effect of exceptional items and remeasurements are also provided in this note.

	2026 £m	2025 £m	2024 £m
<i>Included within operating profit</i>	387	169	(987)
<i>Included within finance income and costs</i>			
Remeasurements:			
Net gains on financial assets at fair value through profit and loss	2	1	4
Net (losses)/gains on financing derivatives	(56)	3	11
	(54)	4	15
<i>Included within share of post-tax results of joint ventures and associates</i>			
Remeasurements:			
Net losses on financial instruments	—	(2)	(64)
Total included within profit before tax	333	171	(1,036)
<i>Included within tax</i>			
Tax on exceptional items	8	76	159
Tax on remeasurements	8	(36)	(7)
	16	40	152
Total exceptional items and remeasurements after tax	349	211	(884)
<i>Analysis of total exceptional items and remeasurements after tax</i>			
Exceptional items after tax	384	118	(852)
Remeasurements after tax	(35)	93	(32)
Total exceptional items and remeasurements after tax	349	211	(884)

Notes to the consolidated financial statements cont.

5. Exceptional items and remeasurements cont.

Exceptional items

Management uses an exceptional items framework that has been discussed and approved by the Audit & Risk Committee. This follows a three-step process which considers the nature of the event, the financial materiality involved and any particular facts and circumstances. In considering the nature of the event, management focuses on whether the event is within the Group's control and how frequently such an event typically occurs. With respect to restructuring costs, these represent additional expenses incurred that are not related to the normal business and day-to-day activities. These can take place over multiple reporting periods given the scale of the Group, the nature and complexity of the transformation initiatives and due to the impact of strategic transactions. In determining the facts and circumstances, management considers factors such as ensuring consistent treatment between favourable and unfavourable transactions, the precedent for similar items, the number of periods over which costs will be spread or gains earned, and the commercial context for the particular transaction. The exceptional items framework was last updated in March 2022.

Items of income or expense that are considered by management for designation as exceptional items include significant restructurings, write-downs or impairments of non-current assets, significant changes in environmental or decommissioning provisions, integration of acquired businesses, gains or losses on disposals of businesses or investments and significant debt redemption costs as a consequence of transactions such as significant disposals or issues of equity, and the related tax, as well as deferred tax arising on changes to corporation tax rates. Costs arising from efficiency and transformation programmes include redundancy costs. Redundancy costs are charged to the consolidated income statement in the year in which a commitment is made to incur the costs and the main features of the restructuring plan have been announced to affected employees.

Set out below are details of the transactions against which we have considered the application of our exceptional items framework in each of the years for which results are presented.

2026

Net loss on disposal of NG Renewables

In the year the Group recognised a net loss of £96 million (before tax) on the disposal of its interest in National Grid Renewables Development LLC (NG Renewables) to Brookfield Asset Management for cash consideration of £1,531 million (\$2,061 million) (see note 10). The receipt of cash has been recognised within net cash used in investing activities within the consolidated cash flow statement.

Net gain on disposal of Grain LNG

In the year the Group recognised a net gain of £489 million on the disposal of its interest in Grain LNG to a consortium of multinational energy company, Centrica plc and energy transition infrastructure investment firm, Energy Capital Partners LLC, part of Bridgepoint Group plc for expected consideration of £1,375 million, which includes an estimate for an adjustment to the consideration under the Sale and Purchase Agreement (see note 10). The receipt of cash has been recognised within net cash used in investing activities within the consolidated cash flow statement.

Transaction, separation and integration costs

In May 2024, we announced the sale of NG Renewables and Grain LNG as part of our strategic focus on becoming a leading pureplay networks business. Both disposals were completed in the current year, and the transaction costs were included in gain or loss on disposal (see note 10). Separation costs of £17 million were incurred in relation to the disposals of NG Renewables and Grain LNG. The costs incurred primarily related to professional fees and employee costs. These costs have been classified as exceptional in accordance with our exceptional items policy. While the costs incurred in isolation are not sufficiently material to warrant classification as an exceptional item, when taken in aggregate with the respective disposals, the impact to the consolidated income statement incurred over both years is sufficiently material to be classified as exceptional in line with our policy. The total cash outflow for the year was £44 million.

Changes in environmental provisions

In the US, we recognise environmental provisions related to the remediation of the Gowanus Canal, Newtown Creek and the former manufacturing gas plant facilities previously owned or operated by the Group or its predecessor companies. The sites are subject to both state and federal environmental remediation laws in the US. Potential liability for the historical contamination may be imposed on responsible parties jointly and severally, without regard to fault, even if the activities were lawful when they occurred. The provisions and the Group's share of estimated costs are re-evaluated at each reporting period. In the year, following discussions with the Environmental Protection Agency on the scope and design of remediation activities related to the Gowanus and Newtown Creek, we have re-evaluated our estimates of total costs and recognised a net movement in the associated provision of £nil. Under the terms of our rate plans, we are entitled to recovery of environmental clean-up costs from rate payers in future reporting periods. Such recoveries through overall allowed revenues are not classified as exceptional in the future periods that they occur due to the extended duration over which such costs are recovered and the immateriality of the recoveries in any given year.

Major transformation programme

Following the appointment of a new Chief Executive Officer in November 2025, strategic priorities were updated and as a result the transformation programme launched in 2024 has been reshaped. The costs expected to be incurred in aggregate going forward no longer meet the quantitative threshold to be classified as exceptional.

2025

Changes in environmental provisions

In the prior year, following discussions with the New York State Department of Environmental Conservation and the Environmental Protection Agency on the scope and design of remediation activities related to certain of our responsible sites, we re-evaluated our estimates of total costs and recognised a net decrease of £64 million in relation to our provisions. Under the terms of our rate plans, we are entitled to recovery of environmental clean-up costs from rate payers in future reporting periods. Such recoveries through overall allowed revenues are not classified as exceptional in the future periods that they occur due to the extended duration over which such costs are recovered and the immateriality of the recoveries in any given year.

In the year ended 31 March 2025, the real discount rate applied to the Group's environmental provisions was also revised to 2.0% to reflect the substantial and sustained change in US Government bond yield curves (see note 26). The principal impact of this rate increase was a £82 million decrease in our US environmental provisions. The weighted average remaining duration of our cash flows was around 10 years.

Notes to the consolidated financial statements cont.

5. Exceptional items and remeasurements cont.

Exceptional items cont.

Net gain on disposal of the ESO

In the year ended 31 March 2025, the Group completed the disposal of the ESO to the UK Government for consideration of £673 million. As a result, the Group derecognised net assets of £486 million, resulting in a gain of £187 million. The receipt of cash was recognised within net cash used in investing activities within the consolidated cash flow statement.

Provision for UK electricity balancing costs

In the year ended 31 March 2024, the ESO's operating profit increased due to a substantial over-recovery of allowed revenues received under its regulatory framework. Under IFRS a corresponding liability is not recognised for the return of over-recoveries as this relates to future customers and services that have not yet been delivered. Following legislation to enable the separation of the ESO and the formation of the NESO, the Group recognised a liability of £498 million in the year ended 31 March 2024 representing the element of the over-recovery that was expected to be settled through the sale process. In the prior year, the liability was remeasured at £347 million to reflect the final amount of over-recovered revenues that transferred through with the ESO on disposal on 1 October 2024.

Impairment of joint venture

In the prior year, we agreed with our joint venture partner, RWE Renewables, that our investment in Community Offshore Wind, LLC will pause project development for the time being. The Group determined that the investment has negligible value and an impairment of £303 million was recognised (see note 16).

Transaction, separation and integration costs

In the year ended 31 March 2025, transaction and separation costs of £26 million were incurred in relation to the planned disposal of NG Renewables and £8 million in relation to the planned disposal of Grain LNG. The costs incurred primarily related to professional fees and employee costs. In remeasuring the NG Renewables disposal group to fair value less costs to sell in accordance with IFRS 5, the Group also recognised a £31 million impairment loss. These costs were classified as exceptional in accordance with our exceptional items policy. While the costs incurred in isolation were not sufficiently material to warrant classification as an exceptional item, when taken in aggregate with the respective disposals, the impact to the consolidated income statement incurred over both years would be sufficiently material to be classified as exceptional in line with our policy. The total cash outflow for the year was £6 million.

Major transformation programme

Following the announcement of our strategic priorities in May 2024, the Group entered into a new four-year transformation programme designed to implement our refreshed strategy to be a pre-eminent pureplay networks business. In the prior year, the Group incurred £74 million of costs in relation to the programme. The costs recognised primarily related to technology implementation costs, employee costs and professional fees incurred in delivering the programme. While the costs incurred since the commencement of the programme did not meet the quantitative threshold to be classified as exceptional on a standalone basis, when taken in aggregate with the costs expected to be incurred over the duration of the programme, we concluded that the costs should be classified as exceptional in line with our exceptional items policy. The total cash outflow for the period was £62 million.

2024

Provision for UK electricity balancing costs

As described above, during the year ended 31 March 2024 the ESO's operating profit increased due to a substantial over-recovery of allowed revenues received under its regulatory framework. The Group recognised a liability for the over-recovered revenues which were forecasted to transfer through the sales process.

Changes in environmental provisions

In the year ended 31 March 2024, following discussions with the New York State Department of Environmental Conservation and the Environmental Protection Agency on the scope and design of remediation activities related to certain of our responsible sites, we re-evaluated our estimates of total costs and increased our US environmental provision by £496 million. Under the terms of our rate plans, we are entitled to recovery of environmental clean-up costs from rate payers in future reporting periods.

Transaction, separation and integration costs

Separation costs of £11 million were incurred in relation to the disposal of NECO, £6 million in relation to the disposal of the UK Gas Transmission business and £27 million in connection with the integration of NGED. The costs incurred primarily related to professional fees, relocation costs and employee costs. The costs were classified as exceptional in accordance with our exceptional items policy. While the transaction, separation and integration costs incurred during the year did not meet the quantitative threshold to be classified as exceptional on a standalone basis, when taken in aggregate with the £340 million of costs in previous periods, the costs qualified for exceptional treatment in line with our exceptional items policy. The total cash outflow for the period was £33 million. The Group is entitled to cost recovery in relation to the separation of the ESO. Accordingly, these costs were not classified as exceptional.

Cost efficiency programme

During the year ended 31 March 2024, the Group incurred £65 million of costs in relation to the major cost efficiency programme announced in November 2021, that targeted at least £400 million savings per annum across the Group by the end of three years. The costs recognised in the period primarily related to redundancy provisions, employee costs and professional fees incurred in delivering the programme. While the costs incurred during the year did not meet the quantitative threshold to be classified as exceptional on a standalone basis, when taken in aggregate with the £142 million of costs incurred since the announcement of the programme, the costs qualified for exceptional treatment in line with our exceptional items policy. The total cash outflow for the year was £53 million. The cost efficiency programme completed in the year ended 31 March 2024.

Fire at IFA converter station

In September 2021, a fire at the IFA1 converter station in Sellindge, Kent caused significant damage to infrastructure on site. In the period, the Group recognised net insurance claims of £92 million, which were recognised as exceptional in line with our exceptional items policy and consistent with related claims in the preceding year. The total cash inflow in the period in relation to the insurance proceeds was £92 million.

Notes to the consolidated financial statements cont.

5. Exceptional items and remeasurements cont.

Remeasurements

Remeasurements comprise unrealised gains or losses recorded in the consolidated income statement arising from changes in the fair value of certain of our financial assets and liabilities accounted for at fair value through profit and loss (FVTPL). Once the fair value movements are realised (for example, when the derivative matures), the previously recognised fair value movements are then reversed through remeasurements and recognised within earnings before exceptional items and remeasurements. These assets and liabilities include commodity contract derivatives and financing derivatives to the extent that hedge accounting is not available or is not fully effective.

The unrealised gains or losses reported in profit and loss on certain additional assets and liabilities treated at FVTPL are also classified within remeasurements. These relate to financial assets (which fail the 'solely payments of principal and interest test' under IFRS 9), the money market fund investments used by Group Treasury for cash management purposes and the net foreign exchange gains and losses on borrowing activities. These are offset by foreign exchange gains and losses on financing derivatives measured at fair value. In all cases, these fair values increase or decrease because of changes in foreign exchange, commodity or other financial indices over which we have no control.

We report unrealised gains or losses relating to certain discrete classes of financial assets accounted for at FVTPL within adjusted profit. These comprise our portfolio of investments made by National Grid Partners and our investment in Sunrun Neptune 2016 LLC (both within NGV). The performance of these assets (including changes in fair value) is included in our assessment of adjusted profit for the relevant business units.

Remeasurements excluded from adjusted profit are made up of the following categories:

- i. Net gains/(losses) on commodity contract derivatives represent mark-to-market movements on certain physical and financial commodity contract obligations in the US and UK. These contracts primarily relate to the forward purchase of energy for supply to customers, or to the economic hedging thereof, that are required to be measured at fair value and that do not qualify for hedge accounting. Under the existing rate plans in the US, commodity costs are recoverable from customers although the timing of recovery may differ from the pattern of costs incurred;
- ii. Net gains/(losses) on financing derivatives comprise gains and losses arising on derivative financial instruments, net of interest accrued, used for the risk management of interest rate and foreign exchange exposures and the offsetting foreign exchange losses and gains on the associated borrowing activities. These exclude gains and losses for which hedge accounting has been effective and have been recognised directly in the consolidated statement of other comprehensive income or are offset by adjustments to the carrying value of debt (see notes 17 and 32). Net foreign exchange gains and losses on financing derivatives used for the risk management of foreign exchange exposures are offset by foreign exchange losses and gains on borrowing activities; and
- iii. Net gains/(losses) on financial assets measured at FVTPL comprise gains and losses on the investment funds held by our insurance captives which are categorised as FVTPL (see note 15).

Notes to the consolidated financial statements cont.

6. Finance income and costs

This note details the interest income generated by our financial assets and interest expense incurred on our financial liabilities, primarily our financing portfolio (including our financing derivatives). It also includes the net interest on our pensions and other post-retirement assets.

Finance income and costs remeasurements include unrealised gains and losses on certain assets and liabilities treated at FVTPL. The effective interest income and interest expense and dividends on these items are included in finance income and finance costs before remeasurements respectively.

	Notes	2026 £m	2025 £m	2024 £m
<i>Finance income</i>				
Net interest income on pensions and other post-retirement benefit obligations	25	114	98	100
Interest income on financial instruments:				
Bank deposits and other financial assets		263	341	139
Dividends received on equities held at fair value through other comprehensive income (FVOCI)		—	1	1
Net gains on FVTPL financial assets		2	1	4
Other income		1	9	4
Finance income		380	450	248
<i>Finance costs</i>				
Interest expense on financial liabilities held at amortised cost:				
Bank loans and overdrafts		(115)	(110)	(140)
Other borrowings ¹		(1,591)	(1,553)	(1,424)
Interest on derivatives		(229)	(285)	(277)
Unwinding of discount on provisions and other payables		(123)	(130)	(102)
Other interest		(15)	(26)	(31)
Derivatives designated as hedges for hedge accounting ²		(24)	4	13
Derivatives not designated as hedges for hedge accounting ²		(32)	(1)	(2)
Less: interest capitalised ³		424	294	251
Finance costs⁴		(1,705)	(1,807)	(1,712)
Net finance costs from continuing operations		(1,325)	(1,357)	(1,464)

1. Includes interest expense on lease liabilities (see note 13 for details).

2. Includes a net foreign exchange loss on borrowing and investment activities of £711 million (2025: £241 million gain; 2024: £271 million gain) offset by foreign exchange gains and losses on financing derivatives measured at fair value and the impacts of hedge accounting.

3. Interest on funding attributable to assets in the course of construction in the current year was capitalised at a rate of 4.4% (2025: 4.3%; 2024: 4.7%). In the UK, capitalised interest qualifies for a current year tax deduction with tax relief claimed of £65 million (2025: £39 million; 2024: £39 million). In the US, capitalised interest is added to the cost of property, plant and equipment, and qualifies for tax depreciation allowances.

4. Finance costs include principal accretion on inflation-linked liabilities of £168 million (2025: £152 million; 2024: £208 million).

Notes to the consolidated financial statements cont.

7. Tax

Tax is payable in the territories where we operate, mainly the UK and the US. This note gives further details of the total tax charge and tax liabilities, including current and deferred tax. Current tax charge is the tax payable on this year's taxable profits. Deferred tax is an accounting adjustment to provide for tax that is expected to arise in the future due to differences in the accounting and tax bases.

The tax charge for the period is recognised in the income statement, the statement of comprehensive income or directly in the statement of changes in equity, according to the accounting treatment of the related transaction. The tax charge comprises both current and deferred tax.

Current tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amounts are those that have been enacted or substantively enacted by the reporting date.

The Group operates internationally in territories with different and complex tax codes. Management exercises judgement in relation to the level of provision required for uncertain tax outcomes. Where there are tax positions not yet agreed with the tax authorities, different interpretations of legislation could lead to a range of outcomes. Judgements are made for each position having regard to particular circumstances and advice obtained.

Deferred tax is provided for, using the balance sheet liability method and is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases.

Deferred tax liabilities are generally recognised on all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction (other than a business combination) that affects neither the accounting nor the taxable profit or loss.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and joint arrangements except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority, and the Company and its subsidiaries intend to settle their current tax assets and liabilities on a net basis.

Notes to the consolidated financial statements cont.

7. Tax cont.

The tax charge for the year can be analysed as follows:

	2026 £m	2025 £m	2024 £m
<i>Current tax:</i>			
UK corporation tax at 25% (2025: 25%; 2024: 25%)	9	66	410
UK corporation tax adjustment in respect of prior years	(4)	(36)	(36)
	5	30	374
Overseas corporation tax	9	47	82
Overseas corporation tax adjustment in respect of prior years	(168)	(39)	(90)
	(159)	8	(8)
Total current tax from continuing operations	(154)	38	366
<i>Deferred tax:</i>			
UK deferred tax	642	524	388
UK deferred tax adjustment in respect of prior years	(7)	25	43
	635	549	431
Overseas deferred tax	289	195	(40)
Overseas deferred tax adjustment in respect of prior years	169	39	74
	458	234	34
Total deferred tax from continuing operations	1,093	783	465
Total tax charge from continuing operations	939	821	831

Tax charged/(credited) to the consolidated statement of comprehensive income and equity

	2026 £m	2025 £m	2024 £m
<i>Current tax:</i>			
Share-based payments	(1)	(1)	(2)
<i>Deferred tax:</i>			
Investments at fair value through other comprehensive income	—	—	1
Cash flow hedges, cost of hedging and own credit reserve	(16)	36	56
Remeasurements of pension assets and post-retirement benefit obligations	39	(23)	(50)
Share-based payments	(9)	2	—
	13	14	5
Total tax recognised in the statements of comprehensive income from continuing operations	23	13	7
Total tax relating to share-based payments recognised directly in equity from continuing operations	(10)	1	(2)
	13	14	5

Notes to the consolidated financial statements cont.

7. Tax cont.

The tax charge for the year for continuing operations, is lower (2025: lower tax charge; 2024: higher tax charge) than at the standard rate of corporation tax in the UK of 25% (2025: 25%; 2024: 25%):

	2026 £m	2025 £m	2024 £m
Profit before tax from continuing operations	4,182	3,650	3,048
Profit before tax from continuing operations multiplied by UK corporation tax rate of 25% (2025: 25%; 2024: 25%)	1,046	913	762
Effect of:			
Adjustments in respect of prior years ¹	(10)	(11)	(9)
Expenses not deductible for tax purposes	58	40	155
Non-taxable income ²	(150)	(107)	(43)
Adjustment in respect of foreign tax rates	14	4	(20)
Deferred tax impact of change in UK tax rate	—	—	—
Adjustment in respect of post-tax profits of joint ventures and associates included within profit before tax	(19)	(18)	(9)
Other ³	—	—	(5)
Total tax charge from continuing operations	939	821	831
	%	%	%
Effective tax rate – continuing operations	22.5	22.5	27.3

1. The prior year adjustments are primarily due to agreement of prior period tax returns.

2. Includes tax on chargeable disposals after the offset of capital losses. The gains on disposal of Grain LNG in the current year and the ESO in the prior year were both subject to the Substantial Shareholding Exemption.

3. Other primarily comprises the movement in the deferred tax asset on previously unrecognised capital losses, claims for land remediation relief and claims for Research & Development credit.

Factors that may affect future tax charges

The main UK corporation tax rate is 25% and deferred tax balances as at 31 March 2026 have been calculated at 25%.

There are currently no legislative federal tax proposals being considered in the US that would impact National Grid. Therefore, the income tax balances as of 31 March 2026 have been calculated at the prevailing tax rates based on the current tax laws.

Notes to the consolidated financial statements cont.

7. Tax cont.

Tax included within the statement of financial position

The following are the major deferred tax assets and liabilities recognised, and the movements thereon, during the current and prior reporting periods:

	Regulatory licences £m	Accelerated tax depreciation £m	Share- based payments £m	Pensions and other post- retirement benefits £m	Financial instruments £m	Other net temporary differences ¹ £m	Total £m
<i>Deferred tax liabilities/ (assets)</i>							
At 1 April 2024	429	8,816	(25)	461	(275)	(1,887)	7,519
Exchange adjustments and other ²	—	(147)	—	(5)	—	57	(95)
Charged/(credited) to income statement	—	925	(3)	58	62	(256)	786
(Credited)/charged to other comprehensive income and equity	—	—	2	(23)	38	—	17
Disposals	—	(60)	—	—	—	(5)	(65)
Reclassification to held for sale (note 10)	—	(122)	—	—	—	(2)	(124)
At 1 April 2025	429	9,412	(26)	491	(175)	(2,093)	8,038
Exchange adjustments and other ²	—	(144)	—	(4)	—	51	(97)
Charged/(credited) to income statement	—	1,158	(5)	6	24	(88)	1,095
(Credited)/charged to other comprehensive income and equity	—	—	(9)	39	(14)	—	16
Disposals	—	(12)	—	—	—	—	(12)
At 31 March 2026	429	10,414	(40)	532	(165)	(2,130)	9,040

1. The deferred tax asset of £2,130 million as at 31 March 2026 (2025: £2,093 million) in respect of other net temporary differences relates to losses of £456 million (2025: £298 million), US contract and lease liabilities of £632 million (2025: £603 million), US environmental provisions of £558 million (2025: £575 million), US bad debt provision of £161 million (2025: £155 million) and other short-term temporary differences of £323 million (2025: £462 million).

2. Exchange adjustments and other primarily comprises foreign exchange arising on translation of the US dollar deferred tax balances.

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net. The deferred tax balances (after offset) for statement of financial position purposes consist solely of deferred tax liabilities of £9,040 million (2025: £8,038 million).

Deferred tax assets in respect of some capital losses as well as trading losses and non-trade deficits have not been recognised as their future recovery is uncertain or not currently anticipated. The total deferred tax assets not recognised are as follows:

	2026 £m	2025 £m
Capital losses	2,482	2,484
Trading losses	9	9

The capital losses arose in the UK on disposal of certain businesses or assets. They are available to carry forward indefinitely but can only be offset against future capital gains.

At 31 March 2026 and 31 March 2025, there were no recognised deferred tax liabilities for taxes that would be payable on the unremitted earnings of the Group's subsidiaries or its associates as there are no significant corporation tax consequences of the Group's UK, US or overseas subsidiaries or associates paying dividends to their parent companies. There are also no significant income tax consequences for the Group from the payment of dividends by the Group to its shareholders.

Notes to the consolidated financial statements cont.

8. Earnings per share (EPS)

EPS is the amount of profit after tax attributable to each ordinary share. Basic EPS is calculated as profit after tax for the year attributable to equity shareholders divided by the weighted average number of shares in issue during the year. Diluted EPS shows what the impact would be if all outstanding share options were exercised and treated as ordinary shares at year end. The weighted average number of shares is increased by additional shares issued as scrip dividends and reduced by shares repurchased by the Company during the year. The earnings per share calculations are based on profit after tax attributable to equity shareholders of the Company which excludes non-controlling interests.

(a) Basic EPS

	Earnings 2026 £m	EPS 2026 pence	Earnings 2025 £m	EPS 2025 pence	Earnings 2024 £m	EPS 2024 pence
Earnings from continuing operations	3,241	65.5	2,826	60.0	2,216	55.5
Earnings from discontinued operations	—	—	76	1.6	74	1.9
Total earnings	3,241	65.5	2,902	61.6	2,290	57.4
		2026 millions		2025 millions		2024 millions
Weighted average number of ordinary shares – basic		4,946		4,707		3,991

(b) Diluted EPS

	Earnings 2026 £m	EPS 2026 pence	Earnings 2025 £m	EPS 2025 pence	Earnings 2024 £m	EPS 2024 pence
Earnings from continuing operations	3,241	65.2	2,826	59.8	2,216	55.3
Earnings from discontinued operations	—	—	76	1.6	74	1.8
Total earnings	3,241	65.2	2,902	61.4	2,290	57.1
		2026 millions		2025 millions		2024 millions
Weighted average number of ordinary shares – diluted		4,971		4,729		4,008

(c) Reconciliation of basic to diluted average number of shares

	2026 millions	2025 millions	2024 millions
Weighted average number of ordinary shares – basic	4,946	4,707	3,991
Effect of dilutive potential ordinary shares – employee share plans	25	22	17
Weighted average number of ordinary shares – diluted	4,971	4,729	4,008

Notes to the consolidated financial statements cont.

9. Dividends

Interim dividends are recognised when they become payable to the Company's shareholders. Final dividends are recognised when they are approved by shareholders.

	2026			2025			2024		
	Pence per share	Cash dividend £m	Scrip dividend £m	Pence per share	Cash dividend £m	Scrip dividend £m	Pence per share	Cash dividend £m	Scrip dividend £m
Final dividend in respect of the prior year	30.88	894	617	39.12	811	643	37.60	1,325	56
Interim dividend in respect of the current year	16.35	729	80	15.84	718	59	19.40	393	320
	47.23	1,623	697	54.96	1,529	702	57.00	1,718	376

The Directors are proposing a final dividend for the year ended 31 March 2026 of 32.14p per share that would absorb approximately £1,598 million of shareholders' equity (assuming all amounts are settled in cash). It will be paid on 23 July 2026 to shareholders who are on the register of members at 29 May 2026 (subject to shareholders' approval at the AGM). A scrip dividend will be offered as an alternative.

10. Assets held for sale and discontinued operations

The results and cash flows of significant assets or businesses sold during the year are shown separately from our continuing operations and presented within discontinued operations in the income statement and cash flow statement. Assets and businesses are classified as held for sale when their carrying amounts are expected to be recovered through sale rather than through continuing use. They only meet the held for sale condition when the assets are ready for immediate sale in their present condition, management is committed to the sale and it is highly probable that the sale will complete within one year. Depreciation ceases on assets and businesses when they are classified as held for sale and the assets and businesses are impaired if the proceeds less sale costs fall short of the carrying value.

National Grid Renewables

On 24 February 2025, the Group agreed to sell NG Renewables, its US onshore renewables business, to Brookfield Asset Management. The disposal subsequently completed on 29 May 2025 for consideration of £1,531 million (\$2,061 million). As NG Renewables did not represent a separate major line of business or geographical operation, it did not meet the criteria for classification as discontinued operations and therefore the results for the period until disposal are not separately disclosed on the face of the income statement.

Financial information relating to the loss arising on the disposal of NG Renewables is set out below:

	£m
Goodwill	51
Property, plant and equipment	438
Investment in joint venture	906
Trade and other receivables	141
Cash and cash equivalents	58
Financial investments	41
Other assets	66
Total assets on disposal	1,701
Borrowings	(2)
Other liabilities	(159)
Total liabilities on disposal	(161)
Net assets on disposal	1,540
Satisfied by:	
Proceeds	1,531
Total consideration	1,531
Less:	
Disposal-related costs	(11)
Loss on disposal before tax and reclassification of foreign currency translation reserve	(20)
Reclassification of foreign currency translation reserve ¹	(76)
Tax	5
Post-tax loss on disposal	(91)

1. The reclassification of the foreign currency translation reserve attributable to NG Renewables comprises a loss of £84 million relating to the retranslation of NG Renewables' operations offset by a gain of £8 million relating to borrowings, cross-currency swaps and foreign exchange forward contracts used to hedge the Group's net investment in NG Renewables.

NG Renewables generated a loss after tax of £14 million for the period until 29 May 2025 (2025: £60 million loss; 2024: £65 million loss).

Notes to the consolidated financial statements cont.

10. Assets held for sale and discontinued operations cont.

Grain LNG

On 14 August 2025, the Group agreed to sell Grain LNG, its UK LNG asset, to a consortium of multinational energy companies, Centrica plc and energy transition infrastructure investment firm, Energy Capital Partners LLC, part of Bridgepoint Group plc. The disposal subsequently completed on 28 November 2025. As Grain LNG did not represent a separate major line of business or geographical operation, it did not meet the criteria for classification as discontinued operations and therefore the results for the period until disposal are not separately disclosed on the face of the income statement.

The Group has recognised a £124 million liability as an adjustment to the consideration under the Sale and Purchase Agreement for post closing capital project obligations based on management's best estimate of the expected outflow. Given the inherent complexity of the project, and the number of parties involved, the Group has considered a range of potential outcomes, including the risk that costs could exceed our estimates. The Group has concluded the risk of a materially adverse impact to our operations, cash flows or financial position is remote.

Financial information relating to the gain arising on the disposal of Grain LNG is set out below:

	£m
Other intangible assets	27
Property, plant and equipment	962
Trade and other receivables	27
Cash and cash equivalents	163
Other assets	20
Total assets on disposal	1,199
Borrowings	(135)
Other liabilities	(196)
Total liabilities on disposal	(331)
Net assets on disposal	868
Satisfied by:	
Proceeds	1,375
Total consideration	1,375
Less:	
Disposal-related costs	(18)
Gain on disposal	489

Grain LNG generated a profit after tax of £89 million for the period until 28 November 2025 (2025: £120 million; 2024: £114 million).

The UK Gas Transmission business

In July 2024, the Group sold its remaining 20% equity interest in the UK Gas Transmission business (held through its holding in GasT TopCo Limited). This interest had been classified as held for sale from 31 January 2023 until the date of disposal, as detailed in the Annual Report and Accounts for the year ended 31 March 2025. The total sales proceeds were £686 million and the gain on disposal, after transaction costs, was £25 million.

The disposal of the Group's remaining interest in GasT TopCo Limited was the final stage of the plan to dispose of the UK Gas Transmission business first announced in 2021. As a result, the gain on disposal and any remeasurements pertaining to the financial derivatives noted above are shown separately from the continuing business for all periods presented on the face of the income statement as a discontinued operation. This is also reflected in the statement of comprehensive income, as well as earnings per share (EPS) being shown split between continuing and discontinued operations.

The summary income statements for the years ended 31 March 2025 and 2024 are as follows:

	2025 £m	2024 £m
<i>Operating profit</i>	—	—
Finance income	5	17
Finance costs ¹	47	62
<i>Profit before tax</i>	52	79
Tax	(1)	(1)
<i>Profit after tax from discontinued operations</i>	51	78
Gain/(loss) on disposal	25	(4)
Total profit after tax from discontinued operations	76	74

1. Finance costs included the remeasurement of the Further Acquisition Agreement option and the Remaining Acquisition Agreement, as detailed in the Annual Report and Accounts for the year ended 31 March 2025.

The summary statements of comprehensive income for the years ended 31 March 2025 and 2024 are as follows:

	2025 £m	2024 £m
Profit after tax from discontinued operations	76	74
<i>Other comprehensive (loss)/income from discontinued operations</i>		
Items from discontinued operations that may be reclassified subsequently to profit or loss:		
Net (losses)/gains on investments in debt instruments measured at fair value through other comprehensive income	(13)	13
Tax on items that may be reclassified subsequently to profit or loss	3	(3)
Total (losses)/gains from discontinued operations that may be reclassified subsequently to profit or loss	(10)	10
Other comprehensive (loss)/income for the year, net of tax from discontinued operations	(10)	10
Total comprehensive income for the year from discontinued operations	66	84

Details of the cash flows relating to discontinued operations are set out within the consolidated cash flow statement.

Notes to the consolidated financial statements cont.

11. Goodwill

Goodwill represents the excess of what we paid to acquire businesses over the fair value of their net assets at the acquisition date. We assess whether goodwill is recoverable by performing an impairment review annually or more frequently if events or changes in circumstances indicate a potential impairment.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate. Goodwill is allocated to CGUs, or groups of CGUs, and this allocation is made to those CGUs that are expected to benefit from the acquisition in which the goodwill arose.

Impairment is recognised where there is a difference between the carrying value of the CGU and the estimated recoverable amount of the CGU to which that goodwill has been allocated. Any impairment is recognised immediately in the income statement and is not subsequently reversed. Any impairment loss is first allocated to the carrying value of the goodwill and then to the other assets within the CGU. Recoverable amount is defined as the higher of fair value less costs to sell and estimated value-in-use at the date the impairment review is undertaken. Value-in-use represents the present value of expected future cash flows, discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

	Total £m
Net book value at 1 April 2024	9,729
Exchange adjustments	(117)
Reclassification to held for sale (note 10)	(80)
Net book value at 1 April 2025	9,532
Exchange adjustments	(115)
Net book value at 31 March 2026	9,417

There was no significant accumulated impairment charge as at 31 March 2026 or 31 March 2025.

Impairment review of goodwill and indefinite-lived intangibles

Goodwill and indefinite-lived intangibles (see note 12) are reviewed annually for impairment and the recoverability is assessed by comparing the carrying amount of our operations with the expected recoverable amount on a value-in-use basis which uses pre-financing and pre-tax cash flow projections based on the Group's financial plans, approved by the Directors. See below for a summary of which operations our goodwill and indefinite-lived intangibles are allocated to.

CGU or group of CGUs	2026 £m	2025 £m
Goodwill:		
National Grid Ventures – US	97	100
New England	1,471	1,506
New York	3,128	3,205
UK Electricity Distribution ¹	4,721	4,721
Total goodwill	9,417	9,532
Indefinite-lived intangibles (regulatory licences related to UK Electricity Distribution):		
West Midlands	518	518
East Midlands	519	519
South Wales	257	257
South West	420	420
Total indefinite-lived intangibles	1,714	1,714

1. This is a combination of the West Midlands, East Midlands, South Wales and South West CGUs, reflecting the level at which the goodwill is monitored.

In each assessment, the value-in-use has been calculated assuming a stable regulatory framework and is based on projections that incorporate our best estimates of future cash flows, including costs, changes in commodity prices, future rates and growth. Such projections reflect our current regulatory agreements and allow for future agreements and recovery of investment, including those related to achieving the net zero plans of the jurisdictions that we operate in. Our plans have proved to be reliable guides in the past and the Directors believe the estimates are appropriate.

(a) Cash flow periods, terminal value and discount rate assumptions

We select cash flow durations longer than five years, when our forecasts are considered reliable. The cash flow durations selected reflect our knowledge and understanding of the regulatory environments in which we operate, and most significantly, where markets have legislated decarbonisation commitments by 2050, we may utilise longer cash flow forecasts that reflect the investment required to deliver those commitments before applying a terminal value at the point those commitments are due to be fulfilled and market growth is expected to stabilise. For our regulated UK ED operations, we consider cash flow durations that run until 2050, reflecting the expected investment required in the network, in excess of economy-wide long-term growth rates in order to deliver the energy transition. Total expenditure forecasts, comprising capital and operating expenditure, are estimated with reference to the Group's strategic modelling and expectations around a reasonable energy transition based upon the policies and commitments in place today. Cash flows related to uncommitted future restructurings and enhancement capital expenditure (beyond activity to reinforce the network and build new connections) are excluded from the projections. For our regulated US operations (New York and New England CGUs), we use a five-year cash flow forecast. For our National Grid Ventures operations, we typically model cash flows extending out to the end of each project's operational life based on the long-term horizon of our projects.

Notes to the consolidated financial statements cont.

11. Goodwill cont.

(a) Cash flow periods, terminal value and discount rate assumptions cont.

For our UK ED business, a nominal terminal growth rate of 1.6% (2025: 1.8%) is assumed upon the terminal year cash flows, reflecting management's best view, based on market and operational experience, of the expected long-term growth in the relevant market. For our regulated US operations we apply a growth rate of 2.4% (2025: 2.3%). This has been determined with regard to data on industry growth projections, specifically related to the energy transition, and projected growth in real Gross Domestic Product (GDP) for the territory within which the CGU is based.

Pre-tax cash flows are discounted by applying a pre-tax discount rate reflecting the time value of money and the risks specific to the group of assets. In practice, the post-tax discount rate for the group of assets in question is derived from a post-tax weighted average cost of capital. The assumptions used in the calculation of the weighted average cost of capital are benchmarked to externally available data. The determined discount rate is independent of the entity's capital structure and reflects a market participant's view of a risk adjusted discount rate specific to the CGU or group of CGUs. The post-tax discount rate is then grossed up to a pre-tax discount rate that is applied to pre-tax cash flows. The pre-tax discount rates used for the year ended 31 March 2026 were as follows: UK ED Group 5.2% (2025: 5.4%); UK ED distribution network operators 5.2% (2025: 5.3%); New York 5.1% (2025: 6.3%); New England 5.0% (2025: 6.2%); and National Grid Ventures – US 5.3% (2025: 6.7%).

(b) Key inputs and sensitivity analysis

In assessing the carrying value of goodwill and licences, we have sensitised our forecasts to factor in adjustments to key inputs to each model. While regulatory licences are tested for impairment before we test goodwill, we consider the sensitivity for goodwill attributable to UK ED and our regulated US operations and those related to licences separately below.

Goodwill – UK ED, regulated US operations (New York and New England) and National Grid Ventures – US

While key assumptions underpinning the goodwill valuations will change over time, the Directors consider that no reasonably foreseeable change would result in an impairment of goodwill. This is in view of the long-term nature of the key assumptions, including those used in determining an appropriate discount rate, and specifically the risk-free rate and total market return, the margin by which the estimated value-in-use exceeds the carrying amount and the nature of the regulatory regimes that UK ED and our regulated US businesses operate under.

Indefinite-lived regulatory licences – UK ED

No reasonably possible changes to inputs to the impairment test performed over the South West, East Midlands, West Midlands and South Wales Distribution Network Operator licences were identified as resulting in an impairment.

12. Other intangible assets

Other intangible assets are the software assets controlled by us and the electricity distribution licences which provide us with the right to operate and invest in the relevant network that operates as a monopoly in the licensed geographical area. The regulatory licences were acquired following the Group's acquisition of NGED.

Our electricity distribution licences are indefinite-lived intangible assets for which there is no foreseeable limit to the period over which they are expected to generate net cash inflows. Once granted by Ofgem, the licence is issued to a licensee on the basis that it remains active into perpetuity. On that basis, the value attributed to the electricity distribution network licence assets is considered to have an indefinite useful life. The regulatory licence assets are subject to a review for impairment annually, or more frequently if events or circumstances indicate a potential impairment (see note 11 for details of impairment tests performed over indefinite-lived intangible assets). Any impairment is charged to the income statement as it arises.

Software is recorded at cost less accumulated amortisation and any provision for impairment. Our software assets are tested for impairment only if there is an indication that their carrying values may have been impaired. Impairments of assets are calculated as the difference between the carrying value of the asset and the recoverable amount, if lower. Where such an asset does not generate cash flows that are independent from other assets, the recoverable amount of the CGU to which that asset belongs is estimated. Impairments are recognised in the consolidated income statement within other operating costs. Any assets which suffered impairment in a previous period are reviewed for possible reversal of the impairment at each reporting date.

Internally generated intangible assets are recognised only if: i) an asset is created that can be identified; ii) it is probable that the asset created will generate future economic benefits; and iii) the development cost of the asset can be measured reliably. Where no internally generated intangible asset can be recognised, development expenditure is recorded as an expense in the period in which it is incurred.

Cloud computing arrangements are reviewed to determine if the Group has control of the software intangible asset. Control is considered to exist where the Group has the right to take possession of the software and run it on its own or a third party's computer infrastructure or if the Group has exclusive rights to use the software such that the supplier is unable to make the software available to other customers.

Costs relating to configuring or customising the software in a cloud computing arrangement are assessed to determine if there is a separate intangible asset over which the Group has control. If an asset is identified, it is capitalised and amortised over the useful economic life of the asset. To the extent that no separate intangible asset is identified, then the costs are either expensed when incurred or recognised as a prepayment and spread over the term of the arrangement if the costs are concluded to not be distinct.

Notes to the consolidated financial statements cont.

12. Other intangible assets cont.

(a) Analysis of other intangible assets

	Regulatory licences £m	Software £m	Assets in the course of construction £m	Total £m
Cost at 1 April 2024	1,714	3,093	392	5,199
Exchange adjustments	—	(61)	(7)	(68)
Additions	—	16	462	478
Disposals	—	(7)	—	(7)
Reclassifications ¹	—	376	(363)	13
Reclassification to held for sale (note 10)	—	(16)	—	(16)
Cost at 1 April 2025	1,714	3,401	484	5,599
Exchange adjustments	—	(56)	(8)	(64)
Additions	—	84	609	693
Disposals	—	(10)	—	(10)
Reclassifications ¹	—	547	(556)	(9)
Cost at 31 March 2026	1,714	3,966	529	6,209
Accumulated amortisation at 1 April 2024	—	(1,758)	(10)	(1,768)
Exchange adjustments	—	36	—	36
Amortisation charge for the year	—	(323)	—	(323)
Accumulated amortisation of disposals	—	7	—	7
Reclassifications ¹	—	2	—	2
Reclassification to held for sale (note 10)	—	11	—	11
Accumulated amortisation at 1 April 2025	—	(2,025)	(10)	(2,035)
Exchange adjustments	—	25	—	25
Amortisation charge for the year	—	(339)	—	(339)
Accumulated amortisation of disposals	—	10	10	20
Reclassifications ¹	—	(1)	—	(1)
Accumulated amortisation at 31 March 2026	—	(2,330)	—	(2,330)
Net book value at 31 March 2026²	1,714	1,636	529	3,879
Net book value at 31 March 2025	1,714	1,376	474	3,564

1. Reclassifications includes amounts transferred to property, plant and equipment (see note 13).

2. The Group has capitalised £224 million (2025: £271 million) in relation to the Gas Business Enablement system in the US, of which £224 million (2025: £271 million) is in service and is being amortised over 10 years, with the remainder included within assets in the course of construction. A further £72 million (2025: £82 million) relates to our UK general ledger system within software and is being amortised over 10 years.

(b) Asset useful economic lives

No amortisation is provided on regulatory licences. Software is amortised over the period we expect to receive a benefit from the asset. An amortisation expense is charged to the income statement to reflect the reduced value of the asset over time. Amortisation is calculated by estimating the number of years we expect the asset to be used (its useful economic life or UEL) and charging the cost of the asset to the income statement equally over this period.

	Years
Software	3 to 10
Regulatory licences	Indefinite

13. Property, plant and equipment

Property, plant and equipment are the physical assets controlled by us. The Group's interest comprises legally protected statutory or contractual rights of use. Property, plant and equipment is recorded at cost, less accumulated depreciation and any impairment losses.

The cost of property, plant and equipment primarily represents the amount initially paid or the fair value on the date of acquisition of a business. Cost includes the purchase price of the asset; any payroll and finance costs incurred which are directly attributable to the construction of property, plant and equipment together with an appropriate portion of overheads which are directly linked to the capital work performed; and the cost of any associated asset retirement obligations.

Additions represent the purchase or construction of new assets, including capital expenditure for safety and environmental assets, and extensions to, enhancements to, or replacement of, existing assets.

All costs associated with projects or activities which have not been fully commissioned at the period end are classified within assets in the course of construction.

A depreciation expense is charged to the income statement to reflect annual wear and tear and the reduced value of the asset over time. Depreciation is calculated by estimating the number of years we expect the asset to be used (its useful economic life or UEL) and charging the cost of the asset to the income statement equally over this period.

Items within property, plant and equipment are tested for impairment only if there is some indication that the carrying value of the assets may have been impaired. Impairments of assets are calculated as the difference between the carrying value of the asset and the recoverable amount, if lower. Where such an asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash-generating unit to which that asset belongs is estimated. Impairments are recognised in the income statement and, if immaterial, are included within the depreciation charge for the year.

We operate an energy networks business and therefore have a significant physical asset base. We continue to invest in our networks to maintain reliability, create new customer connections and ensure our networks are flexible, resilient and prepared for the transition to net zero. Our business plan envisages these additional investments will be funded through a mixture of cash generated from operations and the issue of new debt and equity.

Notes to the consolidated financial statements cont.

13. Property, plant and equipment cont.

(a) Analysis of property, plant and equipment

	Land and buildings £m	Plant and machinery £m	Assets in the course of construction £m	Motor vehicles and office equipment £m	Total £m
Cost at 1 April 2024	4,210	74,551	7,022	1,350	87,133
Exchange adjustments	(55)	(965)	(91)	(21)	(1,132)
Additions ¹	60	1,172	7,529	220	8,981
Disposals	(59)	(387)	(9)	(239)	(694)
Adjustment for change in discount rate on decommissioning provisions (note 26)	—	7	—	—	7
Reclassifications ²	198	4,583	(4,876)	83	(12)
Reclassification to held for sale (note 10)	(110)	(1,195)	(502)	(19)	(1,826)
Cost at 1 April 2025	4,244	77,766	9,073	1,374	92,457
Exchange adjustments	(55)	(934)	(91)	(20)	(1,100)
Additions ¹	108	1,362	8,696	259	10,425
Disposals	(47)	(363)	(28)	(164)	(602)
Adjustment for change in discount rate on decommissioning provisions (note 26)	(22)	(66)	—	—	(88)
Reclassifications ²	192	5,607	(5,834)	84	49
Cost at 31 March 2026	4,420	83,372	11,816	1,533	101,141
Accumulated depreciation at 1 April 2024	(758)	(16,730)	(67)	(671)	(18,226)
Exchange adjustments	12	200	—	11	223
Depreciation charge for the year ³	(93)	(1,632)	4	(203)	(1,924)
Disposals	49	387	9	236	681
Reclassifications ²	(32)	33	3	(5)	(1)
Reclassification to held for sale (note 10)	51	817	—	13	881
Accumulated depreciation at 1 April 2025	(771)	(16,925)	(51)	(619)	(18,366)
Exchange adjustments	12	197	—	11	220
Depreciation charge for the year ³	(96)	(1,665)	2	(230)	(1,989)
Disposals	29	361	1	163	554
Reclassifications ²	18	(44)	(16)	2	(40)
Accumulated depreciation at 31 March 2026	(808)	(18,076)	(64)	(673)	(19,621)
Net book value at 31 March 2026	3,612	65,296	11,752	860	81,520
Net book value at 31 March 2025	3,473	60,841	9,022	755	74,091

1. Additions include right-of-use assets recognised during the year.

2. Represents amounts transferred between categories, (to)/from other intangible assets (see note 12), (to)/from inventories.

3. Depreciation of assets in the course of construction relates to impairment provision adjustments.

(b) Asset useful economic lives

No depreciation is provided on freehold land or assets in the course of construction. Other items of property, plant and equipment are depreciated, on a straight-line basis, at rates estimated to write off their book values over their estimated UELs. In assessing UELs, consideration is given to any contractual arrangements and operational requirements relating to particular assets. The assessments of estimated UELs and residual values of assets are performed annually.

Certain network assets are depreciated using the group method of depreciation, in which a single composite depreciation rate is applied to a particular class of property, plant and equipment. This method pools similar assets together, and then depreciates each group as a whole over their respective useful lives. In the US, the Company conducts independent depreciation studies on a periodic basis as part of the regulatory ratemaking process to estimate group depreciation rates. These depreciation studies are subject to review and approval by the US state and federal regulators, with the depreciation expense recovered through rates charged to customers. Likewise in the UK, the composite depreciation rates are benchmarked to internal engineering studies and known asset performance lives. Depreciation expense includes a component for the original cost of assets and a component for estimated cost of future removal, net of any salvage value at retirement. Upon retirement of components of the Company's network assets, the original cost of the retired assets, net of salvage value, is charged against accumulated depreciation, with no gain or loss recognised.

Unless otherwise determined by operational requirements, the depreciation periods for the principal categories of property, plant and equipment are shown in the table that follows split between the UK and US, along with the weighted average remaining UEL for each class of property, plant and equipment (which is calculated by dividing the net book value of that class of asset by the respective annual depreciation charge).

	Years		Weighted average remaining UEL
	UK	US	
Freehold and leasehold buildings	up to 65	up to 100	43
Plant and machinery:			
Electricity transmission plant and wires	up to 100	10 to 85	32
Electricity distribution plant	14 to 99	5 to 85	46
Electricity generation plant	n/a	15 to 93	8
Interconnector plant and other	5 to 70	5 to 54	25
Gas plant – mains, services and regulating equipment	n/a	20 to 95	54
Gas plant – storage	n/a	20 to 60	24
Gas plant – meters	n/a	14 to 45	26
Motor vehicles and office equipment	up to 30	up to 34	3

Notes to the consolidated financial statements cont.

13. Property, plant and equipment cont.

(c) Gas asset lives

The role that our US gas networks play in the pathway to achieving the greenhouse gas emissions reductions targets set in the jurisdictions in which we operate remains subject to uncertainty. Policymakers in New York and Massachusetts continue to indicate an increase in electrification to meet their respective decarbonisation targets, while as a Group we are committed in our transition to net zero. However, developments during the current financial year indicate that, despite some regulation changes and customer incentive schemes favouring electrification, the pathway to full electrification remains uncertain due to barriers such as heightened affordability concerns and increased regulatory uncertainty. As a result, there is a reduced risk that the UELs of certain elements of our gas networks may be shortened in line with future policy, regulatory frameworks and planning systems aimed to support the decarbonisation of the energy sector.

In the US, our gas distribution asset lives are assessed as part of detailed depreciation studies completed as part of each separate rate proceeding. Depreciation studies consider the physical condition of assets and the expected operational life of an asset. The weighted average remaining UEL for our US gas distribution fixed asset base is circa 54 years; however, a proportion of our assets are assumed to have UELs which extend beyond 2080. In assessing these UELs, we consider a range of different pathways related to our gas assets. These pathways factor in the net zero ambitions of the Group and the jurisdictions that we operate in, anticipated changes in customer behaviour, developments in new technology, the feasibility and affordability of electrification, and the ability to decarbonise fuel through the use of renewable natural gas (RNG) and green hydrogen. On balance of the different pathways considered, we continue to believe the lives identified by rate proceedings are the best estimate of the assets' UELs given the need to provide safe, affordable and reliable heating services. We keep this assumption under review and we continue to actively engage and support our regulators to enable the clean energy transition.

Asset depreciation lives feed directly into our US regulatory recovery mechanisms, such that any shortening of asset lives and regulatory recovery periods as agreed with regulators should be recoverable through future rates, subject to agreement, over future periods, as part of wider considerations around ensuring the continuing affordability of gas in our service territories.

Given the uncertainty described relating to the UELs of our gas assets, below we provide a sensitivity analysis for the depreciation charge for our New York and New England segments were a shorter UEL presumed. It should be noted that the net zero pathways which we consider probable all suggest some role for gas in heating buildings beyond 2050, so our sensitivity analysis for 2050 illustrates an unlikely worst-case scenario.

	Increase in depreciation expense for the year ended 31 March 2026		Increase in depreciation expense for the year ended 31 March 2025	
	New York £m	New England £m	New York £m	New England £m
UELs limited to 2050	277	90	235	78
UELs limited to 2060	130	37	110	32
UELs limited to 2070	64	11	54	9

Note that this sensitivity calculation excludes any assumptions regarding the residual value for our asset base and the effect that shortening asset depreciation lives would be expected to have on our regulatory recovery mechanisms. In the event that any of the US gas distribution assets are stranded, the Group would expect to recover the associated costs. While recovery is not guaranteed and is determined by regulators in the US, there are precedents for stranded asset cost recovery for US utility companies.

(d) Right-of-use assets

The Group leases various properties, land, equipment and cars. New lease arrangements entered into are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. The right-of-use asset and associated lease liability arising from a lease are initially measured at the present value of the lease payments expected over the lease term. The lease payments include fixed payments, any variable lease payments dependent on an index or a rate, and any break fees or renewal option costs that we are reasonably certain to incur. The discount rate applied is the rate implicit in the lease or, if that is not available, the incremental rate of borrowing for a similar term and similar security. The liabilities for the majority of the Group's lease portfolio are calculated using the incremental borrowing rate. This is determined based on observable data for borrowing rates for the specific Group entity that has entered into the lease, with specific adjustments for the term of the lease and any lease-specific risk premium. The lease term takes account of extension options that are at our option if we are reasonably certain to exercise the option and any lease termination options unless we are reasonably certain not to exercise the option. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period using the effective interest rate method. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as computers), the Group continues to recognise a lease expense on a straight-line basis.

The table that follows shows the movements in the net book value of right-of-use assets included within property, plant and equipment at 31 March 2026 and 31 March 2025, split by category. The associated lease liabilities are disclosed in note 21.

	Land and buildings £m	Plant and machinery £m	Assets in the course of construction £m	Motor vehicles and office equipment £m	Total £m
Net book value at 1 April 2024	293	128	—	307	728
Exchange adjustments	(6)	(2)	—	(7)	(15)
Additions	39	2	—	159	200
Reclassification to held for sale (note 10)	(2)	(15)	—	—	(17)
Disposals	—	—	—	(3)	(3)
Depreciation charge for the year	(21)	(12)	—	(87)	(120)
Net book value at 31 March 2025	303	101	—	369	773
Exchange adjustments	(6)	(2)	—	(6)	(14)
Additions	23	—	—	199	222
Disposals	(11)	—	—	(2)	(13)
Depreciation charge for the year	(24)	(6)	—	(102)	(132)
Net book value at 31 March 2026	285	93	—	458	836

Notes to the consolidated financial statements cont.

13. Property, plant and equipment cont.

(d) Right-of-use assets cont.

The following balances have been included in the income statement for the years ended 31 March 2026 and 31 March 2025 in respect of right-of-use assets:

	2026 £m	2025 £m
<i>Included within net finance income and costs:</i>		
Interest expense on lease liabilities	(41)	(40)
<i>Included within revenue:</i>		
Lease income ¹	385	406
<i>Included within operating expenses:</i>		
Expense relating to short-term and low-value leases	(27)	(24)

1. Included within lease income is £364 million (2025: £384 million) of variable lease payments, the majority of which relates to the power supply arrangement entered into with LIPA (see note 3).

14. Other non-current assets

Other non-current assets include assets that do not fall into specific non-current asset categories (such as goodwill or property, plant and equipment) where the benefit to be received from the asset is not due to be received until after 31 March 2027.

	2026 £m	2025 £m
Other receivables ¹	291	299
Non-current tax assets	20	—
Prepayments ²	1,073	660
	1,384	959

1. Primarily comprises amounts due in relation to property sales to The Berkeley Group. These amounts will be fully received by 2031.

2. Included within prepayments are capital expenditure prepayments made to suppliers to secure production capacity for certain of our capital projects. The associated cash flows for capital expenditure prepayments are included within purchases of property, plant and equipment within the consolidated cash flow statement.

15. Financial and other investments

The Group holds a range of financial and other investments. These investments include short-term money market funds, quoted investments in bonds of other companies, investments in our venture capital portfolio (National Grid Partners), and investments that cannot be readily used in operations, principally collateral deposited in relation to derivatives.

The classification of each investment held by the Group is determined based on two main factors:

- its contractual cash flows – whether the asset's cash flows are solely payments of the principal and interest on the financial asset on pre-determined dates or whether the cash flows are determined by other factors such as the performance of a company; and
- the business model for holding the investments – whether the intention is to hold onto the investment for the longer term (collect the contractual cash flows) or to sell the asset with the intention of managing any gain or loss on sale or to manage any liquidity requirements.

The three categories of financial and other investments are as follows:

- Financial assets at amortised cost – debt instruments that have contractual cash flows that are solely payments of principal and interest, and which are held within a business model whose objective is to collect contractual cash flows, are held at amortised cost. This category includes our receivables in relation to deposits and collateral;
- FVOCI debt and other investments – debt investments, such as bonds, that have contractual cash flows that are solely payments of principal and interest, and which are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, are measured at FVOCI, with gains or losses recognised in the consolidated statement of comprehensive income instead of through the income statement. On disposal, any gains or losses are recognised within finance income in the income statement (see note 6). Other investments include insurance contracts which are held to back the present value of unfunded pension liabilities (see note 25); and
- FVTPL investments – other financial investments are subsequently measured at fair value with any gains or losses recognised in the income statement (FVTPL). This primarily comprises our money market funds, insurance company fund investments and corporate venture capital investments held by National Grid Partners.

Financial and other investments are initially recognised on trade date. Subsequent to initial recognition, the fair values of financial assets that are quoted in active markets are based on bid prices. When independent prices are not available, fair values are determined by applying valuation techniques used by the relevant markets, including observable market data where possible (see note 32(g) for further details).

Notes to the consolidated financial statements cont.

15. Financial and other investments cont.

	2026 £m	2025 £m
<i>Non-current</i>		
FVOCI debt and other investments	385	384
FVTPL investments	450	407
Financial assets at amortised cost	7	7
	842	798
<i>Current</i>		
FVTPL investments	1,914	5,156
Financial assets at amortised cost	539	597
	2,453	5,753
	3,295	6,551
Financial and other investments include the following:		
Investments in short-term money market funds	1,370	4,725
Investments held by National Grid Partners	387	346
Investments in Sunrun	63	60
Balances that are restricted or not readily used in operations:		
Collateral ¹	438	506
Insurance company and non-qualified plan investments	676	578
Cash surrender value of life insurance policies	252	238
Other investments	109	98
	3,295	6,551

1. The collateral balance includes £404 million (2025: £477 million) of collateral placed with counterparties with whom we have entered into a credit support annex to the International Swaps and Derivatives Association (ISDA) Master Agreement; £30 million (2025: £24 million) of restricted amounts allocated for specific projects within National Grid Electricity Transmission plc and National Grid Electricity Distribution plc; £4 million (2025: £5 million) insurance captive letters of credit.

FVTPL and FVOCI investments are recorded at fair value. The carrying value of current financial assets at amortised cost approximates their fair values, primarily due to short-dated maturities. The exposure to credit risk at the reporting date is the fair value of the financial investments. For further information on our credit risk, refer to note 32(a).

For the purposes of impairment assessment, the investments in bonds are considered to be low risk as they are investment grade securities; life insurance policies are held with regulated insurance companies; and deposits, collateral receivable and other financial assets at amortised cost have an average credit rating on a weighted basis of AA or better at all times based on investment policy. All financial assets held at FVOCI or amortised cost are therefore considered to have low credit risk and have an immaterial impairment loss allowance equal to 12-month expected credit losses.

In determining the expected credit losses for these assets, some or all of the following information has been considered: credit ratings, the financial position of counterparties, the future prospects of the relevant industries and general economic forecasts.

No FVOCI or amortised cost financial assets have had modified cash flows during the period. There has been no change in the estimation techniques or significant assumptions made during the year in assessing the loss allowance for these financial assets. There were no significant movements in the gross carrying value of financial assets during the year that contribute to changes in the loss allowance. No collateral is held in respect of any of the financial investments in the above table. No balances are more than 30 days past due and no balances were written off during the year.

16. Investments in joint ventures and associates

Investments in joint ventures and associates represent businesses we do not control but over which we exercise joint control or significant influence. They are accounted for using the equity method. A joint venture is an arrangement established to engage in economic activity, which the Group jointly controls with other parties and has rights to a share of the net assets of the arrangement. An associate is an entity which is neither a subsidiary nor a joint venture, but over which the Group has significant influence.

	2026			2025		
	Associates £m	Joint ventures £m	Total £m	Associates £m	Joint ventures £m	Total £m
Share of net assets at 1 April	174	434	608	158	1,262	1,420
Exchange adjustments	(17)	30	13	(4)	(46)	(50)
Additions	23	4	27	23	93	116
Share of post-tax results for the year	15	61	76	11	62	73
Impairment	—	—	—	—	(303)	(303)
Dividends received	(18)	(82)	(100)	(18)	(53)	(71)
Disposals	—	—	—	(1)	—	(1)
Reclassification to held for sale (note 10)	—	—	—	—	(582)	(582)
Other movements	—	—	—	5	1	6
Share of net assets at 31 March	177	447	624	174	434	608

A list of joint ventures and associates, including the name and proportion of ownership, is provided in note 34. Transactions with and outstanding balances with joint ventures and associates are shown in note 31. The joint ventures and associates have no significant contingent liabilities to which the Group is exposed and the Group has no significant contingent liabilities in relation to its interests in the joint ventures and associates. The Group has capital commitments in relation to its joint ventures and associates of £526 million (2025: £635 million), which primarily relate to the funding of new capital investment projects.

Notes to the consolidated financial statements cont.

16. Investments in joint ventures and associates cont.

The following table describes the Group's material joint ventures and associates at 31 March 2026:

Joint venture ¹	% stake	
BritNed Development Limited ¹	50%	BritNed is a joint venture with the Dutch transmission system operator, TenneT, and operates the subsea electricity interconnector between Great Britain and the Netherlands, commissioned in 2011.
Nemo Link Limited ¹	50%	Nemo is a joint venture with the Belgian transmission operator, Elia, and operates the subsea electricity interconnector between Great Britain and Belgium, which became operational in 2019.

1. The joint ventures have reporting periods ending on 31 December with monthly management reporting information provided to the Group.

The Group also held a 51% interest in Emerald Energy Venture, LLC, a joint venture with Washington State Investment Board which builds and operates wind and solar assets. In the prior year, the Group classified its interest in Emerald, together with NG Renewables, as held for sale and ceased equity accounting for its share of results (see note 10). The disposal subsequently completed on 29 May 2025.

In March 2021, the Group entered into an offshore partnership agreement with RWE Renewables to form Community Offshore Wind, LLC. The purpose of the joint venture is to explore, develop, and eventually construct and operate renewable facilities in the northeastern US offshore wind market. In February 2022, the partnership successfully bid in the New York Bight seabed lease auction. The Group's investment in Community Offshore Wind represents our share of the seabed lease and initial development costs incurred to date. As of 31 March 2025, the project had not yet reached the construction stage.

In the prior year, an Executive Memorandum was issued by the US Administration on wind power, temporarily suspending offshore wind leasing, ordering a review of existing leases and directing a review and pause on permitting. Accordingly, we agreed with RWE Renewables to place a temporary pause on development of the project. As detailed in the Annual Report and Accounts for the year ended 31 March 2025, we considered the potential impact on our valuation of our investment in Community Offshore Wind and determined that the investment had a negligible value. Accordingly, the carrying value of the £303 million investment was fully impaired. The impairment charge was recognised in the NGV operating segment. Whilst development activity is currently suspended, we continue to consider Community Offshore Wind could play an important role in New York's future energy strategy. We will reassess the project development pause should market conditions improve in the future.

Summarised financial information as at 31 March, together with the carrying amount of material investments, is as follows:

	BritNed Development Limited		Nemo Link Limited	
	2026 £m	2025 £m	2026 £m	2025 £m
<i>Statement of financial position</i>				
Non-current assets	338	352	448	447
Cash and cash equivalents	65	76	128	118
All other current assets	59	48	11	8
Non-current liabilities	(38)	(51)	(25)	(3)
Non-current financial liabilities	(33)	(32)	(11)	(32)
Current liabilities	(44)	(39)	(103)	(109)
Net assets	347	354	448	429
Carrying amount of the Group's investment	174	177	224	215

	BritNed Development Limited		Nemo Link Limited	
	2026 £m	2025 £m	2026 £m	2025 £m
<i>Income statement</i>				
Revenue	151	108	108	102
Depreciation and amortisation	(16)	(16)	(24)	(23)
Other costs	(20)	(23)	(16)	(16)
Operating profit	115	69	68	63
Net interest (expense)/income	(2)	(1)	1	1
Profit before tax	113	68	69	64
Income tax expense	(26)	(18)	(17)	(16)
Profit for the year	87	50	52	48
Group's share of post-tax results for the year	44	25	26	24

The aggregate information of associates and joint ventures that are not individually material is as follows:

	2026 £m	2025 £m
Share of post-tax results for the year	6	24
Impairment	—	(303)
Share of total comprehensive income	6	(279)
Aggregate carrying value of the Group's interests	226	216

Notes to the consolidated financial statements cont.

17. Derivative financial instruments

Derivatives are financial instruments that derive their value from the price of an underlying item such as interest rates, foreign exchange rates, credit spreads, commodities, equities or other indices. In accordance with policies approved by the Board, derivatives are transacted generally to manage exposures to fluctuations in interest rates, foreign exchange rates and commodity prices. Our derivatives balances comprise two broad categories:

- **financing derivatives – these are used to manage our exposure to interest rates and foreign exchange rates. Specifically, we use these derivatives to manage our financing portfolio, holdings in foreign operations and contractual operational cash flows; and**
- **commodity contract derivatives – these are used to manage exposure to price and supply risks related to our US customers and UK business. Some forward contracts for the purchase of commodities meet the definition of derivatives. We also enter into derivative financial instruments linked to commodity prices, including options and swaps, which are used to manage market price volatility.**

Derivatives are initially recognised at fair value and subsequently remeasured to fair value at each reporting date. Changes in fair values are recorded in the period they arise, in either the consolidated income statement or other comprehensive income. Where the gains or losses recorded in the income statement arise from changes in the fair value of derivatives to the extent that hedge accounting is not applied or is not fully effective, these are recorded as remeasurements, detailed in notes 5 and 6. Where the fair value of a derivative is positive it is carried as a derivative asset, and where negative as a derivative liability.

The fair value of derivative financial instruments is calculated by taking the present value of future cash flows, primarily incorporating market observable inputs where available. The various inputs include foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate and inflation curves, the forward rate curves of underlying commodities and, for those positions that are not fully cash collateralised, the credit quality of the counterparties.

Certain clauses embedded in non-derivative financial instruments or other contracts are presented as derivatives because they impact the risk profile of their host contracts and they are deemed to have risks or rewards not closely related to those host contracts.

Further information on how derivatives are valued and used for risk management purposes is presented in note 32. Information on commodity contracts and other commitments not meeting the definition of derivatives is presented in note 30.

The fair values of derivatives by category are as follows:

	2026			2025		
	Assets £m	Liabilities £m	Total £m	Assets £m	Liabilities £m	Total £m
Current	215	(268)	(53)	113	(381)	(268)
Non-current	623	(750)	(127)	369	(821)	(452)
	838	(1,018)	(180)	482	(1,202)	(720)
Financing derivatives	717	(950)	(233)	375	(1,138)	(763)
Commodity contract derivatives	121	(68)	53	107	(64)	43
	838	(1,018)	(180)	482	(1,202)	(720)

(a) Financing derivatives

The fair values of financing derivatives by type are as follows:

	2026			2025		
	Assets £m	Liabilities £m	Total £m	Assets £m	Liabilities £m	Total £m
Interest rate swaps	129	(216)	(87)	98	(196)	(98)
Cross-currency interest rate swaps	448	(528)	(80)	193	(766)	(573)
Foreign exchange forward contracts ¹	114	(120)	(6)	53	(81)	(28)
Inflation-linked swaps	26	(86)	(60)	31	(95)	(64)
	717	(950)	(233)	375	(1,138)	(763)

1. Included within the foreign exchange forward contracts balance are £19 million (2025: £45 million) of derivative liabilities in relation to the hedging of capital expenditure.

The maturity profile of financing derivatives is as follows:

	2026			2025		
	Assets £m	Liabilities £m	Total £m	Assets £m	Liabilities £m	Total £m
Current						
Less than 1 year	123	(237)	(114)	19	(355)	(336)
	123	(237)	(114)	19	(355)	(336)
Non-current						
In 1 to 2 years	88	(86)	2	46	(61)	(15)
In 2 to 3 years	69	(45)	24	41	(77)	(36)
In 3 to 4 years	34	(17)	17	47	(73)	(26)
In 4 to 5 years	51	(8)	43	6	(25)	(19)
More than 5 years	352	(557)	(205)	216	(547)	(331)
	594	(713)	(119)	356	(783)	(427)
	717	(950)	(233)	375	(1,138)	(763)

Notes to the consolidated financial statements cont.

17. Derivative financial instruments cont.

(a) Financing derivatives cont.

The notional contract amounts of financing derivatives by type are as follows:

	2026 £m	2025 £m
Interest rate swaps	(7,113)	(7,763)
Cross-currency interest rate swaps	(16,413)	(16,019)
Foreign exchange forward contracts	(11,508)	(7,761)
Inflation-linked swaps	(2,970)	(3,190)
	(38,004)	(34,733)

(b) Commodity contract derivatives

The fair values of commodity contract derivatives by type are as follows:

	2026			2025		
	Assets £m	Liabilities £m	Total £m	Assets £m	Liabilities £m	Total £m
<i>Commodity purchase contracts accounted for as derivative contracts</i>						
Forward purchases of gas	—	—	—	3	(7)	(4)
Gas options	3	(3)	—	—	—	—
<i>Derivative financial instruments linked to commodity prices</i>						
Electricity capacity	7	(10)	(3)	2	(17)	(15)
Electricity swaps	110	(44)	66	74	(38)	36
Electricity options	—	—	—	1	(1)	—
Gas swaps	—	(8)	(8)	15	(1)	14
Gas options	1	(3)	(2)	12	—	12
	121	(68)	53	107	(64)	43

The maturity profile of commodity contract derivatives is as follows:

	2026			2025		
	Assets £m	Liabilities £m	Total £m	Assets £m	Liabilities £m	Total £m
<i>Current</i>						
Less than one year	92	(31)	61	94	(26)	68
	92	(31)	61	94	(26)	68
<i>Non-current</i>						
In 1 to 2 years	27	(24)	3	12	(20)	(8)
In 2 to 3 years	1	(11)	(10)	1	(12)	(11)
In 3 to 4 years	1	(2)	(1)	—	(2)	(2)
In 4 to 5 years	—	—	—	—	(2)	(2)
More than 5 years	—	—	—	—	(2)	(2)
	29	(37)	(8)	13	(38)	(25)
	121	(68)	53	107	(64)	43

The notional quantities of commodity contract derivatives by type are as follows:

	2026	2025
Forward purchases of gas ¹	13m Dth	74m Dth
Electricity capacity	4 TWh	5 TWh
Electricity swaps	15,514 GWh	14,040 GWh
Electricity options	241 GWh	334 GWh
Gas swaps	28m Dth	30m Dth
Gas options	139m Dth	89m Dth

1. Forward gas purchases have terms up to one month (2025: three years). The contractual obligations under these contracts are £21 million (2025: £46 million).

Notes to the consolidated financial statements cont.

18. Inventories

Inventories represent assets that we intend to use in order to generate revenue in the short term, either by selling the asset itself (for example fuel stocks) or by using it to fulfil a service to a customer or to maintain our network (consumables).

Inventories are stated at the lower of weighted average cost and net realisable value. Where applicable, cost comprises direct materials and direct labour costs as well as those overheads that have been directly incurred in bringing the inventories to their present location and condition.

Emission allowances, principally relating to the emissions of carbon dioxide in the UK and sulphur and nitrous oxides in the US, are recorded as inventory. They are initially recorded at cost and subsequently at the lower of cost and net realisable value. A liability is recorded in respect of the obligation to deliver emission allowances and emission charges are recognised in the income statement in the period in which emissions are made.

	2026 £m	2025 £m
Fuel stocks	90	95
Raw materials and consumables	357	356
Emission allowances	112	106
	559	557

There is a provision for obsolescence of £1 million against inventories as at 31 March 2026 (2025: £1 million).

19. Trade and other receivables

Trade and other receivables include amounts which are due from our customers for services we have provided, accrued income which has not yet been billed, prepayments and other receivables that are expected to be settled within 12 months.

Trade and other receivables are initially recognised at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price, and are subsequently measured at amortised cost, less any appropriate allowances for estimated irrecoverable amounts.

	2026 £m	2025 £m
Trade receivables	3,091	3,050
Accrued income	882	1,083
Provision for impairment of receivables and accrued income	(603)	(578)
Trade receivables and accrued income, net	3,370	3,555
Prepayments	336	340
Other receivables	161	197
	3,867	4,092

Trade receivables are non-interest-bearing and generally have a term of up to 60 days. Due to their short maturities, the fair value of trade and other receivables approximates their carrying value. The maximum exposure of trade and other receivables to credit risk is the carrying amount reported on the balance sheet.

Provision for impairment of receivables

A provision for credit losses is recognised at an amount equal to the expected credit losses that will arise over the lifetime of the trade receivables and accrued income.

	2026 £m	2025 £m
At 1 April	578	559
Exchange adjustments	(13)	(11)
Charge for the year, net of recoveries	243	200
Uncollectible amounts written off	(205)	(168)
Reclassification to held for sale (note 10)	—	(2)
At 31 March	603	578

The trade receivables balance, accrued income balance and provisions balance split by geography are as follows:

	As at 31 March 2026			As at 31 March 2025		
	UK £m	US £m	Total £m	UK £m	US £m	Total £m
Trade receivables	194	2,897	3,091	265	2,785	3,050
Accrued income	289	593	882	513	570	1,083
Provision for impairment of receivables and accrued income	(5)	(598)	(603)	(3)	(575)	(578)
	478	2,892	3,370	775	2,780	3,555

There are no retail customers in the UK businesses. A provision matrix is not used in the UK, as an assessment of expected losses on individual debtors is performed and the provision is not material.

In the US, £2,824 million (2025: £2,813 million) of the gross trade receivables and accrued income balance is attributable to retail customers. For non-retail US customer receivables, a provision matrix is not used and expected losses are determined on individual debtors.

The provision for retail customer receivables in the US is calculated based on a series of provision matrices which are prepared by regulated entity and by customer type. The expected loss rates in each provision matrix are based on historical loss rates adjusted for current and forecast economic conditions at the balance sheet date. The inclusion of forward-looking information in the provision matrix-setting process under IFRS 9 results in loss rates that reflect expected future economic conditions and the recognition of an expected loss on all debtors even where no loss event has occurred.

Notes to the consolidated financial statements cont.

19. Trade and other receivables cont.

Provision for impairment of receivables cont.

In calculating our provision for impairment of receivables at 31 March 2026, we incorporate actual cash collection levels experienced over a three-year period (placing greater weight on the most recent study, gradually decreasing for older periods) to determine the expected loss rates per category of outstanding receivable by operating company. These are benchmarked against provision matrices run on pre-COVID-19 behaviour and data. Factored into our analysis are expected cash collections based on the collection activities in New England and New York, as well as the outlook for the wider macroeconomic environment. The resulting rates are summarised in the provision matrix shown below.

Based on our review, we recognised a charge of £243 million (2025: £200 million), which represents our best estimate based on the information available. We based our review on certain macroeconomic factors, including unemployment levels, inflation, average commodity rate changes and our experience regarding debtor recoverability.

The average expected loss rates and gross balances for the retail customer receivables in our US operations are set out below.

	2026		2025	
	%	£m	%	£m
Accrued income	4	554	5	546
0 – 30 days past due	4	1,040	5	1,033
30 – 60 days past due	15	288	16	313
60 – 90 days past due	23	158	24	154
3 – 6 months past due	30	174	31	172
6 – 12 months past due	37	181	38	186
Over 12 months past due	59	429	53	409
		2,824		2,813

US retail customer receivables are not collateralised. Trade receivables are written off when regulatory requirements are met. Write-off policies vary between jurisdictions as they are aligned with the local regulatory requirements, which differ between regulators. There were no significant amounts written off during the period that were still subject to enforcement action. Our internal definition of default is aligned with that of the individual regulators in each jurisdiction.

For further information on our wholesale and retail credit risk, refer to note 32(a).

20. Cash and cash equivalents

Cash and cash equivalents include cash balances, together with short-term investments with an original maturity of three months or less that are readily convertible to cash.

The carrying amounts of cash and cash equivalents approximate their fair values.

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for periods varying between one day and three months, depending on the immediate cash requirements, and earn interest at the respective short-term deposit rates.

Cash and cash equivalents held in currencies other than sterling have been converted into sterling at year-end exchange rates. For further information on currency exposures, refer to note 32(c).

Cash and cash equivalents at 31 March 2026 include £nil (2025: £nil) that is restricted.

	2026 £m	2025 £m
Cash at bank	375	625
Short-term deposits	—	553
Cash and cash equivalents	375	1,178

21. Borrowings

We borrow money primarily in the form of bonds and bank loans. These are for a fixed term and may have fixed or floating interest rates or are linked to inflation indices. We use derivatives to manage risks associated with interest rates, inflation rates and foreign exchange. Lease liabilities are also included within borrowings.

Our price controls and rate plans lead us to fund our networks within a certain ratio of debt to equity or regulatory asset value and, as a result, we have issued a significant amount of debt. As we continue to invest in our networks, the amount of debt is expected to increase over time. To maintain a strong balance sheet and to allow us to access capital markets at commercially acceptable interest rates, we balance the amount of debt we issue with the value of our assets, and we take account of certain other metrics used by credit rating agencies.

Borrowings, which include interest-bearing and inflation-linked debt, overdrafts and collateral payable, are initially recorded at fair value. This normally reflects the proceeds received (net of direct issue costs for liabilities measured at amortised cost). Subsequently, borrowings are stated at amortised cost. Where a borrowing is held at amortised cost, any difference between the proceeds after direct issue costs and the redemption value is recognised over the term of the borrowing in the income statement using the effective interest rate method.

Notes to the consolidated financial statements cont.

21. Borrowings cont.

	2026 £m	2025 £m
<i>Current</i>		
Bank loans	975	488
Bonds	2,780	1,828
Commercial paper	—	2,226
Lease liabilities	145	120
	3,900	4,662
<i>Non-current</i>		
Bank loans	1,045	1,834
Bonds	41,062	40,334
Lease liabilities	748	709
	42,855	42,877
Total borrowings	46,755	47,539

Total borrowings are repayable as follows:

	2026 £m	2025 £m
Less than 1 year	3,900	4,662
In 1 to 2 years	2,513	3,283
In 2 to 3 years	4,369	2,458
In 3 to 4 years	2,322	4,281
In 4 to 5 years	3,138	2,261
More than 5 years:		
By instalments	264	337
Other than by instalments	30,249	30,257
	46,755	47,539

The fair value of borrowings, excluding lease liabilities, at 31 March 2026 was £42,505 million (2025: £43,137 million). Where market values were available, the fair value of borrowings (Level 1) was £35,727 million (2025: £34,639 million). Where market values were not available, the fair value of borrowings (Level 2) was £6,778 million (2025: £8,498 million) and calculated by discounting cash flows at prevailing interest rates. The notional amount outstanding of the debt portfolio at 31 March 2026 was £46,113 million (2025: £46,739 million).

Collateral is placed with or received from any derivative counterparty where we have entered into a credit support annex to the ISDA Master Agreement once the current mark-to-market valuation of the trades between the parties exceeds an agreed threshold. Included in current bank loans is £47 million (2025: £49 million) in respect of cash received under collateral agreements. For further details of our borrowing facilities, refer to note 33. For further details of our bonds in issue, please refer to the debt investor section of our website. Unless included herein, the information on our website is unaudited.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments expected over the lease term. The discount rate applied is the rate implicit in the lease or, if that is not available, the incremental rate of borrowing for a similar term and similar security. The lease term takes account of exercising any extension options that are at our option if we are reasonably certain to exercise the option as well as any lease termination options, unless we are reasonably certain not to exercise the option. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period using the effective interest rate method. The associated right-of-use assets are disclosed in note 13.

	2026 £m	2025 £m
Gross lease liabilities are repayable as follows:		
Less than 1 year	172	143
1 to 5 years	491	425
More than 5 years	456	494
	1,119	1,062
Less: finance charges allocated to future periods	(226)	(233)
	893	829
The present value of lease liabilities are as follows:		
Less than 1 year	145	120
1 to 5 years	407	347
More than 5 years	341	362
	893	829

22. Trade and other payables

Trade and other payables include amounts owed to suppliers, tax authorities and other parties which are due to be settled within 12 months. The total also includes deferred amounts, some of which represent monies received from customers but for which we have not yet delivered the associated service. These amounts are recognised as revenue when the service is provided.

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost.

	2026 £m	2025 £m
Trade payables	3,374	2,965
Deferred payables	423	401
Customer contributions ¹	30	32
Social security and other taxes	95	131
Other payables ²	1,127	943
	5,049	4,472

1. Relates to amounts received from government-related entities for connecting to our networks, where we have obligations remaining under the contract.

2. Included within Other payables are employee benefit accruals.

Notes to the consolidated financial statements cont.

23. Contract liabilities

Contract liabilities primarily relate to the advance consideration received from customers for construction contracts, mainly in relation to connections, for which revenue is recognised over the life of the asset.

	2026 £m	2025 £m
Current	110	96
Non-current	2,699	2,418
	2,809	2,514

Significant changes in the contract liabilities balances during the period are as follows:

	2026 £m	2025 £m
As at 1 April	2,514	2,246
Exchange adjustments	(28)	(28)
Revenue recognised that was included in the contract liability balance at the beginning of the period	(97)	(129)
Increases due to cash received, excluding amounts recognised as revenue during the period	420	425
At 31 March	2,809	2,514

24. Other non-current liabilities

Other non-current liabilities include deferred income and customer contributions which will not be recognised as income until after 31 March 2027. It also includes other payables that are not due until after that date.

Other non-current liabilities are initially recognised at fair value and subsequently measured at amortised cost.

	2026 £m	2025 £m
Deferred income	6	6
Customer contributions ¹	401	403
Other payables ²	707	467
	1,114	876

1. Relates to amounts received from government-related entities for connecting to our networks, where we have obligations remaining under the contract.

2. Included within other payables are payments due in respect of the IFA1 interconnector in accordance with the Use of Revenue regime, and the IFA2 and North Sea Link interconnector in accordance with the interconnector cap and floor regime constructed by Ofgem.

The fair value of Other payables approximates their carrying value.

25. Pensions and other post-retirement benefits

All of our employees are eligible to participate in a pension plan. We have defined contribution (DC) and defined benefit (DB) pension plans in the UK and the US. In the US, we also provide post-retirement benefits to eligible employees in the form of healthcare cover and life insurance. The fair value of associated plan assets and present value of DB obligations are updated annually in accordance with IAS 19 'Employee Benefits'. We separately present our UK and US pension plans to show the geographical split. Below we provide a more detailed analysis of the amounts recorded in the primary financial statements and the actuarial assumptions used to value the DB obligations.

UK pension plans

Defined contribution plan

UK employees are eligible to join the National Grid UK Retirement Plan (NGUKRP), a section of a Master Trust arrangement managed by Legal & General. National Grid pays contributions into the NGUKRP to provide DC benefits on behalf of its employees, generally providing a double match of member contributions up to a maximum Company contribution of 12% of salary.

Investment risks are borne by the member and there is no legal or constructive obligation on National Grid to pay additional contributions in the instance that investment performance is poor. Payments to this DC plan are charged as an expense as they fall due.

Defined benefit plans

National Grid operates various DB pension arrangements in the UK. These include Section A of the National Grid UK Pension Scheme (NGUKPS), three sections of the industry-wide Electricity Supply Pension Scheme (ESPS), a legacy scheme (WPUPS), a DB section within WPPS and some unfunded pension obligations. These plans each hold assets in separate Trustee administered funds and are managed by Trustee companies with boards consisting of company and member appointed Directors. These plans are all closed to new members, except for the ESPS schemes in very rare circumstances.

The arrangements are subject to independent actuarial funding valuations carried out by the Trustees every three years. Following consultation and agreement with the Company, the qualified actuary certifies the employers' contributions which, together with the specified contributions payable by the employees and proceeds from the plans' assets, are expected to be sufficient to fund the benefits payable. The latest full actuarial valuations for each of the DB plans were carried out at 31 March 2025, with one of the plans showing a funding shortfall at the valuation date. This shortfall will be funded via recovery plan payments from the Company of £18 million per annum from 1 April 2026. The Company also funds the cost of future benefit accrual (over and above member contributions) for each of the DB plans, with the aggregate level of ongoing contributions (excluding recovery plan payments) over the year to 31 March 2026 totalling £93 million (2025: £100 million). For some of the DB plans, the Company also pays contributions in respect of the costs of plan administration.

Notes to the consolidated financial statements cont.

25. Pensions and other post-retirement benefits cont.

UK pension plans cont.

Defined benefit plans cont.

The Company has also established security arrangements with two of its DB plans. For National Grid Electricity Group (NGEG) of ESPS, the Company provides contingent security in the form of surety bonds, letters of credit or cash payments which are implemented if certain trigger events occur in respect of National Grid Electricity Transmission plc. This security would become payable to the scheme on certain company-related events, such as loss of licence or insolvency, however the amount payable is currently capped at £nil for the next three years given the strong funding position of the scheme. In respect of Section A of NGUKPS, there is a guarantee in place which is enforceable on insolvency or on failure to pay pension obligations to Section A and can be claimed against National Grid plc, National Grid Holdings One plc or Lattice Group Limited.

In July 2025, the Trustees of NGUKPS completed a further bulk annuity transaction with Rothesay covering approximately £0.9 billion of pensioner liabilities, meaning broadly three quarters of scheme liabilities have now been insured. This transaction reflected National Grid's continued strategy to insure pension risk when affordable and efficient to do so.

US pension plans

The US pension plans are governed by the Retirement Plan Committee (RPC), a fiduciary committee. The RPC is structured in accordance with US laws governing retirement plans under the Employee Retirement Income Security Act (ERISA) and comprises appointed employees of the Company.

Defined contribution plan

National Grid has a DC pension plan which allows employee as well as Company contributions. Non-union employees hired after 1 January 2011, as well as most new hire union employees, receive a core contribution into the DC plan ranging from 3% to 9% of salary, irrespective of the employee's contribution into the plan. Most employees also receive a matching contribution that varies between 25% and 50% of employee contributions up to a maximum Company contribution of 8%. The assets of the plans are held in trusts and administered by the RPC.

Defined benefit plans

National Grid sponsors four non-contributory qualified DB pension plans, which provide vested non-union employees hired before 1 January 2011, and vested eligible union employees, with retirement benefits within prescribed limits as defined by the US Internal Revenue Service. National Grid also provides non-qualified DB pension arrangements for a closed group of current and former employees with designated company investments set aside to fund these obligations. Benefits under the DB plans generally reflect age, years of service and compensation, and are paid in the form of an annuity or lump sum. The Company funds the DB plans by contributing no less than the minimum amount required, but no more than the maximum tax-deductible amount allowed under US Internal Revenue Service regulations. The range of contributions determined under these regulations can vary significantly depending upon the funded status of the plans. At present, there is some flexibility in the amount that is contributed on an annual basis. In general, the Company's policy for funding the US pension plans is to contribute the amounts collected in rates and capitalised in the rate base during the year, to the extent that the funding is no less than the minimum amount required. For the current financial year, these contributions amounted to approximately £19 million (2025: £27 million).

During the year, some of our US DB pension plans undertook annuity buyout transactions in which a portion of existing retiree pension payments were transferred to a reputable insurance company in exchange for single bulk premium payments. As a result, all associated financial, governance and administrative responsibilities for those payments were transferred to the selected insurer.

US other post-retirement benefits

National Grid provides post-retirement healthcare and life insurance benefits to eligible employees. Eligibility is based on certain age and length of service requirements and, in most cases, retirees contribute to the cost of their healthcare coverage. In the US, there is no governmental requirement to pre-fund post-retirement healthcare and life insurance plans. However, in general, the Company's policy for funding the US retiree healthcare and life insurance plans is to contribute amounts collected in rates and capitalised in the rate base during the year. For the current financial year, these contributions amounted to £8 million (2025: £10 million).

Notes to the consolidated financial statements cont.

25. Pensions and other post-retirement benefits cont.

Actuarial assumptions

On retirement, members of DB plans receive benefits whose value is dependent on factors such as salary and length of pensionable service. National Grid's obligation in respect of DB pension plans is calculated separately for each DB plan by projecting the estimated amount of future benefit payments that employees have earned for their pensionable service in the current and prior periods. These future benefit payments are discounted to determine the present value of the liabilities.

Advice is taken from independent actuaries relating to the appropriateness of the key assumptions applied, including life expectancy, expected salary and pension increases, and inflation. Comparatively small changes in the assumptions used may have a significant effect on the amounts recognised in the consolidated income statement, the consolidated statement of other comprehensive income and the net asset or liability recognised in the consolidated statement of financial position. The sensitivities to significant risks are disclosed in note 35. Remeasurements of pension assets and post-retirement benefit obligations are recognised in full in the period in which they occur in the consolidated statement of other comprehensive income.

The Company has applied the following financial assumptions in assessing DB liabilities:

	UK pensions			US pensions			US other post-retirement benefits		
	2026 %	2025 %	2024 %	2026 %	2025 %	2024 %	2026 %	2025 %	2024 %
Discount rate – past service	6.00	5.73	4.87	5.60	5.50	5.15	5.60	5.50	5.15
Discount rate – future service	6.35	5.95	4.92	5.60	5.50	5.15	5.60	5.50	5.15
Rate of increase in RPI – past service	3.17	2.99	3.05	n/a	n/a	n/a	n/a	n/a	n/a
Rate of increase in RPI – future service	3.06	2.85	2.92	n/a	n/a	n/a	n/a	n/a	n/a
Salary increases	3.32	3.08	3.10	4.50	4.50	4.50	4.50	4.50	4.50
Initial healthcare cost trend rate	n/a	n/a	n/a	n/a	n/a	n/a	7.10	7.80	7.10
Ultimate healthcare cost trend rate	n/a	n/a	n/a	n/a	n/a	n/a	4.50	4.50	4.50

For UK pensions, single equivalent financial assumptions are shown above for presentational purposes, although full yield curves have been used in our calculations. The discount rate is determined by reference to high-quality UK corporate bonds at the reporting date. The rate of increase in salaries has been set using a promotional scale where appropriate. The rates of increases stated are not indicative of historical increases awarded or a guarantee of future increase, but merely an appropriate assumption used in assessing DB liabilities. Our DB plans in the UK provide for pension increases that are generally linked to the Retail Price Index (RPI), subject to relevant caps and floors.

Discount rates for US pension liabilities have been determined by reference to appropriate yields on high-quality US corporate bonds at the reporting date based on the duration of plan liabilities. The healthcare cost trend rate is expected to reach the ultimate trend rate by 2037 (2025: 2033).

The table below sets out the projected life expectancies adopted for the UK and US pension arrangements:

	UK pensions			US pensions		
	2026 years	2025 years	2024 years	2026 years	2025 years	2024 years
<i>Assumed life expectation for a retiree aged 65</i>						
Males	21.9	21.5	21.5	21.9	21.8	21.6
Females	24.2	23.9	23.5	23.9	23.8	23.9
<i>In 20 years:</i>						
Males	22.9	22.4	22.6	23.5	23.4	23.3
Females	25.6	25.3	24.9	25.5	25.4	25.5

The weighted average duration of the DB obligation for each category of plan is 10 years for UK pension plans, 11 years for US pension plans and 11 years for US other post-retirement benefit plans. The table below summarises the split of DB obligations by status for each category of plan:

	UK pensions		US pensions		US other post-retirement benefits	
	2026 %	2025 %	2026 %	2025 %	2026 %	2025 %
Active members	10	11	42	40	30	28
Deferred members	7	7	10	10	—	—
Pensioner members	83	82	48	50	70	72

Notes to the consolidated financial statements cont.

25. Pensions and other post-retirement benefits cont.

Amounts recognised in the consolidated statement of financial position

The geographical split of pensions and other post-retirement benefits is as shown below:

	UK pensions		US pensions		US other post-retirement benefits		Total	
	2026 £m	2025 £m	2026 £m	2025 £m	2026 £m	2025 £m	2026 £m	2025 £m
Present value of funded obligations	(9,319)	(9,424)	(4,009)	(4,508)	(1,770)	(2,222)	(15,098)	(16,154)
Fair value of plan assets	10,441	10,603	4,608	5,180	2,731	2,658	17,780	18,441
	1,122	1,179	599	672	961	436	2,682	2,287
Present value of unfunded obligations	(51)	(51)	(186)	(196)	(10)	—	(247)	(247)
Other post-employment liabilities	—	—	—	—	(44)	(47)	(44)	(47)
	1,071	1,128	413	476	907	389	2,391	1,993
Restrictions on asset recognised	—	—	—	—	(244)	(77)	(244)	(77)
Net defined benefit asset	1,071	1,128	413	476	663	312	2,147	1,916
Represented by:								
Liabilities	(51)	(51)	(186)	(196)	(123)	(326)	(360)	(573)
Assets	1,122	1,179	599	672	786	638	2,507	2,489
	1,071	1,128	413	476	663	312	2,147	1,916

The extent to which pension assets have been recognised in the UK and in the US reflects legal and actuarial advice that we have taken regarding recognition of surpluses under IFRIC 14. In the UK, the Group has an unconditional right to a refund in the event of a winding up. In the US, surplus assets of a plan may be used to pay for future benefits expected to be earned under that plan.

At 31 March 2026, the Group has an irrecoverable surplus of £244 million (2025: £77 million) related to one OPEB plan. The economic benefit from reductions in future contributions to the plan is not sufficient to cover the surplus and this plan does not have an unconditional right to a refund of surplus assets in the event of a winding up without incurring significant tax charges.

Amounts recognised in the income statement and statement of other comprehensive income

The expense or income arising from all Group retirement benefit arrangements recognised in the Group income statements is shown below:

	2026 £m	2025 £m	2024 £m
<i>Included within operating costs</i>			
Administration costs	27	22	22
<i>Included within payroll costs</i>			
Defined benefit plan costs:			
Current service cost ¹	123	138	143
Past service cost – augmentations and redundancies	2	1	9
Gains on settlement	(25)	—	(30)
	100	139	122
<i>Included within finance income and costs</i>			
Net interest income adjusted for change to irrecoverable surplus	(114)	(98)	(100)
Total expense included in income statement	13	63	44
Exchange losses	(14)	(20)	(6)
Remeasurement gains/(losses) of pension assets and post-retirement benefit obligations	287	(29)	(218)
Adjustments for restrictions on the defined benefit asset	(155)	(77)	—
Total gain/(loss) included in the statement of other comprehensive income	118	(126)	(224)

1. Of the current service cost, £33 million (2025: £34 million; 2024: £35 million) has been capitalised to property, plant and equipment.

Notes to the consolidated financial statements cont.

25. Pensions and other post-retirement benefits cont.

Amounts recognised in the income statement and statement of other comprehensive income cont.

The geographical split of pensions and other post-retirement benefits is shown below:

	UK pensions			US pensions			US other post-retirement benefits		
	2026 £m	2025 £m	2024 £m	2026 £m	2025 £m	2024 £m	2026 £m	2025 £m	2024 £m
<i>Included within operating costs</i>									
Administration costs	19	14	13	6	6	7	2	2	2
<i>Included within payroll costs</i>									
Defined benefit plan costs:									
Current service cost	34	45	45	62	68	72	27	25	26
Past service cost – augmentations and redundancies	2	1	9	—	—	—	—	—	—
Gains on settlement	—	—	—	(25)	—	(30)	—	—	—
	36	46	54	37	68	42	27	25	26
<i>Included within finance income and costs</i>									
Net interest income adjusted for change to irrecoverable surplus	(58)	(68)	(84)	(22)	(19)	(13)	(34)	(11)	(3)
Total (income)/expense included in income statement	(3)	(8)	(17)	21	55	36	(5)	16	25
Exchange losses	—	—	—	(7)	(10)	(5)	(7)	(10)	(1)
Remeasurement (losses)/gains of pension assets and post-retirement benefit obligations	(156)	(257)	(474)	(54)	106	99	497	122	157
Adjustments for restrictions on the defined benefit asset	—	—	—	—	—	—	(155)	(77)	—
Total (loss)/gain included in the statement of other comprehensive income	(156)	(257)	(474)	(61)	96	94	335	35	156

Reconciliation of the net defined benefit asset

	UK pensions		US pensions		US other post-retirement benefits		Total	
	2026 £m	2025 £m	2026 £m	2025 £m	2026 £m	2025 £m	2026 £m	2025 £m
Opening net defined benefit asset	1,128	1,261	476	408	389	145	1,993	1,814
Income/(cost) recognised in the income statement before adjustment for irrecoverable surplus	3	8	(21)	(55)	16	(16)	(2)	(63)
Remeasurement and foreign exchange effects recognised in the statement of other comprehensive income	(156)	(257)	(61)	96	491	112	274	(49)
Employer contributions	93	112	19	27	8	143 ¹	120	282
Other movements	3	4	—	—	3	5	6	9
	1,071	1,128	413	476	907	389	2,391	1,993
Restrictions on the defined benefit asset	—	—	—	—	(244)	(77)	(244)	(77)
Closing net defined benefit asset	1,071	1,128	413	476	663	312	2,147	1,916

1. In addition to the regular employer contributions that are described above, the Company made a one-off contribution of £133 million to the OPEB schemes in the prior year.

Notes to the consolidated financial statements cont.

25. Pensions and other post-retirement benefits cont.

Changes in the present value of defined benefit obligations (including unfunded obligations)

The table below shows the movement in defined benefit obligations across our DB plans over the year.

	UK pensions		US pensions		US other post-retirement benefits		Total	
	2026 £m	2025 £m	2026 £m	2025 £m	2026 £m	2025 £m	2026 £m	2025 £m
Opening defined benefit obligations	(9,475)	(10,521)	(4,704)	(4,912)	(2,222)	(2,434)	(16,401)	(17,867)
Current service cost	(34)	(45)	(62)	(68)	(27)	(25)	(123)	(138)
Interest cost	(452)	(533)	(241)	(246)	(92)	(120)	(785)	(899)
Actuarial (losses)/gains – experience	(40)	(41)	(88)	(4)	(5)	116	(133)	71
Actuarial gains/(losses) – demographic assumptions	(98)	(74)	—	(22)	419	19	321	(77)
Actuarial gains/(losses) – financial assumptions	11	989	31	156	(15)	36	27	1,181
Past service cost – augmentations and redundancies	(2)	(1)	—	—	—	—	(2)	(1)
Liabilities extinguished on settlements	—	—	468	—	—	—	468	—
Medicare subsidy received	—	—	—	—	(37)	(31)	(37)	(31)
Employee contributions	(5)	(5)	—	—	—	—	(5)	(5)
Benefits paid	725	756	280	282	142	165	1,147	1,203
Exchange adjustments	—	—	121	110	57	52	178	162
Closing defined benefit obligations	(9,370)	(9,475)	(4,195)	(4,704)	(1,780)	(2,222)	(15,345)	(16,401)

Changes in the value of plan assets

The table below shows the movement in pension assets across our DB plans over the year.

	UK pensions		US pensions		US other post-retirement benefits		Total	
	2026 £m	2025 £m	2026 £m	2025 £m	2026 £m	2025 £m	2026 £m	2025 £m
Opening fair value of plan assets	10,603	11,782	5,180	5,320	2,658	2,631	18,441	19,733
Interest income	510	601	263	265	137	131	910	997
Return on plan assets (less than)/in excess of interest ¹	(29)	(1,131)	3	(24)	98	(49)	72	(1,204)
Administration costs	(19)	(14)	(6)	(6)	(2)	(2)	(27)	(22)
Assets distributed on settlements	—	—	(443)	—	—	—	(443)	—
Employer contributions	93	112	19	27	8	143	120	282
Employee contributions	5	5	—	—	—	—	5	5
Benefits paid	(722)	(752)	(280)	(282)	(105)	(134)	(1,107)	(1,168)
Exchange adjustments	—	—	(128)	(120)	(63)	(62)	(191)	(182)
Closing fair value of plan assets	10,441	10,603	4,608	5,180	2,731	2,658	17,780	18,441
Actual return on plan assets	481	(530)	266	241	235	82	982	(207)
Expected contributions to plans in the following year	55	89	28	19	10	—	93	108

1. For the year ended 31 March 2026 this included actuarial losses of £60 million resulting from the purchase of a bulk annuity policy with Rothesay.

Notes to the consolidated financial statements cont.

25. Pensions and other post-retirement benefits cont.

Asset allocations

The allocation of assets by asset class is set out below. Within these asset allocations there is significant diversification across regions, asset managers, currencies and bond categories.

	2026			2025			2024		
	Quoted £m	Unquoted £m	Total £m	Quoted £m	Unquoted £m	Total £m	Quoted £m	Unquoted £m	Total £m
UK pensions									
Equities	842	103	945	716	123	839	576	153	729
Corporate bonds	1,018	—	1,018	1,338	(1)	1,337	1,910	—	1,910
Government securities and liability-driven investments	—	3,378	3,378	—	3,938	3,938	—	5,259	5,259
Property ¹	—	403	403	—	451	451	—	679	679
Diversified alternatives	412	231	643	381	428	809	669	572	1,241
Bulk annuity policies	—	4,059	4,059	—	3,239	3,239	—	2,060	2,060
Longevity swap	—	—	—	—	—	—	—	(94)	(94)
Cash and cash equivalents	—	—	—	1	—	1	3	—	3
Other (including net current assets and liabilities)	—	(5)	(5)	—	(11)	(11)	—	(5)	(5)
	2,272	8,169	10,441²	2,436	8,167	10,603²	3,158	8,624	11,782²

1. The allocation in property includes £284 million (2025: £294 million, 2024: £288 million) of investments in forestry funds.

2. The fair value of plan assets set out above includes employer-related investment exposure of £nil (2025: £nil, 2024: £44 million). The investment strategies for some of the DB plans use repurchase agreements to increase market exposure of their liability-driven investments, with the fair value of these instruments totalling approximately £2.5 billion at 31 March 2026 (2025: £2.9 billion, 2024: £2.7 billion).

	2026			2025			2024		
	Quoted £m	Unquoted £m	Total £m	Quoted £m	Unquoted £m	Total £m	Quoted £m	Unquoted £m	Total £m
US pensions									
Equities	—	848	848	—	887	887	99	1,224	1,323
Corporate bonds	1,682	339	2,021	1,955	401	2,356	1,987	403	2,390
Government securities	621	460	1,081	737	467	1,204	360	444	804
Property	—	163	163	—	196	196	—	237	237
Diversified alternatives	—	357	357	—	384	384	54	502	556
Cash and cash equivalents	130	—	130	152	—	152	9	—	9
Other (including net current assets and liabilities)	4	4	8	(2)	3	1	1	—	1
	2,437	2,171	4,608	2,842	2,338	5,180	2,510	2,810	5,320

	2026			2025			2024		
	Quoted £m	Unquoted £m	Total £m	Quoted £m	Unquoted £m	Total £m	Quoted £m	Unquoted £m	Total £m
US other post-retirement benefits									
Equities	36	553	589	31	522	553	37	524	561
Corporate bonds	1,217	161	1,378	1,350	47	1,397	1,351	46	1,397
Government securities	455	1	456	441	1	442	410	1	411
Diversified alternatives	121	—	121	103	—	103	92	9	101
Other (including insurance contracts)	2	185	187	—	163	163	—	161	161
	1,831	900	2,731	1,925	733	2,658	1,890	741	2,631

Notes to the consolidated financial statements cont.

25. Pensions and other post-retirement benefits cont.

Main defined benefit risks

National Grid underwrites the financial and demographic risks associated with the Group's DB plans. Although the governing bodies have sole responsibility for setting investment strategies and managing risks, National Grid closely works with and supports the governing bodies of each plan, to assist them in mitigating the risks associated with their plans and to ensure that the plans are funded to meet their obligations.

The most significant risks associated with the DB plans are as follows:

Main risks	Description and mitigation
Investment risk	The plans invest in a variety of asset classes, with actual returns likely to differ from the underlying discount rate adopted, impacting on the funding position of the plan through the net balance sheet asset or liability. Each plan seeks to balance the level of investment return required with the risk that it can afford to take, to design the most appropriate investment portfolio.
Changes in bond yields	Liabilities will fluctuate as yields change. Volatility of the net balance sheet asset or liability is controlled through liability-matching strategies. The investment strategies allow for the use of synthetic as well as physical assets to be used for hedging.
Inflation risk	Changes in inflation will affect current and future pensions but are partially mitigated through investing in inflation-matching assets and hedging instruments as well as bulk annuity policies. The investment strategies allow for the use of synthetic as well as physical assets to be used for hedging.
Member longevity	Improvements in life expectancy will lead to pension payments being paid for longer than expected and benefits ultimately being more expensive. This risk has been partly mitigated by the investment in bulk annuity policies for NGEg of ESps and NGUKPS.
Counterparty risk	This is managed by having a diverse range of counterparties and through having a strong collateralisation process. Measurement and management of counterparty risk is delegated to the relevant investment managers. For our bulk annuity policies, various termination provisions were included in the contracts, managing our exposure to counterparty risk. The insurers' operational performance and financial strength are monitored on a regular basis.
Default risk	Debt investments are predominantly made in regulated markets in assets considered to be of investment grade. Where investments are made either in non-investment grade assets or outside of regulated markets, investment levels are kept to prudent levels and subject to agreed ranges, to control the risk.
Liquidity risk	The pension plans hold sufficient cash to meet benefit requirements, with other investments being held in liquid or realisable assets to meet unexpected cash flow requirements. These could include collateral calls relating to the plans' liability-matching assets which could result from extreme market movements. Should the plans not have sufficient liquidity to meet cash flow requirements, they could be forced to take sub-optimal investment decisions such as selling assets at a reduced price. The plans generally do not borrow money, or act as guarantor, to provide liquidity to other parties.
Currency risk	Fluctuations in the value of foreign denominated assets due to exposure to currency exchange rates are managed through currency hedging overlay and currency hedging carried out by some of the investment managers.

In June 2023, the UK High Court issued a ruling in the case of Virgin Media Limited versus NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes. A subsequent appeal was dismissed in July 2024 by the Court of Appeal. The Group has performed its review of past significant changes made to its UK defined benefit pension arrangements and it has concluded that there is no financial impact from the ruling of the case.

Investment strategies

The Trustees and RPC, after taking advice from professional investment advisors and in consultation with National Grid, set their key principles, including expected returns, risk and liquidity requirements. They formulate an investment strategy to manage risk through diversification, taking into account expected contributions, maturity of the pension liabilities and, in the UK, the strength of the covenant. These strategies allocate investments between return-seeking assets such as equities and property, and liability-matching assets such as bulk annuity policies, government securities and corporate bonds which are intended to protect the funding position.

The approximate investment allocations for our plans at 31 March 2026 are as follows:

	UK pensions %	US pensions %	US other post- retirement benefits %
Return-seeking assets	19	30	26
Liability-matching assets	81	70	74

The governing bodies generally delegate responsibility for the selection of specific bonds, securities and other investments to appointed investment managers, who are selected based on the required skills, expertise in those markets, process and financial security to manage the investments. Their performance is regularly reviewed against measurable objectives, consistent with each pension plan's long-term objectives and accepted risk levels.

In the UK, each of our pension plans has Responsible Investment (RI) Policies, which consider ESG factors and generally incorporate the six UN-backed Principles for Responsible Investment (UNPRI). While each Trustee board understands its fiduciary responsibility to maximise return on investments based on an appropriate level of risk, they each also recognise that ESG factors can be material to financial outcomes and can have a potential impact on the quality and sustainability of long-term investment returns. The principal defined contribution arrangement in the UK embeds ESG factors in the investment options offered to members. As well as offering a range of self-select ethical funds, it directly incorporates its Climate Impact Pledge into the default investment options, which act to align the funds to a carbon net zero future.

While in the US there is no regulatory requirement to have ESG-specific principles embedded in investment policies, our investment managers consider ESG principles to inform their decision-making process. US DC plan members can access ESG investment funds through the mutual fund brokerage window.

Notes to the consolidated financial statements cont.

26. Provisions

Provisions are recognised where a legal or constructive obligation exists at the reporting date, as a result of a past event, where the outflow of economic benefit is probable and where the amount of the obligation can be reliably estimated.

Provisions are recognised for the costs of environmental remediation; decommissioning costs for certain assets that we are required to remove at the end of their useful economic lives; restructuring costs; and for certain other situations where the above thresholds are met.

Long-term provisions are measured based on management's best estimates of the likely cash flows, discounted at an appropriate discount rate. The unwinding of the discount is included within the income statement within finance costs. Short-term provisions are measured at the expected cash outflow and are not discounted.

	Environmental £m	Decommissioning £m	Other £m	Total provisions £m
At 1 April 2024	2,418	353	338	3,109
Exchange adjustments	(47)	(5)	(1)	(53)
Additions	60	45	211	316
Unused amounts reversed	(126)	(8)	(16)	(150)
Adjustment for change in discount rate ¹	(82)	7	—	(75)
Unwinding of discount	105	13	5	123
Utilised	(139)	(6)	(58)	(203)
Reclassification to held for sale (note 10)	(17)	—	(1)	(18)
At 31 March 2025	2,172	399	478	3,049
Exchange adjustments	(49)	(4)	(4)	(57)
Additions	59	43	200	302
Unused amounts reversed	(53)	(50)	(26)	(129)
Adjustment for change in discount rate	(2)	(88)	—	(90)
Unwinding of discount	101	12	3	116
Utilised	(135)	(4)	(113)	(252)
Reclassifications to other payables (note 24)	—	—	(178)	(178)
At 31 March 2026	2,093	308	360	2,761
			2026 £m	2025 £m
Current			425	357
Non-current			2,336	2,692
			2,761	3,049

1. In the prior year, US environmental provisions decreased by £82 million as a result of the change in the real discount rate from 1.5% to 2.0%.

Environmental provisions

We recognise environmental provisions for the estimated restoration and remediation costs relating to a number of sites owned and managed by subsidiary undertakings, together with certain US sites that National Grid no longer owns. The environmental provision is as follows:

	2026			2025		
	Discounted £m	Real undiscounted £m	Real discount rate	Discounted £m	Real undiscounted £m	Real discount rate
UK sites	82	91	1.4%	107	115	1.0%
US sites	2,011	2,340	2.0%	2,065	2,440	2.0%
	2,093	2,431		2,172	2,555	

Remediation expenditure in the US is expected to be incurred until 2079, of which the majority relates to two Superfund sites (being sites where hazardous substances are present as a result of the historical operations of manufacturing gas plants previously owned or operated by the Group or its predecessor companies in Brooklyn, New York). The weighted average duration of the forecasted cash flows is 9 years. Under the terms of our rate plans, we are entitled to recovery of environmental clean-up costs from rate payers.

Remediation expenditure in the UK relates to old gas manufacturing sites and also to electricity transmission sites. Cash flows are expected to be incurred until 2070.

The real undiscounted amount is management's best estimate of the actual cash flows that will be required. The provisions are calculated based on these cash flows discounted at the appropriate real discount rate for the jurisdiction, which is determined using the relevant government bond yield curve and the weighted average life of the provisions.

Numerous estimation uncertainties affect the calculation of these provisions, including the impact of and possibility of changes to regulatory requirements, the accuracy of site surveys, unexpected contaminants, the scope of remediation work, transportation costs, the impact of alternative technologies, the expected timing, cost and duration of cash flows, and changes in the real discount rate. These provisions incorporate our best estimate of the financial effect of these uncertainties, but future changes in any of the assumptions could materially impact the calculation of the provision.

Changes in the provision arising from revised estimates, discount rates or changes in the expected timing of expenditure are recognised in the income statement. A sensitivity of the impact of changes to the US environmental provision real discount rate and changes in estimated future cash flows is shown in note 35. The facts and circumstances relating to particular cases are evaluated regularly in determining whether an environmental provision should be revised (see note 30).

Notes to the consolidated financial statements cont.

26. Provisions cont.

Decommissioning provisions

We recognise provisions for decommissioning costs for various assets we are required to remove at the end of their lives, including the safe removal of asbestos for certain of our generation units and the restoration of seabeds in respect of our interconnectors. Provisions to decommission significant portions of our regulated transmission and distribution assets are not recognised where no legal obligations exist and where a realistic alternative exists to incurring costs to decommission the assets at the end of their lives.

An initial estimate of decommissioning costs attributable to property, plant and equipment is recorded as part of the cost of the related property, plant and equipment. Changes in the provision arising from revised estimates, discount rates or changes in the expected timing of expenditure that relates to property, plant and equipment are recorded as adjustments to their carrying value and depreciated prospectively over their remaining estimated useful economic lives. Expenditure is expected to be incurred until 2116.

Other provisions

Included within other provisions at 31 March 2026 are the following amounts:

- £167 million (2025: £172 million) of estimated liabilities in respect of past events insured by subsidiary undertakings and policy excesses incurred by operating companies. Estimates are based on experience from previous years. We expect that cash flows will be incurred until 2055;
- £nil (2025: £159 million) of estimated liabilities in respect of interconnector excess revenues are recognised at the reporting date, as the first assessment period of the interconnector cap and floor regime for IFA2 and North Sea Link (see note 3(e)) concluded on 31 March 2026. Based on the respective interconnectors' performance against their cumulative caps, the liability has been finalised at £178 million and has been reclassified to other payables within non-current liabilities (see note 24). Cash outflows will be required to settle these liabilities by the financial year ending 31 March 2028; and
- £80 million (2025: £39 million) in respect of emissions provisions, expected to be utilised by 2027 through the delivery of emission allowances.

27. Share capital

Ordinary share capital represents the total number of shares issued which are publicly traded. We also disclose the number of treasury shares the Company holds, which are shares that the Company has bought itself, predominantly to actively manage and settle employee share option and reward plan liabilities.

Share capital is accounted for as an equity instrument. An equity instrument is any contract that includes a residual interest in the consolidated assets of the Company after deducting all its liabilities and is recorded at the proceeds received, net of direct issue costs, with an amount equal to the nominal amount of the shares issued included in the share capital account and the balance recorded in the share premium account.

	Allotted, called-up and fully paid	
	Shares million	Nominal value £m
At 1 April 2024	3,967	493
Rights Issue	1,085	135
Issued during the year in lieu of dividends ¹	81	10
At 31 March 2025	5,133	638
Issued during the year in lieu of dividends ¹	66	9
At 31 March 2026	5,199	647

1. The issue of shares under the scrip dividend programme is considered to be a bonus issue under the terms of the Companies Act 2006, and the nominal value of the shares is charged to the share premium account.

The share capital of the Company consists of ordinary shares of 12²⁰⁴/₄₇₃ pence nominal value each including ADSs. The ordinary shares and ADSs (each of which represents five ordinary shares) allow holders to receive dividends and vote at general meetings of the Company. The Company holds treasury shares but may not exercise any rights over these shares, including the entitlement to vote or receive dividends. There are no restrictions on the transfer or sale of ordinary shares.

In line with the provisions of the Companies Act 2006, the Company has amended its Articles of Association and ceased to have authorised share capital.

The Company conducts a share forfeiture programme following the completion of a tracing and notification exercise to any shareholders who have not had contact with the Company over the past 12 years, in accordance with the provisions set out in the Company's Articles of Association. Under the share forfeiture programme, the shares and dividends associated with shares of untraced members have been forfeited, with the resulting proceeds transferred to the Company to use in line with the Company's strategy in relation to corporate responsibility. During the financial year, the Company received £2 million (2025: £5 million) of proceeds from the sale of untraced shares and derecognised £1 million (2025: £3 million) of liabilities related to unclaimed dividends, which are reflected in share premium and the income statement respectively.

Notes to the consolidated financial statements cont.

27. Share capital cont.

Rights Issue

In June 2024, the Company completed a Rights Issue to support the future capital investment plans of the Group. The Company raised £6,839 million (net of expenses of £162 million) through the issue of 1,085 million new ordinary shares at 645 pence each on the basis of 7 new ordinary shares for every 24 existing ordinary shares. The issue price represented a discount of 33% to the closing ex-dividend share price on 23 May 2024, the announcement date of the Rights Issue. The structure of the Rights Issue gave rise to a merger reserve, representing the net proceeds of the Rights Issue less the nominal value of the new shares issued. Following the receipt of the cash proceeds through the structure, the excess of the net proceeds over the nominal value of the share capital issued was considered realised and transferred from the merger reserve to retained earnings.

Treasury shares

At 31 March 2026, the Company held 226 million (2025: 235 million) of its own shares. The market value of these shares as at 31 March 2026 was £2,863 million (2025: £2,377 million).

For the benefit of employees and in connection with the operation of the Company's various share plans, the Company made the following transactions in respect of its own shares during the year ended 31 March 2026:

- During the year, 5 million (2025: 9 million) treasury shares were gifted to National Grid Employee Share Trusts and 5 million (2025: 3 million) treasury shares were reissued in relation to employee share schemes, in total representing 0.2% (2025: 0.2%) of the ordinary shares in issue as at 31 March 2026. The nominal value of these shares was £1 million (2025: £1 million) and the total proceeds received were £40 million (2025: £18 million).
- During the year, the Company made payments totalling £3 million (2025: £11 million) to National Grid Employee Share Trusts to enable the Trustees to make purchases of National Grid plc shares to settle share awards in relation to all employee share plans and discretionary reward plans. The cost of such purchases is deducted from retained earnings in the period that the transaction occurs.

The maximum number of ordinary shares held in Treasury during the year was 235 million (2025: 247 million), representing 4.5% (2025: 4.8%) of the ordinary shares in issue as at 31 March 2026 and having a nominal value of £29 million (2025: £31 million).

28. Other equity reserves

Other equity reserves are different categories of equity as required by accounting standards and represent the impact of a number of our historical transactions or fair value movements on certain financial instruments that the Company holds.

Other equity reserves comprise the translation reserve (see note 1C), cash flow hedge reserve and the cost of hedging reserve (see note 32), debt instruments at fair value through other comprehensive income reserve (FVOCI debt) (see note 15), the capital redemption reserve and the merger reserve.

The merger reserve arose as a result of the application of merger accounting principles under the then prevailing UK GAAP, which under IFRS 1 was retained for mergers that occurred prior to the IFRS transition date. Under merger accounting principles, the difference between the carrying amount of the capital structure of the acquiring vehicle and that of the acquired business was treated as a merger difference and included within reserves. The merger reserve represents the difference between the carrying value of subsidiary undertaking investments and their respective capital structures following the Lattice demerger from BG Group plc and the 1999 Lattice refinancing.

The cash flow hedge reserve will either amortise as the committed future cash flows from borrowings are paid, be capitalised in fixed assets, or amortise as committed future cash flows from revenue are received (as described in note 32). See note 15 for further detail on FVOCI debt and note 32 in respect of cost of hedging reserve.

As the amounts included in other equity reserves are not attributable to any of the other classes of equity presented, they have been disclosed as a separate classification of equity.

Notes to the consolidated financial statements cont.

28. Other equity reserves cont.

	Translation £m	Cash flow hedge £m	Cost of hedging £m	FVOCI debt £m	Capital redemption £m	Merger £m	Total £m
At 1 April 2023	1,306	(61)	(38)	79	19	(5,165)	(3,860)
Exchange adjustments ¹	(335)	—	—	—	—	—	(335)
Net gains taken to equity	—	16	37	34	—	—	87
Transferred to profit or loss	—	224	(11)	—	—	—	213
Net losses in respect of cash flow hedging of capital expenditure	—	(37)	—	—	—	—	(37)
Tax	—	(50)	(6)	(4)	—	—	(60)
Cash flow hedges transferred to the statement of financial position, net of tax	—	2	—	—	—	—	2
At 1 April 2024	971	94	(18)	109	19	(5,165)	(3,990)
Exchange adjustments ¹	(352)	—	—	—	—	—	(352)
Net gains/(losses) taken to equity	—	30	(46)	(12)	—	—	(28)
Transferred to profit or loss	—	188	(6)	—	—	—	182
Rights Issue	—	—	—	—	—	6,704	6,704
Transfer to retained earnings	—	—	—	—	—	(6,704)	(6,704)
Net losses in respect of cash flow hedging of capital expenditure	—	(16)	—	—	—	—	(16)
Tax	—	(50)	13	3	—	—	(34)
Cash flow hedges transferred to the statement of financial position, net of tax	—	5	—	—	—	—	5
At 1 April 2025	619	251	(57)	100	19	(5,165)	(4,233)
Exchange adjustments ¹	(348)	—	—	—	—	—	(348)
Exchange differences reclassified to the consolidated income statement on disposal ²	76	—	—	—	—	—	76
Net gains taken to equity	—	368	40	7	—	—	415
Transferred to profit or loss	—	(489)	(4)	—	—	—	(493)
Net gains in respect of cash flow hedging of capital expenditure	—	22	—	—	—	—	22
Tax	—	25	(9)	—	—	—	16
Cash flow hedges transferred to the statement of financial position, net of tax	—	3	—	—	—	—	3
At 31 March 2026	347	180	(30)	107	19	(5,165)	(4,542)

1. The exchange adjustments recorded in the translation reserve comprise a loss of £380 million (2025: loss of £408 million; 2024: loss of £397 million) relating to the translation of foreign operations, offset by a gain of £32 million (2025: gain of £56 million; 2024: gain of £62 million) relating to borrowings, cross-currency swaps and foreign exchange forward contracts used to hedge the net investment in non sterling-denominated subsidiaries.

2. The reclassification of the foreign currency translation reserve relates to the disposal of NG Renewables and comprises a loss of £84 million relating to the retranslation of NG Renewables' operations offset by a gain of £8 million relating to borrowings, cross-currency swaps and foreign exchange forward contracts used to hedge the Group's net investment in NG Renewables.

29. Net debt

We define net debt as the amount of borrowings and financing derivatives less cash and current financial investments.

(a) Composition of net debt

	2026 £m	2025 £m	2024 £m
Cash and cash equivalents (see note 20)	375	1,178	559
Current financial investments (see note 15)	2,453	5,753	3,699
Borrowings (see note 21)	(46,755)	(47,539)	(47,072)
Financing derivatives ¹ (see note 17)	(233)	(763)	(793)
	(44,160)	(41,371)	(43,607)

1. The financing derivatives balance included in net debt excludes the commodity derivatives (see note 17)

Notes to the consolidated financial statements cont.

29. Net debt cont.

(b) Analysis of changes in net debt

Notes	Borrowings £m	Financing derivatives used to hedge debt £m	Total liabilities from financing activities £m	Cash and cash equivalents £m	Financial investments £m	Other financing derivatives £m	Total ¹ £m
At 1 April 2025	(47,539)	(733)	(48,272)	1,178	5,753	(30)	(41,371)
Net decrease in cash and cash equivalents	—	—	—	(948)	—	—	(948)
<i>Included within financing cash flows:</i>							
Proceeds received from loans	(4,172)	—	(4,172)	—	—	—	(4,172)
Repayment of loans	2,961	—	2,961	—	—	—	2,961
Payments of lease liabilities	145	—	145	—	—	—	145
Net movements in short-term borrowings	2,225	—	2,225	—	—	—	2,225
Cash inflows on derivatives	—	(93)	(93)	—	—	—	(93)
Cash outflows on derivatives	—	38	38	—	—	—	38
Interest paid	1,659	273	1,932	—	—	—	1,932
Non-net debt financing cash flows	(33)	—	(33)	—	—	—	(33)
<i>Included within investing cash flows:</i>							
Net movements in short-term financial investments	—	—	—	—	(3,285)	—	(3,285)
Cash inflows on derivatives	—	—	—	—	—	(20)	(20)
Cash outflows on derivatives	—	—	—	—	—	6	6
Derivative cash flows included in capital expenditure	—	—	—	—	—	5	5
Interest received	—	—	—	—	(231)	—	(231)
Derivative cash flows included in revenue	—	—	—	—	—	1	1
Fair value gains and losses	118	549	667	—	5	—	672
Foreign exchange movements	(190)	—	(190)	(8)	(17)	—	(215)
Interest (charges)/income	6 (1,706)	(246)	(1,952)	—	230	17	(1,705)
Other non-cash movements ²	(223)	—	(223)	—	—	—	(223)
Reclassification to held for sale ³	—	—	—	153	(2)	—	151
At 31 March 2026	(46,755)	(212)	(46,967)	375	2,453	(21)	(44,160)
Balances at 31 March 2026 comprise:							
Non-current assets	—	587	587	—	—	7	594
Current assets	—	77	77	375	2,453	46	2,951
Current liabilities	(3,900)	(191)	(4,091)	—	—	(46)	(4,137)
Non-current liabilities	(42,855)	(685)	(43,540)	—	—	(28)	(43,568)
	(46,755)	(212)	(46,967)	375	2,453	(21)	(44,160)

1. The net debt balance at 31 March 2026 includes accrued interest of £459 million.

2. Other non-cash movements primarily comprise additions to lease liabilities.

3. Reclassification to held for sale represents the disposals of NG Renewables and Grain LNG (see note 10).

Notes to the consolidated financial statements cont.

29. Net debt cont.

(b) Analysis of changes in net debt cont.

Notes	Borrowings £m	Financing derivatives used to hedge debt £m	Total liabilities from financing activities £m	Cash and cash equivalents £m	Financial investments £m	Other financing derivatives £m	Total ¹ £m
At 1 April 2024	(47,072)	(764)	(47,836)	559	3,699	(29)	(43,607)
Net increase in cash and cash equivalents	—	—	—	765	—	—	765
<i>Included within financing cash flows:</i>							
Proceeds received from loans	(3,237)	—	(3,237)	—	—	—	(3,237)
Repayment of loans	2,861	—	2,861	—	—	—	2,861
Payments of lease liabilities	130	—	130	—	—	—	130
Net movements in short-term borrowings	(925)	—	(925)	—	—	—	(925)
Cash inflows on derivatives	—	(62)	(62)	—	—	—	(62)
Cash outflows on derivatives	—	106	106	—	—	—	106
Interest paid	1,608	312	1,920	—	—	—	1,920
Non-net debt financing cash flows	(8)	—	(8)	—	—	—	(8)
<i>Included within investing cash flows:</i>							
Net movements in short-term financial investments	—	—	—	—	2,606	—	2,606
Cash inflows on derivatives	—	—	—	—	—	(11)	(11)
Cash outflows on derivatives	—	—	—	—	—	6	6
Derivative cash flows included in capital expenditure	—	—	—	—	—	9	9
Interest received	—	—	—	—	(332)	—	(332)
Derivative cash flows included in revenue	—	—	—	—	—	(8)	(8)
Fair value gains and losses	(26)	(30)	(56)	—	1	(7)	(62)
Foreign exchange movements	866	—	866	(23)	(25)	—	818
Interest (charges)/income	6	(295)	(1,958)	—	338	10	(1,610)
Other non-cash movements ²	(207)	—	(207)	—	—	—	(207)
Reclassification to held for sale ³	10	134	134	(123)	(534)	—	(523)
At 31 March 2025	(47,539)	(733)	(48,272)	1,178	5,753	(30)	(41,371)

1. The net debt balance at 31 March 2025 includes accrued interest of £477 million.

2. Other non-cash movements primarily comprise additions to lease liabilities.

3. Reclassification to held for sale represents the closing net debt position of NG Renewables and Grain LNG and the disposal of the ESO (see note 10).

Notes to the consolidated financial statements cont.

29. Net debt cont.

(b) Analysis of changes in net debt cont.

Notes	Borrowings £m	Financing derivatives used to hedge debt £m	Total liabilities from financing activities £m	Cash and cash equivalents £m	Financial investments £m	Other financing derivatives £m	Total ¹ £m
At 1 April 2023	(42,985)	(793)	(43,778)	163	2,605	37	(40,973)
Net increase in cash and cash equivalents	—	—	—	427	—	—	427
<i>Included within financing cash flows:</i>							
Proceeds received from loans	(5,563)	—	(5,563)	—	—	—	(5,563)
Repayment of loans	1,701	—	1,701	—	—	—	1,701
Payments of lease liabilities	118	—	118	—	—	—	118
Net movements in short-term borrowings	(544)	—	(544)	—	—	—	(544)
Cash inflows on derivatives	—	(86)	(86)	—	—	—	(86)
Cash outflows on derivatives	—	58	58	—	—	—	58
Interest paid	1,330	297	1,627	—	—	—	1,627
Non-net debt financing cash flows	(18)	—	(18)	—	—	—	(18)
<i>Included within investing cash flows:</i>							
Net movements in short-term financial investments	—	—	—	—	1,141	—	1,141
Cash inflows on derivatives	—	—	—	—	—	(123)	(123)
Cash outflows on derivatives	—	—	—	—	—	—	—
Derivative cash flows included in capital expenditure	—	—	—	—	—	5	5
Interest received	—	—	—	—	(148)	—	(148)
Derivative cash flows included in revenue	—	—	—	—	—	(11)	(11)
Fair value gains and losses	(69)	40	(29)	—	4	60	35
Foreign exchange movements	718	—	718	(1)	(49)	—	668
Interest (charges)/income	6 (1,564)	(284)	(1,848)	—	152	7	(1,689)
Other non-cash movements ²	(209)	4	(205)	—	—	(4)	(209)
Reclassification to held for sale ³	13	—	13	(30)	(6)	—	(23)
At 31 March 2024	(47,072)	(764)	(47,836)	559	3,699	(29)	(43,607)

1. The net debt balance at 31 March 2024 includes accrued interest of £490 million.

2. Other non-cash movements primarily comprise additions to lease liabilities.

3. Reclassification to held for sale represents the closing net debt position of the ESO (see note 10).

Notes to the consolidated financial statements cont.

30. Commitments and contingencies

Commitments are those amounts that we are contractually required to pay in the future as long as the other party meets its obligations. These commitments primarily relate to energy purchase agreements and contracts for the purchase of assets which, in many cases, extend over a long period of time. Contingent assets are disclosed where the Group concludes that an inflow of economic benefits is probable.

	2026 £m	2025 £m
<i>Future capital expenditure</i>		
Contracted for but not provided	7,085	5,017
<i>Energy purchase commitments¹</i>		
Less than 1 year	1,527	1,265
In 1 to 2 years	1,360	1,259
In 2 to 3 years	1,343	1,147
In 3 to 4 years	1,191	1,011
In 4 to 5 years	1,031	927
More than 5 years	10,305	8,271
	16,757	13,880

1. Energy purchase commitments relate to contractual commitments to purchase electricity or gas that are used to satisfy physical delivery requirements to our customers or for energy that we use ourselves (i.e. normal purchase, sale or usage) and hence are accounted for as ordinary purchase contracts (see note 32(f)). Details of commodity contract derivatives that do not meet the normal purchase, sale or usage criteria, and hence are accounted for as derivative contracts, are shown in note 17(b).

Through the ordinary course of our operations, we are party to various litigation, claims and investigations, including Ofgem's investigation into the North Hyde substation incident. These investigations are ongoing. The potential maximum penalty for a licence breach following an Ofgem investigation is 10% of turnover. We continue to monitor this position and engage with ongoing investigations. We do not expect the ultimate resolution of any proceedings, including the Ofgem investigation, to have a material adverse effect on our results of operations, cash flows or financial position. A description of the Group's post-closing capital project obligations in relation to the Grain LNG disposal is provided in note 10.

Contingent liabilities

The Group is subject to national and local laws governing the clean-up of sites used previously in its operations. These laws and associated regulations require the Group to take future actions to remediate the effects on the environment of the release of chemicals and other substances. Such contingencies may exist for various sites, including manufactured gas plants, power stations and water courses that were impacted by those activities. The ultimate costs of these clean-ups involve estimation uncertainty as work may be impacted by changing regulations and additional work may be required once sites have been fully surveyed. The estimated clean-up costs have been provided for in note 26 based upon management's best estimate of the likely future cash flows. While the amounts of future possible costs that are not provided for could be material to the Group's results in the period when they are recognised, it is not possible to reliably estimate the amounts involved at this time. As environmental remediation costs are recoverable through the Group's rate-setting processes, the Group does not expect these costs to have a material impact on its liquidity.

31. Related party transactions

Related parties include joint ventures, associates, investments and key management personnel.

The following significant transactions with related parties were in the normal course of business. Amounts receivable from and payable to related parties are due on normal commercial terms.

	2026 £m	2025 £m	2024 £m
Sales: Goods and services supplied to joint ventures ¹	36	153	221
Sales: Goods and services supplied to associates	1	1	1
Sales: Goods and services supplied to subsidiary of an associate ¹	—	51	70
Purchases: Goods and services received from joint ventures	—	—	6
Purchases: Goods and services received from associates ²	—	29	4
Purchases: Goods and services received from subsidiaries of an associate	—	—	1
Purchases: Goods and services received from a pension plan	2	—	—
Interest received from joint ventures	—	6	—
Interest paid to joint ventures	1	2	—
Receivables from joint ventures ³	4	323	80
Receivables from associates	—	1	—
Receivables from subsidiaries of an associate	—	—	8
Payables to joint ventures	11	15	—
Payables to associates	—	—	1
Dividends received from joint ventures ⁴	83	62	152
Dividends received from associates ⁵	18	39	117

- During the year, £3 million of sales were made to Emerald Energy Venture LLC (2025: £114 million; 2024: £126 million), £11 million (2025: £12 million; 2024: £71 million) of sales were made to Nemo Link Limited and £nil (2025: £51 million; 2024: £70 million) of sales were made to National Gas Transmission Plc up until its disposal.
- Includes decommissioning expense in relation to associates.
- Amounts receivable from joint ventures include £nil (2025: £320 million; 2024: £77 million) from Emerald Energy Venture LLC.
- Includes dividends of £54 million (2025: £22 million; 2024: £116 million) received from BritNed Development Limited and £26 million (2025: £26 million; 2024: £17 million) from Nemo Link Limited.
- Includes dividends received during the year from New York Transco LLC of £18 million (2025: £17 million; 2024: £12 million). In the prior year, dividends of £22 million were received up to the disposal of GasT TopCo Limited (2024: £102 million).

Details of investments in principal subsidiary undertakings, joint ventures and associates are disclosed in note 34, and information relating to pension fund arrangements is disclosed in note 25. For details of Directors' and key management remuneration, refer to note 4(c).

Notes to the consolidated financial statements cont.

32. Financial risk management

Our activities expose us to a variety of financial risks, including credit risk, liquidity risk, capital risk, currency risk, interest rate risk, inflation risk and commodity price risk. Our risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential volatility of financial performance from these risks. We use financial instruments, including derivative financial instruments, to manage these risks.

Risk management related to financing activities is carried out by a central treasury department under policies approved by the Audit & Risk Committee of the Board. The objective of the treasury department is to manage funding and liquidity requirements, including managing associated financial risks, to within acceptable boundaries. The Audit & Risk Committee provides written principles for overall risk management and written policies covering the following specific areas: foreign exchange risk, interest rate risk, credit risk, liquidity risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The Audit & Risk Committee has delegated authority to administer the commodity price risk policy and credit policy for US-based commodity transactions to the Energy Procurement Risk Management Committee and the National Grid USA Board of Directors.

We have exposure to the following risks, which are described in more detail below:

- credit risk;
- liquidity risk;
- currency risk;
- interest rate risk;
- commodity price risk;
- fair value risk; and
- capital risk.

Where appropriate, derivatives and other financial instruments used for hedging currency and interest rate risk exposures are formally designated as fair value, cash flow or net investment hedges as defined in IFRS 9. Hedge accounting allows the timing of the profit or loss impact of qualifying hedging instruments to be recognised in the same reporting period as the corresponding impact of hedged exposures. To qualify for hedge accounting, documentation is prepared specifying the risk management objective and strategy, the component transactions and methodology used for measurement of effectiveness.

Hedge accounting relationships are designated in line with risk management activities further described below. The categories of hedging entered into are as follows:

- currency risk arising from our forecast foreign currency transactions (capital expenditure or revenues) is designated in cash flow hedges;
- currency risk arising from our net investments in foreign operations is designated in net investment hedges; and
- currency and interest rate risk arising from borrowings are designated in cash flow or fair value hedges.

Critical terms of hedging instruments and hedged items are transacted to match on a 1:1 ratio by notional values. Hedge ineffectiveness can nonetheless arise from inherent differences between derivatives and non-derivative instruments and other market factors, including credit, correlations, supply and demand, and market volatilities. Ineffectiveness is recognised in the remeasurements component of finance income and costs (see note 6). Hedge accounting is discontinued when a hedging relationship no longer qualifies for hedge accounting.

Certain hedging instrument components are treated separately as costs of hedging with the gains and losses deferred in a component of other equity reserves and released systematically into profit or loss to correspond with the timing and impact of hedged exposures, or released in full to finance costs upon an early discontinuation of a hedging relationship.

Refer to sections (c) currency risk and (d) interest rate risk below for further details on hedge accounting.

(a) Credit risk

We are exposed to the risk of loss resulting from counterparties' default on their commitments, including failure to pay or make a delivery on a contract. This risk is inherent in our commercial business activities. Exposure arises from derivative financial instruments, deposits with banks and financial institutions, trade receivables and committed transactions with wholesale and retail customers.

Treasury credit risk

Counterparty risk arises from the investment of surplus funds and from the use of derivative financial instruments. As at 31 March 2026, the following limits were in place for investments and derivative financial instruments held with banks and financial institutions:

	Maximum limit £m	Utilisation of maximum limit £m	Long-term limit £m	Utilisation of long-term limit £m
Triple 'A' G7 sovereign entities (AAA)	3,308	—	2,481	—
Triple 'A' vehicles (AAA)	500	275	—	—
Triple 'A' range institutions and non-G7 sovereign entities (AAA)	3,008	—	2,256	—
Double 'A+' G7 sovereign entities (AA+)	3,008	—	2,256	—
Double 'A' range institutions (AA)	1,805 to 2,406	0 to 358	1,353 to 1,805	0 to 340
Single 'A' range institutions (A)	602 to 1,203	0 to 676	451 to 902	0 to 424

The maximum limit applies to all transactions, including long-term transactions. The long-term limit applies to transactions which mature in more than 12 months' time.

As at 31 March 2026 and 2025, we had a number of exposures to individual counterparties. In accordance with our treasury policies, counterparty credit exposure utilisations are monitored daily against the counterparty credit limits. Counterparty credit ratings and market conditions are reviewed continually, with limits being revised and utilisation adjusted, if appropriate. Management does not expect any significant losses from non-performance by these counterparties. Investments associated with insurance and employee benefit trusts, such as the investments held at FVOCI, sit outside of treasury credit risk and are managed to individual mandates aligned to their regulated purpose.

Notes to the consolidated financial statements cont.

32. Financial risk management cont.

(a) Credit risk cont.

Commodity credit risk

The credit policy for UK- and US-based commodity transactions is owned by the Audit & Risk Committee of the Board, which establishes controls and procedures to determine, monitor and minimise the credit exposure to counterparties.

Wholesale and retail credit risk

Our principal commercial exposure is in the US, where we are required to supply electricity and gas under state regulations. Our policies and practices are designed to limit credit exposure by collecting security deposits prior to providing utility services, or after utility services have commenced if certain applicable regulatory requirements are met. Collection activities are managed on a daily basis. Sales to retail customers are usually settled in cash, cheques, electronic bank payments or by using major credit cards. We are committed to measuring, monitoring, minimising and recording counterparty credit risk in our wholesale business. The utilisation of credit limits is regularly monitored, and collateral is collected against these accounts when necessary. See note 19 for further details.

Offsetting financial assets and liabilities

The following tables set out our financial assets and liabilities which are subject to offset and to enforceable master netting arrangements or similar agreements. The tables show the amounts which are offset and reported net in the statement of financial position. Amounts which cannot be offset under IFRS, but which could be settled net under terms of master netting arrangements if certain conditions arise, and with collateral received or pledged, are presented to show National Grid's net exposure.

Financial assets and liabilities on different transactions would only be reported net in the balance sheet if the transactions were with the same counterparty, a currently enforceable legal right of offset exists and the cash flows were intended to be settled on a net basis.

Amounts which do not meet the criteria for offsetting on the statement of financial position, but could be settled net in certain circumstances, principally relate to derivative transactions under ISDA agreements, where each party has the option to settle amounts on a net basis in the event of default of the other party.

Commodity contract derivatives that have not been offset on the balance sheet may be settled net in certain circumstances under ISDA or North American Energy Standards Board (NAESB) agreements.

The Group has no offsetting arrangements in relation to bank account balances and bank overdrafts as at 31 March 2026 (2025: £nil).

The gross amounts offset for trade payables and receivables, which are subject to general terms and conditions, are insignificant.

				Related amounts available to be offset but not offset in statement of financial position		
	Gross carrying amounts £m	Gross amounts offset £m	Net amount presented in statement of financial position £m	Financial instruments £m	Cash collateral received/pledged £m	Net amount £m
At 31 March 2026						
Assets						
Financing derivatives	717	—	717	(413)	(27)	277
Commodity contract derivatives	121	—	121	(33)	(24)	64
	838	—	838	(446)	(51)	341
Liabilities						
Financing derivatives	(950)	—	(950)	413	361	(176)
Commodity contract derivatives	(68)	—	(68)	33	—	(35)
	(1,018)	—	(1,018)	446	361	(211)
	(180)	—	(180)	—	310	130

				Related amounts available to be offset but not offset in statement of financial position		
At 31 March 2025	Gross carrying amounts £m	Gross amounts offset £m	Net amount presented in statement of financial position £m	Financial instruments £m	Cash collateral received/ pledged £m	Net amount £m
<i>Assets</i>						
Financing derivatives	375	—	375	(296)	(12)	67
Commodity contract derivatives	107	—	107	(20)	—	87
	482	—	482	(316)	(12)	154
<i>Liabilities</i>						
Financing derivatives	(1,138)	—	(1,138)	296	462	(380)
Commodity contract derivatives	(64)	—	(64)	20	(7)	(51)
	(1,202)	—	(1,202)	316	455	(431)
	(720)	—	(720)	—	443	(277)

Notes to the consolidated financial statements cont.

32. Financial risk management cont.

(b) Liquidity risk

Our policy is to determine our liquidity requirements by the use of both short-term and long-term cash flow forecasts. These forecasts are supplemented by a financial headroom analysis which is used to assess funding requirements for at least a 24-month period and maintain adequate liquidity for a continuous 12-month period.

We believe our contractual obligations, including those shown in commitments and contingencies in note 30, can be met from existing cash and investments, operating cash flows and other financing that we reasonably expect to be able to secure in the future, together with the use of committed facilities if required.

Our debt agreements and banking facilities contain covenants, including those relating to the periodic and timely provision of financial information by the issuing entity, restrictions on disposals and financial covenants, such as restrictions on the level of subsidiary indebtedness. Failure to comply with these covenants, or to obtain waivers of those requirements, could in some cases trigger a right, at the lender's discretion, to require repayment of some of our debt and may restrict our ability to draw upon our facilities or access the capital markets.

The following is a payment profile of our financial liabilities and derivatives:

At 31 March 2026	Less than 1 year £m	1 to 2 years £m	2 to 3 years £m	More than 3 years £m	Total £m
<i>Non-derivative financial liabilities</i>					
Borrowings, excluding lease liabilities	(3,217)	(2,417)	(4,289)	(35,279)	(45,202)
Interest payments on borrowings ¹	(1,645)	(1,533)	(1,426)	(15,433)	(20,037)
Lease liabilities	(172)	(158)	(136)	(653)	(1,119)
Other non-interest-bearing liabilities	(4,501)	(707)	—	—	(5,208)
<i>Derivative financial liabilities</i>					
Financing derivatives – receipts ²	5,298	4,237	1,818	2,657	14,010
Financing derivatives – payments ²	(5,637)	(4,559)	(1,943)	(3,294)	(15,433)
Commodity contract derivatives – receipts ²	4	3	1	—	8
Commodity contract derivatives – payments ²	(31)	(11)	(3)	(1)	(46)
<i>Derivative financial assets</i>					
Financing derivatives – receipts ²	5,536	4,436	1,458	4,417	15,847
Financing derivatives – payments ²	(5,412)	(4,242)	(1,429)	(4,189)	(15,272)
Commodity contract derivatives – receipts ²	90	25	—	—	115
Commodity contract derivatives – payments ²	(39)	(41)	(31)	(21)	(132)
	(9,726)	(4,967)	(5,980)	(51,796)	(72,469)

1. The interest on borrowings is calculated based on borrowings held at 31 March without taking account of future issues. Floating rate interest is estimated using a forward interest rate curve as at 31 March. Payments are included on the basis of the earliest date on which the Company can be required to settle.
2. The receipts and payments line items for derivatives comprise gross undiscounted future cash flows, after considering any contractual netting that applies within individual contracts. Where cash receipts and payments within a derivative contract are settled net, and the amount to be received/(paid) exceeds the amount to be paid/(received), the net amount is presented within derivative receipts/(payments).

At 31 March 2025	Less than 1 year £m	1 to 2 years £m	2 to 3 years £m	More than 3 years £m	Total £m
<i>Non-derivative financial liabilities</i>					
Borrowings, excluding lease liabilities	(4,111)	(3,159)	(2,404)	(36,381)	(46,055)
Interest payments on borrowings ¹	(1,552)	(1,497)	(1,397)	(16,707)	(21,153)
Lease liabilities	(143)	(131)	(117)	(671)	(1,062)
Other non-interest-bearing liabilities	(3,908)	(467)	—	—	(4,375)
<i>Derivative financial liabilities</i>					
Financing derivatives – receipts ²	4,236	3,179	4,710	2,822	14,947
Financing derivatives – payments ²	(4,777)	(3,514)	(5,072)	(3,380)	(16,743)
Commodity contract derivatives – receipts ²	9	5	1	—	15
Commodity contract derivatives – payments ²	(67)	(36)	(29)	(43)	(175)
<i>Derivative financial assets</i>					
Financing derivatives – receipts ²	1,907	4,032	2,598	1,460	9,997
Financing derivatives – payments ²	(1,897)	(3,970)	(2,467)	(1,369)	(9,703)
Commodity contract derivatives – receipts ²	84	8	—	—	92
Commodity contract derivatives – payments ²	(16)	(6)	(3)	—	(25)
	(10,235)	(5,556)	(4,180)	(54,269)	(74,240)

1. The interest on borrowings is calculated based on borrowings held at 31 March without taking account of future issues. Floating rate interest is estimated using a forward interest rate curve as at 31 March. Payments are included on the basis of the earliest date on which the Company can be required to settle.
2. The receipts and payments line items for derivatives comprise gross undiscounted future cash flows, after considering any contractual netting that applies within individual contracts. Where cash receipts and payments within a derivative contract are settled net, and the amount to be received/(paid) exceeds the amount to be paid/(received), the net amount is presented within derivative receipts/(payments).

(c) Currency risk

National Grid operates internationally with mainly pound sterling as the functional currency for the UK companies and US dollar for the US businesses. Currency risk arises from three major areas: funding activities, capital investment and related revenues, and holdings in foreign operations. This risk is managed using financial instruments including derivatives as approved by policy, typically cross-currency interest rate swaps, foreign exchange swaps and forwards.

Funding activities – we borrow in various debt markets across the world. Foreign currency funding gives rise to risk of volatility in the amount of functional currency cash to be repaid. This risk is reduced by swapping principal and interest back into the functional currency of the issuer. All foreign currency debt and transactions are hedged except where they provide a natural offset to assets elsewhere in the Group.

Capital investment and related revenues – capital projects often incur costs or generate revenues in a foreign currency, most often euro transactions done by the UK business. Our policy for managing foreign exchange transaction risk is to hedge contractually committed foreign currency cash flows over a prescribed minimum size, typically by buying euro forwards to hedge future expenditure and selling euro forwards to hedge future revenues. For hedges of forecast cash flows, our policy is to hedge a proportion of highly probable cash flows.

Notes to the consolidated financial statements cont.

32. Financial risk management cont.

(c) Currency risk cont.

Holdings in foreign operations – we are exposed to fluctuations on the translation into pounds sterling of our foreign operations. The policy for managing this translation risk is to issue foreign currency debt or to replicate foreign debt using derivatives that pay cash flows in the currency of the foreign operation. The primary managed exposure arises from dollar denominated assets and liabilities held by our US operations, with a smaller euro exposure in respect of joint venture investments.

Derivative financial instruments were used to manage foreign currency risk as follows:

	2026				
	Sterling £m	Euro £m	Dollar £m	Other £m	Total £m
Cash and cash equivalents	287	2	86	—	375
Financial investments	1,769	—	684	—	2,453
Borrowings	(12,161)	(13,552)	(19,469)	(1,573)	(46,755)
Pre-derivative position	(10,105)	(13,550)	(18,699)	(1,573)	(43,927)
Derivative effect	(7,984)	15,022	(9,141)	1,870	(233)
Net debt position	(18,089)	1,472	(27,840)	297	(44,160)

	2025				
	Sterling £m	Euro £m	Dollar £m	Other £m	Total £m
Cash and cash equivalents	1,047	—	131	—	1,178
Financial investments	5,129	—	624	—	5,753
Borrowings	(13,913)	(12,968)	(19,217)	(1,441)	(47,539)
Pre-derivative position	(7,737)	(12,968)	(18,462)	(1,441)	(40,608)
Derivative effect	(8,539)	13,886	(7,755)	1,645	(763)
Net debt position	(16,276)	918	(26,217)	204	(41,371)

The exposure to dollars largely relates to our net investment hedge activities and exposure to euros largely relates to hedges for our future non-sterling capital expenditure and associated revenues.

The currency exposure on other financial instruments is as follows:

	2026				
	Sterling £m	Euro £m	Dollar £m	Other £m	Total £m
Trade and other receivables	353	—	2,318	—	2,671
Other non-current assets	223	—	68	—	291
Trade and other payables	(1,868)	—	(2,633)	—	(4,501)
Other non-current liabilities	(360)	—	(347)	—	(707)

	2025				
	Sterling £m	Euro £m	Dollar £m	Other £m	Total £m
Trade and other receivables	424	—	2,272	—	2,696
Other non-current assets	243	—	56	—	299
Trade and other payables	(1,359)	—	(2,549)	—	(3,908)
Other non-current liabilities	(171)	—	(296)	—	(467)

The carrying amounts of other financial instruments are denominated in the above currencies, which in most instances are the functional currency of the respective subsidiaries. Our exposure to dollars is due to activities in our US subsidiaries. We do not have any other significant exposure to currency risk on these balances.

Hedge accounting for currency risk

Where available, derivatives transacted for hedging are designated for hedge accounting. Economic offset is qualitatively determined because the critical terms (currency and volume) of the hedging instrument match the hedged exposure. If a forecast transaction was no longer expected to occur, the cumulative gain or loss previously reported in equity would be transferred to the income statement. This has not occurred in the current or comparative years.

Cash flow hedging of currency risk of capital expenditure and revenue are designated as either hedging the exposure to movements in the spot or forward translation risk. Gains and losses on hedging instruments arising from undesignated forward points and foreign currency basis spreads are excluded from designation and are recognised immediately in profit or loss, along with any hedge ineffectiveness. On recognition of the hedged purchase or sale in the financial statements, the associated hedge gains and losses, deferred in the cash flow hedge reserve in other equity reserves, are transferred out of reserves and included with the recognition of the underlying transaction. Where a non-financial asset or a non-financial liability results from a forecast transaction or firm commitment being hedged, the amounts deferred in reserves are included directly in the initial measurement of that asset or liability.

Net investment hedging is also designated as hedging the exposure to movements in spot translation rates only: spot-related gains and losses on hedging instruments are presented in the cumulative translation reserve within other equity reserves to offset gains or losses on translation of the hedged balance sheet exposure. Any ineffectiveness is recognised immediately in the income statement. Amounts deferred in the cumulative translation reserve with respect to net investment hedges are subsequently recognised in the income statement in the event of disposal of the overseas operations concerned. Any remaining amounts deferred in the cost of hedging reserve are also released to the income statement over the life of the hedging instrument.

Hedges of foreign currency funding are designated as cash flow hedges or fair value hedges of forward exchange risk (hedging both currency and interest rate risk together, where applicable). Gains and losses arising from foreign currency basis spreads are excluded from designation and are treated as a cost of hedging, deferred initially in other equity reserves and released into profit or loss over the life of the hedging relationship. Hedge accounting for funding is described further in the interest rate risk section that follows.

Notes to the consolidated financial statements cont.

32. Financial risk management cont.

(d) Interest rate risk

National Grid's interest rate risk arises from our long-term borrowings. Our interest rate risk management policy is to seek to minimise total financing costs (being interest costs and changes in the market value of debt). Hedging instruments principally consist of interest rate and cross-currency swaps that are used to translate foreign currency debt into functional currency and to adjust the proportion of fixed rate and floating rate in the borrowings portfolio to within a range set by the Audit & Risk Committee of the Board. The benchmark interest rates hedged are currently based on Secured Overnight Financing Rate (SOFR) for USD and Sterling Overnight Index Average (SONIA) for GBP.

We also consider inflation risk and hold some inflation-linked borrowings. We believe that these provide a partial economic offset to the inflation risk associated with our UK inflation-linked revenues.

The table in note 21 sets out the carrying amount, by contractual maturity, of borrowings that are exposed to interest rate risk before taking into account interest rate swaps.

Net debt was managed using derivative financial instruments to hedge interest rate risk as follows:

	2026				
	Fixed rate £m	Floating rate £m	Inflation linked £m	Other ¹ £m	Total £m
Cash and cash equivalents	85	290	—	—	375
Financial investments	—	2,419	—	34	2,453
Borrowings ²	(41,460)	(836)	(4,459)	—	(46,755)
Pre-derivative position	(41,375)	1,873	(4,459)	34	(43,927)
Derivative effect	5,042	(5,215)	(60)	—	(233)
Net debt position	(36,333)	(3,342)	(4,519)	34	(44,160)

	2025				
	Fixed rate £m	Floating rate £m	Inflation linked £m	Other ¹ £m	Total £m
Cash and cash equivalents	131	1,047	—	—	1,178
Financial investments	—	5,719	—	34	5,753
Borrowings ²	(39,847)	(3,061)	(4,631)	—	(47,539)
Pre-derivative position	(39,716)	3,705	(4,631)	34	(40,608)
Derivative effect	3,841	(4,540)	(64)	—	(763)
Net debt position	(35,875)	(835)	(4,695)	34	(41,371)

1. Represents financial instruments which are not directly affected by interest rate risk, such as investments in equity or other similar financial instruments.

2. Commercial paper is presented as floating rate as it has short-term maturities between 1–7 months and is regularly refinanced at current market rates.

Hedge accounting for interest rate risk

Borrowings paying variable or floating rates expose National Grid to cash flow interest rate risk, partially offset by cash held at variable rates. Where a hedging instrument results in paying a fixed rate, it is designated as a cash flow hedge because it has reduced the cash flow volatility of the hedged borrowing. Changes in the fair value of the derivative are initially recognised in other comprehensive income as gains or losses in the cash flow hedge reserve, with any ineffective portion recognised immediately in the income statement.

Borrowings paying fixed rates expose National Grid to fair value interest rate risk. Where the hedging instrument pays a floating rate, it is designated as a fair value hedge because it has reduced the fair value volatility of the borrowing. Changes in the fair value of the derivative and changes in the fair value of the hedged item in relation to the risk being hedged are both adjusted on the balance sheet and offset in the income statement to the extent the fair value hedge is effective, with the residual difference remaining as ineffectiveness.

Both types of hedges are designated as hedging the currency and interest rate risk arising from changes in forward points. Amounts accumulated in the cash flow hedge reserve (cash flow hedges only) and the deferred cost of hedging reserve (both cash flow and fair value hedges) are reclassified from reserves to the income statement on a systematic basis as hedged interest expense is recognised. Adjustments made to the carrying value of hedged items in fair value hedges are similarly released to the income statement to match the timing of the hedged interest expense.

When hedge accounting is discontinued, any remaining cumulative hedge accounting balances continue to be released to the income statement to match the impact of outstanding hedged items. Any remaining amounts deferred in the cost of hedging reserve are released immediately to the income statement as finance costs.

Notes to the consolidated financial statements cont.

32. Financial risk management cont.

(e) Hedge accounting

In accordance with the requirements of IFRS 7, certain additional information about hedge accounting is disaggregated by risk type and hedge designation type in the tables below:

Year ended 31 March 2026	Fair value hedges of foreign currency and/or interest rate risk £m	Cash flow hedges of foreign currency and/or interest rate risk £m	Cash flow hedges of foreign currency risk £m	Net investment hedges £m
Consolidated statement of comprehensive income				
Net gains/(losses) in respect of:				
Cash flow hedges	—	378	12	—
Cost of hedging	10	29	—	1
Net investment hedges	—	—	—	32
Transferred to profit or loss in respect of:				
Cash flow hedges	—	(484)	(5)	—
Cost of hedging	1	(1)	—	(4)
Reclassification of foreign currency translation reserve ¹	—	—	—	(8)
Consolidated statement of changes in equity				
Other equity reserves – cost of hedging balances	(14)	(25)	—	—
Consolidated statement of financial position				
Borrowings – carrying value of hedging instruments				
Liabilities – non-current	—	—	—	(1,694)
Derivatives – carrying value of hedging instruments ²				
Assets – current	9	20	2	7
Assets – non-current	62	424	4	2
Liabilities – current	(118)	(23)	(12)	(2)
Liabilities – non-current	(458)	(103)	(15)	(14)
Profiles of the significant timing, price and rate information of hedging instruments				
Maturity range	Jun 26 – Apr 2045	Jun 26 – Apr 2042	Apr 2026 – Jun 2031	Jun 2026 – Jan 2034
Spot foreign exchange range:				
GBP:USD	n/a	1.30 – 1.66	1.26 – 1.36	1.29 – 1.36
GBP:EUR	1.11 – 1.24	1.08 – 1.19	1.11 – 1.19	1.15 – 1.16
EUR:USD	1.05 – 1.15	1.06 – 1.15	n/a	n/a
Interest rate range:				
GBP	SONIA -261bps/+374bps	0.976% – 7.410%	n/a	n/a
USD	SOFR +118bps/+223bps	2.755% – 5.989%	n/a	n/a

1. The reclassification of the net investment hedge on the disposal of NG Renewables has been included within Other operating costs.

2. The use of derivatives may entail a derivative transaction qualifying for more than one hedge type designation under IFRS 9. Therefore, the derivative amounts in the table above are grossed up by hedge type, whereas they are presented net at an instrument level in the statement of financial position.

Notes to the consolidated financial statements cont.

32. Financial risk management cont.

(e) Hedge accounting cont.

Year ended 31 March 2025	Fair value hedges of foreign currency and/or interest rate risk £m	Cash flow hedges of foreign currency and/or interest rate risk £m	Cash flow hedges of foreign currency risk £m	Net investment hedges £m
Consolidated statement of comprehensive income				
Net gains/(losses) in respect of:				
Cash flow hedges	—	26	(12)	—
Cost of hedging	(14)	(36)	—	4
Net investment hedges	—	—	—	56
Transferred to profit or loss in respect of:				
Cash flow hedges	—	182	6	—
Cost of hedging	1	(3)	—	(4)
Consolidated statement of changes in equity				
Other equity reserves – cost of hedging balances	(24)	(54)	—	3
Consolidated statement of financial position				
Borrowings – carrying value of hedging instruments				
Liabilities – non-current	—	—	—	(1,734)
Derivatives – carrying value of hedging instruments ¹				
Assets – current	—	1	3	6
Assets – non-current	32	194	1	—
Liabilities – current	(253)	(50)	(6)	(2)
Liabilities – non-current	(397)	(183)	(41)	(1)
Profiles of the significant timing, price and rate information of hedging instruments				
Maturity range	Jan 2026 – Sep 2044	Jun 2025 – Nov 2040	Apr 2025 – Jun 2031	Apr 2025 – Jan 2034
Spot foreign exchange range:				
GBP:USD	n/a	1.30 – 1.66	1.25 – 1.30	1.26 – 1.29
GBP:EUR	1.11 – 1.24	1.08 – 1.19	1.11 – 1.21	1.19 – 1.21
EUR:USD	1.05 – 1.15	1.06 – 1.15	n/a	n/a
Interest rate range:				
GBP	SONIA -260bps/+374bps	0.976% – 7.410%	n/a	n/a
USD	SOFR +83bps/+223bps	2.095% – 5.989%	n/a	n/a

1. The use of derivatives may entail a derivative transaction qualifying for more than one hedge type designation under IFRS 9. Therefore, the derivative amounts in the table above are grossed up by hedge type, whereas they are presented net at an instrument level in the statement of financial position.

Notes to the consolidated financial statements cont.

32. Financial risk management cont.

(e) Hedge accounting cont.

The following tables show the effects of hedge accounting on financial position and year-to-date performance for each type of hedge.

(i) Fair value hedges of foreign currency and interest rate risk on recognised borrowings:

As at 31 March 2026		Balance of fair value hedge adjustments in borrowings		Change in value used for calculating ineffectiveness		
Hedge type	Hedging instrument notional £m	Continuing hedges £m	Discontinued hedges £m	Hedged item £m	Hedging instrument £m	Hedge ineffectiveness £m
Foreign currency and interest rate risk on borrowings ¹	(8,098)	660	(21)	(104)	97	(7)

1. The carrying value of the hedged borrowings is £7,767 million, of which £314 million is current and £7,453 million is non-current.

As at 31 March 2025		Balance of fair value hedge adjustments in borrowings		Change in value used for calculating ineffectiveness		
Hedge type	Hedging instrument notional £m	Continuing hedges £m	Discontinued hedges £m	Hedged item £m	Hedging instrument £m	Hedge ineffectiveness £m
Foreign currency and interest rate risk on borrowings ¹	(6,767)	756	(25)	106	(94)	12

1. The carrying value of the hedged borrowings was £6,414 million, of which £118 million was current and £6,296 million was non-current.

(ii) Cash flow hedges of foreign currency and interest rate risk:

As at 31 March 2026		Balance in cash flow hedge reserve		Change in value used for calculating ineffectiveness		
Hedge type	Hedging instrument notional £m	Continuing hedges £m	Discontinued hedges £m	Hedged item £m	Hedging instrument £m	Hedge ineffectiveness £m
Foreign currency and interest rate risk on borrowings and forecast cash flows	(13,762)	258	—	(359)	356	(3)
Foreign currency risk on forecast cash flows	(2,715)	(22)	—	(21)	21	—

As at 31 March 2025		Balance in cash flow hedge reserve		Change in value used for calculating ineffectiveness		
Hedge type	Hedging instrument notional £m	Continuing hedges £m	Discontinued hedges £m	Hedged item £m	Hedging instrument £m	Hedge ineffectiveness £m
Foreign currency and interest rate risk on borrowings and forecast cash flows	(14,769)	376	—	(33)	27	(6)
Foreign currency risk on forecast cash flows	(1,907)	(43)	—	12	(12)	—

(iii) Net investment hedges of foreign currency risk:

As at 31 March 2026		Balance in translation reserve		Change in value used for calculating ineffectiveness		
Hedge type	Hedging instrument notional £m	Continuing hedges £m	Discontinued hedges £m	Hedged item £m	Hedging instrument £m	Hedge ineffectiveness £m
Currency risk on foreign operations	(3,210)	76	(2,520)	(32)	32	—

As at 31 March 2025		Balance in translation reserve		Change in value used for calculating ineffectiveness		
Hedge type	Hedging instrument notional £m	Continuing hedges £m	Discontinued hedges £m	Hedged item £m	Hedging instrument £m	Hedge ineffectiveness £m
Currency risk on foreign operations	(2,641)	55	(2,523)	(56)	56	—

Notes to the consolidated financial statements cont.

32. Financial risk management cont.

(f) Commodity price risk

We purchase electricity and gas to supply our customers in the US and to meet our own energy needs. Substantially all our costs of purchasing electricity and gas for supply to customers are recoverable at an amount equal to cost. The timing of recovery of these costs can vary between financial periods leading to an under- or over-recovery within any particular year that can lead to large fluctuations in the income statement. We follow approved policies to manage price and supply risks for our commodity activities.

Our energy procurement risk management policy and delegations of authority govern our US commodity trading activities for energy transactions. The purpose of this policy is to ensure we transact within pre-defined risk parameters and only in the physical and financial markets where we or our customers have a physical market requirement. In addition, state regulators require National Grid to manage commodity risk and cost volatility prudently through diversified pricing strategies. In some jurisdictions we are required to file a plan outlining our strategy to be approved by regulators. In certain cases, we might receive guidance with regard to specific hedging limits.

Energy purchase contracts for the forward purchase of electricity or gas that are used to satisfy physical delivery requirements to customers, or for energy that the Group uses itself, meet the expected purchase or usage requirements of IFRS 9. They are, therefore, not recognised in the financial statements until they are realised. Disclosure of commitments under such contracts is made in note 30.

US states have introduced a variety of legislative requirements with the aim of increasing the proportion of our electricity that is derived from renewable or other forms of clean energy. Annual compliance filings regarding the level of Renewable Energy Certificates (and other similar environmental certificates) are required by the relevant department of utilities. In response to the legislative requirements, National Grid has entered into long-term, typically fixed-price, energy supply contracts to purchase both renewable energy and environmental certificates. We are entitled to recover all costs incurred under these contracts through customer billing.

Under IFRS, where these supply contracts are not accounted for as leases, they are considered to comprise two components, being a forward purchase of power at spot prices and a forward purchase of environmental certificates at a variable price (being the contract price less the spot power price). With respect to our current contracts, neither of these components meets the requirement to be accounted for as a derivative. The environmental certificates are currently required for compliance purposes, and at present there are no liquid markets for these attributes. Furthermore, this component meets the expected purchase or usage exemption of IFRS 9. We expect to enter into an increasing number of these contracts in order to meet our compliance requirements in the short to medium term. In future, if and when liquid markets develop, and to the extent that we are in receipt of environmental certificates in excess of our required levels, this exemption may cease to apply and we may be required to account for forward purchase commitments for environmental certificates as derivatives at fair value through profit and loss.

In the UK, financial transactions have been traded to manage exposures on the North Sea Link interconnector. These bilateral transactions are cash-settled against the relevant day-ahead prices in order to manage the risk associated with the sale of physical capacity on the link. The mark-to-market exposure of any open positions is calculated based on futures products in the GB and Nordic markets.

(g) Fair value analysis

Included in the statement of financial position are financial instruments which are measured at fair value. These fair values can be categorised into hierarchy levels that are representative of the inputs used in measuring the fair value. The best evidence of fair value is a quoted price in an actively traded market. In the event that the market for a financial instrument is not active, a valuation technique is used.

	2026				2025			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets								
Investments held at FVTPL	1,914	—	450	2,364	5,156	—	407	5,563
Investments held at FVOCI ¹	—	385	—	385	—	384	—	384
Financing derivatives	—	691	26	717	—	344	31	375
Commodity contract derivatives	—	111	10	121	—	102	5	107
	1,914	1,187	486	3,587	5,156	830	443	6,429
Liabilities								
Financing derivatives	—	(864)	(86)	(950)	—	(1,043)	(95)	(1,138)
Commodity contract derivatives	—	(55)	(13)	(68)	—	(39)	(25)	(64)
	—	(919)	(99)	(1,018)	—	(1,082)	(120)	(1,202)
	1,914	268	387	2,569	5,156	(252)	323	5,227

1. Investments held includes instruments which meet the criteria of IFRS 9 or IAS 19.

Level 1:	Financial instruments with quoted prices for identical instruments in active markets.
Level 2:	Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets, and financial instruments valued using models where all significant inputs are based directly or indirectly on observable market data.
Level 3:	Financial instruments valued using valuation techniques where one or more significant inputs are based on unobservable market data.

Our Level 1 financial investments and liabilities held at fair value are valued using quoted prices from liquid markets and primarily comprise investments in short-term money market funds.

Our Level 2 financial investments held at fair value primarily include bonds with a tenor greater than one year and are valued using quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets. Alternatively, they are valued using models where all significant inputs are based directly or indirectly on observable market data.

Our Level 2 financing derivatives include cross-currency, interest rate and foreign exchange derivatives. We value these by discounting all future cash flows by externally sourced market yield curves at the reporting date, taking into account the credit quality of both parties. These derivatives can be priced using liquidly traded interest rate curves and foreign exchange rates, and therefore we classify our vanilla trades as Level 2 under the IFRS 13 framework.

Notes to the consolidated financial statements cont.

32. Financial risk management cont.

(g) Fair value analysis cont.

Our Level 2 US commodity contract derivatives include over-the-counter gas and power swaps as well as forward physical gas deals. We value our contracts based on market data obtained from the New York Mercantile Exchange (NYMEX) and the Intercontinental Exchange (ICE), where monthly prices are available. We discount based on externally sourced market yield curves at the reporting date, taking into account the credit quality of both parties and liquidity in the market. Our commodity contracts can be priced using liquidly traded swaps. Therefore, we classify our vanilla trades as Level 2 under the IFRS 13 framework.

Our Level 3 financing derivatives include inflation-linked swaps, where the market is illiquid. In valuing these instruments, we use in-house valuation models and obtain external valuations to support each reported fair value.

Our Level 3 UK commodity contract derivatives consist of UK electricity capacity swaps.

Our Level 3 US commodity contract derivatives primarily consist of our forward purchases of electricity and gas that we value using proprietary models. Derivatives are classified as Level 3 where significant inputs into the valuation technique are neither directly nor indirectly observable (including our own data, which are adjusted, if necessary, to reflect the assumptions market participants would use in the circumstances).

Our Level 3 financial investments include equity investments accounted for at fair value through profit and loss. These equity holdings are part of our corporate venture capital portfolio held by National Grid Partners and comprise a series of relatively small, early-stage non-controlling minority interest unquoted investments where prices or valuation inputs are unobservable. Nineteen equity investments (out of 42) are fair valued based on the latest transaction price (a price within the last 12 months), either being the price we paid for the investments, marked to a latest round of funding and adjusted for our preferential rights or based on an internal model. In addition, we have 23 investments without a transaction in the last 12 months that underwent an internal valuation process using the Black-Scholes Merton Option Pricing Model (OPM Backsolve). Between 12 and 18 months, a blend between OPM Backsolve and other techniques is utilised, such as proxy group revenue multiples, discounted cash flow, comparable company analysis and probability weighted expected return approach, in order to triangulate a valuation. After 18 months, the valuation is based on these alternative methods as the last fundraising price is no longer a reliable basis for valuation.

Our Level 3 financial investments also include our investment in Sunrun Neptune 2016 LLC, which is accounted for at fair value through profit and loss. The investment is fair valued by discounting expected cash flows using a weighted average cost of capital specific to Sunrun Neptune 2016 LLC.

The changes in value of our Level 3 financial instruments are as follows:

	Financing derivatives		Commodity contract derivatives		Other ³		Total	
	2026 £m	2025 £m	2026 £m	2025 £m	2026 £m	2025 £m	2026 £m	2025 £m
At 1 April	(64)	(64)	(20)	(13)	407	483	323	406
Net gains/(losses) for the year ^{1,2}	4	—	51	(41)	21	(77)	76	(118)
Purchases	—	—	—	—	30	45	30	45
Settlements	—	—	(34)	25	(8)	(44)	(42)	(19)
Reclassifications/transfers out of Level 3 ⁴	—	—	—	9	—	—	—	9
At 31 March	(60)	(64)	(3)	(20)	450	407	387	323

1. Gain of £4 million (2025: £nil) is attributable to financing derivatives held at the end of the reporting period and has been recognised in finance costs in the consolidated income statement.

2. Includes a loss of £2 million (2025: £6 million loss) attributable to commodity contract derivative financial instruments held at the end of the reporting period and has been recognised in other operating costs in the consolidated income statement.

3. Other comprises our investments in Sunrun Neptune 2016 LLC and the investments made by National Grid Partners, which are accounted for at fair value through profit and loss. Net gains and losses are recognised within revenue in the consolidated income statement.

4. £nil (2025: £9 million) of US Commodity contract derivatives were reclassified out of Level 3 to Level 2 in the period due to improved observability of the fair value of these instruments.

The impacts on a post-tax basis of reasonably possible changes in significant Level 3 assumptions are as follows:

	Financing derivatives		Commodity contract derivatives		Other ³	
	2026 £m	2025 £m	2026 £m	2025 £m	2026 £m	2025 £m
10% increase in commodity prices ¹	—	—	(6)	8	—	—
10% decrease in commodity prices ¹	—	—	6	(7)	—	—
+10% market area price change	—	—	(11)	—	—	—
-10% market area price change	—	—	9	—	—	—
+20 basis points change in Limited Price Inflation (LPI) market curve ²	(32)	(33)	—	—	—	—
-20 basis points change in LPI market curve ²	30	33	—	—	—	—
+20 basis points increase between RPI and Consumer Price Index (CPI)	26	31	—	—	—	—
-20 basis points decrease between RPI and CPI	(25)	(29)	—	—	—	—
+100 basis points change in discount rate	—	—	—	—	(6)	(6)
-100 basis points change in discount rate	—	—	—	—	7	7
+10% change in venture capital price	—	—	—	—	29	26
-10% change in venture capital price	—	—	—	—	(29)	(26)

1. Level 3 commodity price sensitivity is included within the sensitivity analysis disclosed in note 35.

2. A reasonably possible change in assumption of other Level 3 derivative financial instruments is unlikely to result in a material change in fair values.

3. The investments acquired in the period were on market terms, and sensitivity is considered insignificant at 31 March 2026.

The impacts disclosed above were considered on a contract-by-contract basis, with the most significant unobservable inputs identified.

Notes to the consolidated financial statements cont.

32. Financial risk management cont.

(h) Capital risk management

The capital structure of the Group consists of shareholders' equity, as disclosed in the consolidated statement of changes in equity, and net debt (note 29). National Grid's objectives when managing capital are: to safeguard our ability to continue as a going concern; to remain within regulatory constraints of our regulated operating companies; and to maintain an efficient mix of debt and equity funding, thus achieving an optimal capital structure and cost of capital. We regularly review and manage the capital structure as appropriate in order to achieve these objectives.

Maintaining appropriate credit ratings for our operating and holding companies is an important aspect of our capital risk management strategy and balance sheet efficiency. We monitor our balance sheet efficiency using several metrics, including funds from operations (FFO)/adjusted net debt, retained cash flow (RCF)/adjusted net debt, regulatory gearing and interest cover. For the year ended 31 March 2026, these metrics for the Group were 13.0% (2025: 13.7%), 9.3% (2025: 9.8%), 61% (2025: 61%) and 4.0x (2025: 3.8x), respectively. We believe these are consistent with the current credit ratings for National Grid plc in respect of the main companies of the Group, based on guidance from the rating agencies.

We monitor the RAV gearing within National Grid Electricity Transmission plc (NGET) and the four distribution network operators of National Grid Electricity Distribution plc (NGED). This is calculated as net debt expressed as a percentage of RAV, and indicates the level of debt employed to fund our UK-regulated businesses. It is compared with the level of RAV gearing specified by Ofgem for the respective notional companies, 55% for NGET and 60% for the four NGED distribution network operators. We also monitor net debt as a percentage of rate base for our US operating companies, comparing this with the allowed rate base gearing inherent within each of our agreed rate plans, typically around 50%.

As part of the Group's debt financing arrangements, we are subject to a number of financial covenants associated with existing borrowings and facility arrangements:

- subsidiary indebtedness relating to both non-US and US subsidiaries is required to be limited. As at 31 March 2026 the lowest applicable limit of total subsidiary indebtedness in absolute terms was £45 billion for non-US subsidiaries and \$45 billion for US subsidiaries, and headroom on both of these limits exceed £12 billion;
- the Articles of Association of National Grid plc limit Group total borrowings less cash and short-term investments in absolute terms to £70 billion. As at 31 March 2026, headroom on the limit exceeds £25 billion; and
- net debt to RAV gearing covenants limit gearing to 85% of RAV for each NGED operating company. As at 31 March 2026, headroom on this covenant exceeds 30 percentage points for all impacted companies based on the covenant definition of net debt. The carrying value of the bonds under this covenant restriction is £2,889 million (2025: £3,005 million).

We consider the risk of breaching these covenants as remote given the level of headroom present.

The majority of our regulated operating companies in the US and the UK are subject to certain restrictions on the payment of dividends by administrative order, contract and/or licence. The types of restrictions that a company may have that would prevent a dividend being declared or paid unless they are met include the following:

- the requirement to notify by certification regulators and certain lenders;
- dividends must be approved in advance by the relevant US state regulatory commission;
- the subsidiary must have one or two recognised rating agency credit ratings of at least investment grade depending on contractual requirements;

- the securities of National Grid plc must maintain an investment grade credit rating, and if that rating is the lowest investment grade bond rating it cannot have a negative watch/review for downgrade notice by a credit rating agency;
- dividends must be limited to cumulative retained earnings, including pre-acquisition retained earnings and in line with relevant company legislation;
- the subsidiary must not carry out any activities other than those permitted by the licences;
- the subsidiary must not create any cross-default obligations or give or receive any intra-group cross-subsidies;
- the percentage of equity compared with total capital of the subsidiary must remain above certain levels; and
- in relation to each of the NGED operating companies, the percentage of debt relative to the RAV must remain below 85%.

These restrictions are subject to alteration in the US as and when a new rate case or rate plan is agreed with the relevant regulatory bodies for each operating company and, in the UK, through the normal licence review process.

As most of our business is regulated, at 31 March 2026 the majority of our net assets are subject to some of the restrictions noted above. These restrictions are not considered to be significantly onerous, nor do we currently expect they will prevent the planned payment of dividends in the future in line with our dividend policy.

All the above requirements are monitored on a regular basis in order to ensure compliance. The Group has complied with all externally imposed capital requirements to which it is subject.

33. Borrowing facilities

To support our liquidity requirements and provide backup to commercial paper and other borrowings, we agree committed credit facilities with financial institutions over and above the value of borrowings that may be required. These committed credit facilities are undrawn.

An analysis of the maturity of our undrawn committed facilities as at 31 March 2026 is shown below:

	2026 £m	2025 £m
Undrawn committed borrowing facilities expiring:		
Less than 1 year	—	—
In 1 to 2 years	5,408	—
In 2 to 3 years	604	5,982
In 3 to 4 years	1,745	105
In 4 to 5 years	—	1,745
More than 5 years	250	—
	8,007	7,832

Of the unused facilities at 31 March 2026, £7,968 million (2025: £7,792 million) is available for liquidity purposes, while £39 million (2025: £40 million) is available as backup to specific US borrowings. Since 31 March 2026, £5,158 million of facilities due to mature in one to two years have been extended by an additional year and have a new expiry date of 1 June 2028.

Notes to the consolidated financial statements cont.

34. Subsidiary undertakings, joint arrangements and associates

While we present consolidated results in these financial statements as if we were one company, our legal structure is such that there are a number of different operating and holding companies that contribute to the overall result. This structure has evolved through acquisitions as well as regulatory requirements to have certain activities within separate legal entities.

Subsidiary undertakings

A list of the Group's subsidiaries as at 31 March 2026 is given below. The entire share capital of subsidiaries is held within the Group except where the Group's ownership percentages are shown. These percentages give the Group's ultimate interest and therefore allow for the situation where subsidiaries are owned by partly owned intermediate subsidiaries. Where subsidiaries have different classes of shares, this is largely for historical reasons, and the effective percentage holdings given represent both the Group's voting rights and equity holding. Unless otherwise indicated against the company name, the share class held by the Group in each undertaking is through ordinary shares (also referred to as common stock in certain countries). Where an alternative share class applies (including where there is no share capital), this is identified using the following annotations: [a] Limited by Guarantee; [b] Membership interest; [c] Common stock and Preference shares; [d] Partnership interest. Shares in National Grid (US) Holdings Limited, National Grid Luxembourg SARL, NGG Finance plc and NG Holdings Two PTE. Ltd are held directly by National Grid plc. All other holdings in subsidiaries are owned by other subsidiaries within the Group. All subsidiaries are consolidated in the Group's financial statements. The Group does not have any branches.

Principal Group companies are identified in **bold**. These companies are incorporated and principally operate in the countries under which they are shown. All entities incorporated in the US are taxed in the US on their worldwide income other than where indicated in the footnotes below. Other entities are tax resident in their jurisdiction of incorporation other than where indicated in the footnotes below.

Incorporated in England and Wales**Registered office:**

1–3 Strand, London, WC2N 5EH, UK

Birch Sites Limited

Carbon Sentinel Limited

Icelink Interconnector Limited

Lattice Group Limited

NatgridTW1 Limited

National Grid (US) Holdings Limited**National Grid (US) Investments 4 Limited****National Grid (US) Partner 1 Limited**

National Grid Carbon Limited

National Grid Commercial Holdings Limited

National Grid Continental Limited

National Grid Distributed Energy Limited

National Grid Electricity Group Trustee Limited

National Grid Electricity Transmission plc

National Grid Energy Metering Limited

National Grid Holdings Limited**National Grid Holdings One plc**

National Grid Hydrogen Limited

National Grid IFA 2 Limited

National Grid Interconnector Holdings Limited

National Grid Interconnectors Limited

National Grid International Limited

National Grid Lion Link Limited

National Grid Nautilus Limited

National Grid North Sea Link Limited

National Grid Offshore Limited

National Grid Partners Limited

National Grid Plus Limited

National Grid Property Holdings Limited

National Grid Twelve Limited

National Grid Twenty Eight Limited

National Grid Twenty Seven Limited

National Grid UK Limited

National Grid Ventures Limited

National Grid Viking Link Limited

National Grid William Limited

NGG Finance plc

Ngrid Intellectual Property Limited

Port Greenwich Limited

Registered Address:

Avonbank, Feeder Road, Bristol, BS2 0TB, United Kingdom

Central Networks Trustees Limited [a]

Kelston Properties 2 Limited

National Grid Electricity Distribution (East Midlands) plc

National Grid Electricity Distribution (South Wales) plc

National Grid Electricity Distribution (South West) plc

National Grid Electricity Distribution (West Midlands) plc

National Grid Electricity Distribution Generation Limited

National Grid Electricity Distribution Holdings Limited

National Grid Electricity Distribution Investments Limited

National Grid Electricity Distribution Midlands Limited

National Grid Electricity Distribution Network Holdings Limited**National Grid Electricity Distribution plc**

National Grid Electricity Distribution Property Investments Limited

National Grid Helicopters Limited

National Grid Telecoms Limited

South Wales Electricity Share Scheme Trustees Limited

Western Power Pension Trustee Limited

WPD WEM Holdings Limited

WPD WEM Limited

Notes to the consolidated financial statements cont.

34. Subsidiary undertakings, joint arrangements and associates cont.

Registered Address:

Netley Old Hall Farm, Dorrington, Shrewsbury, United Kingdom, SY5 7JY
Sheet Road Management Company Limited (51%)

Registered Address:

Shire Hall, PO Box 9, Warwick, CV34 4RL, United Kingdom
Warwick Technology Park Management Company (No.2) Limited (60.56%)

In liquidation

Registered Address:

C/O Interpath Ltd, 10 Fleet Place, London, EC4M 7RB
NGC Employee Shares Trustee Limited

Incorporated in the US

Registered Address:

Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, United States

Doorstep Community LLC [b]
Granite State Power Link LLC [b]
KeySpan CI Midstream Limited
KeySpan Energy Services Inc.
KeySpan International Corporation
KeySpan MHK, Inc.
KeySpan Midstream, Inc.
KSI Contracting, LLC [b]
KSI Electrical, LLC [b]
KSI Mechanical, LLC [b]
Metrowest Realty LLC [b]
National Grid Development Holdings Corp.
National Grid Glenwood Energy Center LLC [b]
National Grid LNG LLC [b]

National Grid North America Inc.

National Grid Partners LLC [b]
National Grid Port Jefferson Energy Center LLC [b]
National Grid Renewables, LLC [b]
National Grid Services Inc.
National Grid US LLC [b]

National Grid USA [c]

NGNE LLC [b]
NGV H2 Generation LLC [b]
NGV H2 Holdings LLC [b]
NGV OSW Holdings, LLC [b]
NGV US Distributed Energy Inc.
NGV US Transmission Inc.
NGV US, LLC [b]
Niagara Mohawk Energy, Inc.
North East Transmission Co., Inc.
Opinac North America, Inc.
Philadelphia Coke Co., Inc.

Registered Address:

Corporation Service Company, 80 State Street, Albany NY 12207-2543, United States

Grid NY LLC [b]
KeySpan Energy Corporation
KeySpan Gas East Corporation [c]
KeySpan Plumbing Solutions, Inc.
Land Management & Development, Inc.
Landwest, Inc.
National Grid Electric Services LLC [b]
National Grid Energy Trading Services LLC [b]
National Grid Engineering & Survey Inc.
National Grid Generation LLC [b]
National Grid Generation Ventures LLC [b]
National Grid IGTS Corp.
National Grid Partners Inc.

Niagara Mohawk Holdings, Inc.

Niagara Mohawk Power Corporation [c]

NM Properties, Inc.
Port of the Islands North, LLC [b]
The Brooklyn Union Gas Company [c]
Upper Hudson Development, Inc.

Registered Address:

Corporation Service Company, 84 State Street, Boston MA 02109, United States

Boston Gas Company
EUA Energy Investment Corporation

Massachusetts Electric Company [c]

Nantucket Electric Company
National Grid NE Holdings 2 LLC [b]
National Grid USA Service Company, Inc.
NEES Energy, Inc.
New England Energy Incorporated
New England Hydro Finance Company, Inc. (53.704%)
New England Hydro-Transmission Electric Company, Inc. (53.704%)
New England Power Company [c]
Transgas Inc.
Wayfinder Group, Inc.

Notes to the consolidated financial statements cont.

34. Subsidiary undertakings, joint arrangements and associates cont.

Registered Address:

Corporation Trust Company, 1209 Orange Street, Wilmington DE 19801, United States
Mystic Steamship Corporation

Registered Address:

100 Bank Street, Suite 630, Burlington, Chittenden County VT 05401, United States
National Grid Insurance USA Ltd

Registered Address:

Corporation Service Company, 10 Ferry Street S313, Concord NH 03301, United States
Broken Bridge Corp.
New England Electric Transmission Corporation
New England Hydro-Transmission Corporation (53.704%)

Registered Address:

Corporation Service Company, 222 Jefferson Boulevard, Suite 200, Warwick RI 02888, United States
Newport America Corporation

Incorporated in the Isle of Man**Registered office:**

Third Floor, St George's Court, Upper Church Street, Douglas, IM1 1EE, Isle of Man, UK
National Grid Insurance Company (Isle of Man) Limited

Incorporated in Luxembourg**Registered office:**

412F, Route d'Esch, L-2086, Luxembourg, Grand Duchy of Luxembourg

National Grid Luxembourg SARL**Incorporated in Singapore****Registered office:**

9 Raffles Place, #26-01, Republic Plaza, Singapore 048619
NG Holdings Two PTE. Ltd*

* Entity is tax resident in the UK

Joint ventures

A list of the Group's joint ventures as at 31 March 2026 is given below. All joint ventures are included in the Group's financial statements using the equity method of accounting.

Incorporated in England and Wales

Company Name	Registered Office Address	Comments
BritNed Development Limited (50%)	1-3 Strand, London, WC2N 5EH, UK.	National Grid Interconnector Holdings Limited owns 284,500,000 €0.20 C Ordinary shares and one £1.00 Ordinary A share.
National Places LLP (50%)	C/O Bdo LLP 5 Temple Square, Temple Street, Liverpool, L2 5RH, UK.	In liquidation.
Nemo Link Limited (50%)	1-3 Strand, London, WC2N 5EH, UK.	National Grid Interconnector Holdings Limited owns 121,140,801 €1.00 Ordinary shares.

Incorporated in the US

Company Name	Registered Office Address
Community Offshore Wind, LLC (27.27%) [b]	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington DE 19801, USA.
LI Energy Storage System, LLC (50%) [b]	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, USA.
LI Solar Generation, LLC (50%) [b]	Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, USA.

Joint operations

A list of the Group's incorporated joint operations as at 31 March 2026 is given below. All joint operations are included in the Group's financial statements under IFRS 11 Joint arrangements.

Incorporated in England and Wales

Company Name	Registered Office Address	Comments
Eastern Green Link 1 Limited (50%)	1-3 Strand, London, WC2N 5EH, UK.	National Grid Electricity Transmission plc owns 50 £1.00 A Ordinary shares.
Eastern Green Link 2 Limited (50%)	No.1 Forbury Place, 43 Forbury Road, Reading, RG1 3JH, UK.	National Grid Electricity Transmission plc owns 250,000 £1.00 B Ordinary shares.
Eastern Green Link 3 Limited (50%)	No.1 Forbury Place, 43 Forbury Road, Reading, RG1 3JH, UK.	National Grid Electricity Transmission plc owns 250,000 £1.00 B Ordinary shares.
Eastern Green Link 4 Limited (50%)	1-3 Strand, London, WC2N 5EH, UK.	National Grid Electricity Transmission plc owns 50 £1.00 A Ordinary shares.
NGET/SPT Upgrades Limited (50%)	1-3 Strand, London, WC2N 5EH, UK.	National Grid Electricity Transmission plc owns 50 £1.00 A Ordinary shares.

Notes to the consolidated financial statements cont.

34. Subsidiary undertakings, joint arrangements and associates cont.

Associates

A list of the Group's associates as at 31 March 2026 is given below. Unless otherwise stated, all associates are included in the Group's financial statements using the equity method of accounting.

Incorporated in England and Wales

Company Name	Registered Office Address	Comments
Joint Radio Company Limited (25%)	Friars House, Manor House Drive, Coventry, CV1 2TE, UK.	National Grid Electricity Transmission plc owns one £0.50 A Ordinary share.

Incorporated in the US

Company Name	Registered Office Address
Clean Line Energy Partners LLC (32%) [b]	The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington DE 19801, USA.
Connecticut Yankee Atomic Power Company (19.5%)	c/o Shae Hemingway, 362 Injun Hollow Road, East Hampton CT 06424-3099, USA.
Direct Global Power Inc. (26%)	The Corporation Trust Company, 1209 Orange Street, Wilmington DE 19801, USA.
Energy Impact Fund LP (9.41%) [d]	Harvard Business Services, Inc., 16192 Coastal Highway, Lewes DE 19958, USA.
KHB Venture LLC (33.33%) [b]	c/o de maximis, inc., 135 Beaver Street, 4th Floor, Waltham MA 02452, USA.
Maine Yankee Atomic Power Company (24%)	Joseph D Fay, 321 Old Ferry Road, Wiscasset ME 04578, USA.
New York Transco LLC (28.3%) [b]	Corporation Service Company, 80 State Street, Albany NY 12207-2543, USA.
Yankee Atomic Electric Company (34.5%)	Karen Sucharzewski, 49 Yankee Road, Rowe MA 01367, USA.

Other investments

A list of the Group's other investments as at 31 March 2026 is given below.

Incorporated in England and Wales

Company Name	Registered Office Address
Energis plc (33.06%) – (in liquidation)	1 More London Place, London SE1 2AF, UK.
Electralink Limited (27.04%)	Third Floor, Northumberland House, 303–306 High Holborn, London, WC1V 7JZ, UK.

Our interests and activities are held or operated through the subsidiaries, joint arrangements or associates as disclosed above. These interests and activities are established in – and subject to the laws and regulations of – these jurisdictions.

The following UK subsidiaries will take advantage of the audit exemption set out within section 479A of the Companies Act 2006 supported by guarantees issued by National Grid plc over their liabilities for the year ended 31 March 2026:

Company name	Company number
National Grid Holdings Limited	3096772
National Grid International Limited	2537092
National Grid (US) Holdings Limited	2630496
National Grid (US) Investments 4 Limited	3867128
National Grid (US) Partner 1 Limited	4314432

Notes to the consolidated financial statements cont.

35. Sensitivities

In order to give a clearer picture of the impact on our results or financial position of potential changes in significant estimates and assumptions, the following sensitivities are presented. These sensitivities are based on assumptions and conditions prevailing at the year end and should be used with caution. The effects provided are not necessarily indicative of the actual effects that would be experienced because our actual exposures are constantly changing.

The sensitivities in the tables below show the potential impact in the income statement (and consequential impact on net assets) for a reasonably possible range of different variables, each of which has been considered in isolation (i.e. with all other variables remaining constant). There are a number of these sensitivities which are mutually exclusive, and therefore if one were to happen another would not, meaning a total showing how sensitive our results are to these external factors is not meaningful.

The sensitivities included in the tables below broadly have an equal and opposite effect if the sensitivity increases or decreases by the same amount unless otherwise stated.

(a) Sensitivities on areas of estimation uncertainty

The table below sets out the sensitivity analysis for certain areas of estimation uncertainty set out in note 1D. These estimates are those that have a significant risk of resulting in a material adjustment to the carrying values of assets and liabilities in the next year. This includes the impact of changes in assumptions on the net assets recognised at the balance sheet date and the amount charged to the income statement for the following year. Note that the sensitivity analysis for the useful economic lives of our gas network assets is included in note 13.

	2026			2025		
	Assumptions used	Income statement £m	Net assets £m	Assumptions used	Income statement £m	Net assets £m
Pensions and other post-retirement benefit liabilities (pre-tax):						
UK discount rate change ¹	1%	15	880	1%	20	920
US discount rate change ¹	1%	16	671	1%	18	784
UK inflation rate change ²	1%	5	648	1%	6	701
UK long-term rate of increase in salaries change	1%	2	37	1%	1	52
US long-term rate of increase in salaries change	1%	2	41	1%	3	46
UK change to life expectancy at age 65 ³	one year	—	317	one year	—	320
US change to life expectancy at age 65	one year	1	137	one year	2	181
Assumed US healthcare cost trend rates change	1%	15	195	1%	19	245
US environmental provision:						
Change in the real discount rate	1%	148	148	1%	155	155
Change in estimated future cash flows	20%	402	402	20%	413	413

1. A change in the discount rate is likely to be driven by changes in bond yields and, as such, would be expected to be offset to a significant degree by a change in the value of the bond assets held by the plans. In the UK, there would also be a £329 million (2025: £288 million) net assets offset from the buy-in policies, where the accounting value of the buy-in asset is set equal to the associated liabilities.

2. The projected impact resulting from a change in RPI reflects the associated effect on escalation rates for pensions in payment and in deferment and future salary increases. The buy-in policies would have a £235 million (2025: £211 million) net assets offset to the above.

3. In the UK, the buy-in policies would have a £154 million (2025: £109 million) net assets offset to the above.

Pensions and other post-retirement benefits assumptions

Sensitivities have been prepared to show how the defined benefit obligations and forecast amounts charged to the income statement for the following year could potentially be impacted by changes in the relevant actuarial assumptions that were reasonably possible as at 31 March 2026. In preparing sensitivities, the potential impact has been calculated by applying the change to each assumption in isolation and assuming all other assumptions remain unchanged. This is with the exception of RPI in the UK where the corresponding change to increases to pensions in payment, increases to pensions in deferment and increases in salary are recognised.

Notes to the consolidated financial statements cont.

35. Sensitivities cont.

(b) Sensitivities on financial instruments

We are further required to show additional sensitivity analysis under IFRS 7 and this is shown separately in the following table due to the additional assumptions that are made in order to produce meaningful sensitivity disclosures. The analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year.

Our net debt as presented in note 29 is sensitive to changes in market variables, primarily being UK and US interest rates, the UK inflation rate and the dollar to sterling exchange rate. These impact the valuation of our borrowings, deposits and derivative financial instruments. The analysis illustrates the sensitivity of our financial instruments to reasonable possible changes in these market variables.

The following main assumptions were made in calculating the sensitivity analysis for continuing operations:

- the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives portfolio, and the proportion of financial instruments in foreign currencies are all constant and on the basis of the hedge designations in place at 31 March 2026 and 2025 respectively;
- the statement of financial position sensitivity to interest rates relates to items presented at their fair values: derivative financial instruments; and our investments measured at FVTPL and FVOCI. Further debt and other deposits are carried at amortised cost and so their carrying value does not change as interest rates move;
- the sensitivity of interest expense to movements in interest rates is calculated on net floating rate exposures on debt, deposits and derivative instruments;
- changes in the carrying value of derivatives from movements in interest rates of designated cash flow hedges are assumed to be recorded fully within equity; and
- changes in the carrying value of derivative financial instruments designated as net investment hedges from movements in interest rates are presented in equity as costs of hedging, with a one-year release to the income statement. The impact of movements in the dollar to sterling exchange rate is recorded directly in equity.

	2026			2025		
	Assumptions used	Income statement £m	Other equity reserves £m	Assumptions used	Income statement £m	Other equity reserves £m
Financial risk (post tax):						
UK inflation change ¹	1%	33	—	1%	35	—
UK interest rates change	1%	14	352	1%	13	376
US interest rates change	1%	11	151	1%	18	134
US dollar exchange rate change ²	10%	64	276	10%	69	225

1. Excludes sensitivities to LPI curve. Further details on sensitivities are provided in note 32(g).

2. The other equity reserves impact does not reflect the exchange translation in our US subsidiaries' net assets. It is estimated this would change by £1,887 million (2025: £1,730 million) in the opposite direction if the dollar exchange rate changed by 10%.

Our commodity contract derivatives are sensitive to price risk. Additional sensitivities in respect to commodity price risk and to our derivative fair values are as follows:

	2026			2025		
	Assumptions used	Income statement £m	Net assets £m	Assumptions used	Income statement £m	Net assets £m
Commodity price risk (post tax):						
Increase in commodity prices	10%	56	56	10%	62	62
Decrease in commodity prices	10%	(57)	(57)	10%	(61)	(61)
Assets and liabilities carried at fair value (post tax):						
Fair value change in derivative financial instruments ¹	10%	(18)	(18)	10%	(57)	(57)
Fair value change in commodity contract derivative liabilities	10%	4	4	10%	3	3

1. The effect of a 10% change in fair value assumes no hedge accounting.

36. Post balance sheet events

On 13 April 2026, National Grid North America Inc. entered into a 10-year loan of \$864.9 million, with the proceeds received on 21 April 2026. As the loan was entered into after the reporting date, it has not been reflected in the consolidated statement of financial position as at 31 March 2026.

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The business in detail

UK regulation

Regulators

Our licences to participate in transmission, distribution and interconnection activities are established under the Electricity Act 1989. These require us to develop, maintain and operate economic and efficient networks and to facilitate competition in the supply of electricity in GB. They also give us statutory powers, including the right to bury our pipes or cables under public highways and the ability to use compulsory powers to purchase land so we can conduct our business.

Our licensed activities are regulated by Ofgem, which has a statutory duty under the Electricity Act 1989 to protect the interests of consumers. To protect consumers from the ability of companies to set unduly high prices, Ofgem has established price controls that limit the amount of revenue such regulated businesses can earn. In setting price controls, Ofgem must have regard to the need to secure that licence holders are able to finance their obligations under the Electricity Act 1989. This should give us a level of revenue for the duration of the price control that is sufficient to meet our statutory duties and licence obligations with a reasonable return on our investments. Licensees and other affected parties can appeal price controls or within period licence modifications which have errors, including in respect of financeability.

Each of our UK ET and UK ED businesses operate under separate price controls, which cover our roles as Transmission Owner (TO) and Distribution Network Operator (DNO). UK ET fulfils the TO function for electricity and UK ED fulfils the DNO activities.

The transmission and distribution businesses follow the RIIO (Revenue = Incentives + Innovation + Outputs) framework established by Ofgem. There are multiple price controls under this framework, including:

- RIIO-T1 (electricity transmission, April 2013 – March 2021)
- RIIO-T2 (electricity transmission, April 2021 – March 2026)
- RIIO-T3 (electricity transmission, April 2026 – March 2031)
- RIIO-ED1 (electricity distribution, April 2015 – March 2023)
- RIIO-ED2 (electricity distribution, April 2023 – March 2028)

TOs and DNOs in the UK are natural monopolies and, to ensure value for money for consumers, UK ET and UK ED are regulated by Ofgem. The operations are regulated under the respective transmission and distribution licences which set the requirements that UK ET and UK ED need to deliver for their customers. In addition to the base level of revenue which the TOs and DNOs are allowed to earn, there are incentives to innovate and deliver various outputs relating to customer service, network performance, the environment, connections, DSO activities and efficiency. The achievement or not of targets in relation to these activities can result in rewards or penalties.

In addition to two regulated network price controls, there is also a tariff cap and floor price control applied to regulation of our electricity interconnector interests.

RIIO price controls

Under RIIO, the outputs we deliver are explicitly articulated and our allowed revenues are linked to their delivery, although some outputs and deliverables have only a reputational impact, penalty only mechanism, or are linked to legislation. These outputs reflect what our stakeholders have told us they want us to deliver and were determined through an extensive consultation process, which gave stakeholders a greater opportunity to influence the decisions.

Using information we have submitted and, along with independent assessments, Ofgem determines the efficient level of expected costs necessary for these deliverables to be achieved. Under RIIO, this is known as 'totex', which is a component of total allowable expenditure and is broadly the sum of what was defined in previous price controls as operating expenditure (opex) and capital expenditure (capex).

A number of assumptions are necessary in setting allowances for the outputs that we will deliver, including the volumes of work that will be needed and the price of the various external inputs required to achieve them. Consequently, there are a number of uncertainty mechanisms within the RIIO framework designed to protect consumers and network companies by avoiding the need to set allowances when future needs and costs are uncertain.

Where we under- or over-spend the allowed totex for reasons that are not covered by uncertainty mechanisms, there is a 'sharing' factor. This means we share the under- or over-spend with customers through an adjustment to allowed revenues in future years. This sharing factor provides an incentive for us to provide the outputs efficiently, as we are able to keep a portion of savings we make, with the remainder benefitting our customers. Likewise, it provides a level of protection for us if we need to spend more than allowances. Alongside this, there are several specific areas where companies can submit further claims for new allowances within the period, for instance to enable net zero.

Under RIIO, there are also number of Output Delivery Incentives (ODIs) to incentivise us to deliver favourable outcomes for consumers. The ODI package has been enhanced in RIIO-T3 versus RIIO-T2 to further incentivise us to deliver timely delivery and innovation to benefit consumers, while maintaining the focus on reliability and customer focus.

Allowed revenue to fund totex costs is split between RIIO 'fast' and 'slow' money categories using specified ratios that are fixed for the duration of the price control. Fast money represents the amount of totex we are able to recover in the year of expenditure. Slow money is added to our RAV – effectively the regulatory IOU.

For more details on the sharing factors under RIIO for our transmission businesses, please see the table on page 222.

The business in detail cont.

Regulation of UK ED: The RIIO-ED2 price control

RIIO-ED2, covering the period 1 April 2023 – 31 March 2028, is the second electricity distribution price control to be set under the RIIO model. It builds on from the framework established in the first price control, RIIO-ED1, that ran for eight years from 1 April 2015 to 31 March 2023.

Our RIIO-ED2 business plan was co-created with our stakeholders, through our largest ever stakeholder consultation process with the broadest range of representatives. In order to enable us to actively drive the nation's move to decarbonisation, our RIIO-ED2 business plan has been designed to achieve four crucial outcomes for our customers:

- **Affordability:** We aim to continue to deliver high standards of safety, reliability and customer service that customers have come to expect from us, while keeping our portion of consumer bills affordable.
- **Sustainability:** We will support the UK's ambitions to achieve net zero carbon emissions by 2050, driving crucial changes in energy usage and customer green behaviour. We will set the benchmark by achieving net zero in our own operations by 2043 (excluding Scope 3 emissions) and we will work towards ensuring the network is ready to enable local authorities to achieve similar ambitions in their regions. We will also actively work with the industry and government to achieve Clean Power 2030, within which at least 95% of the country's generation will come from clean sources including renewables. This will see both UK ET and UK ED actively engaging with areas of reform to ensure that the grid is decarbonised in a sustainable way.
- **Connectability:** We will strive to ensure that a lack of network capacity is not a barrier for our customers. We will ensure that the network can cater for the increasing demand of low-carbon technologies and renewable energy over RIIO-ED2, while recognising that the generation mix needs to be balanced to retain resilience for security of supply. We will actively work with Ofgem and the industry to reform the connections processes, including continuing engagement on a review of the end-to-end connections journey. This will ensure that the connections process meets customers needs, while enabling investment ahead of the need to support decarbonisation.
- **Vulnerability:** We will aim to deliver a first class programme of inclusive support. This will include offering smart energy action plans for vulnerable customers each year, ensuring no one is left behind in a smart future. We will also strive to more than double our ground breaking fuel poverty support to help at least 113,000 fuel poor customers save £60 million on their energy bills over RIIO-ED2.

Regulation of UK ET: The RIIO-T2 price control

The RIIO-T2 price control built on the framework established for RIIO-T1, introduced a range of new mechanisms to facilitate the transition to net zero, continued support for innovation, and incentivised us to deliver outputs with ambitious targets aligned to our customers' and stakeholders' requirements.

The Independent User Group (IUG) includes a cross-section of the energy industry and represents the interests of consumers, environmental and public interest groups, as well as large-scale and small-scale customers. It was established in July 2018, acting as our critical liaison, to ensure stakeholders are at the heart of our decision-making processes and our plan is fully reflective of customers', consumers' and other stakeholders' requirements.

The IUG's enduring role in RIIO-T2 focused on challenging business plans, enhancing transparency and performance against commitments, and acting as a critical liaison on strategy, culture and key stakeholder-related areas.

Regulation of UK ET: The RIIO-T3 price control

RIIO-T3 is Ofgem's five-year price control for electricity transmission running from April 2026 to March 2031, setting both the funding and regulatory framework under which NGET delivers and operates the onshore transmission network. The framework is designed to enable a major expansion of the grid to support decarbonisation and growth, while protecting consumers through ex-ante scrutiny of costs, defined outputs on reliability, connections and sustainability.

Funding is primarily set through ex-ante allowances covering baseline operational expenditure and a large programme of capital investment, supplemented by in-period funding mechanisms, such as re-openers and pipeline arrangements to unlock additional funding as the need and scope of major projects become clearer. NGET's allowed revenue is adjusted for actual performance through a package of financial incentives, including efficiency incentives on total expenditure, output-based incentives, for example on reliability, timely delivery of major projects and connections, and quality of service measures, alongside innovation funding streams. Together, these mechanisms are intended to give NGET a "fair opportunity" to earn its allowed return by delivering outputs efficiently and on time, while exposing it to downside risk where performance falls short of consumers' expectations, all within a licence framework that is central to delivery and financeability under RIIO-T3.

Competition in onshore transmission

We continue to support onshore competition where it can deliver benefits to consumers. The wider landscape has shifted significantly since competition in onshore networks was first considered, and continues to do so, particularly around the move to centralised network planning arrangements. We think it is crucial that the competition framework is designed in the right way to incentivise innovation on design, ensure timely and robust delivery and deliver benefits to customers. We are working closely with NESO, DESNZ and Ofgem to support the development of the competition framework, ensuring that this is aligned with the wider landscape, and to support identification of a suitable pipeline of projects.

Interconnectors regulation

Interconnectors primarily derive their revenues from sales of capacity to users who wish to move power between market areas with different prices.

Under UK legislation, interconnection businesses must be separate from the transmission businesses.

There is a range of different regulatory models available for interconnector projects. These involve various levels of regulatory intervention, ranging from fully merchant (where the project is fully reliant on sales of interconnector capacity) to cap and floor.

The cap and floor regime is now the regulated route for interconnector investment in GB and may be sought by project developers who do not qualify for, or do not wish to apply for, exemptions from UK and European legislation which would facilitate a merchant development.

Offshore Hybrid Assets (OHA) combine interconnection with offshore wind. Ofgem established an OHA pilot scheme and decided that an adjusted version of the cap and floor regulatory regime should apply to those projects that receive approval within that scheme. The variations to the interconnector cap and floor regime reflect the differing risks and characteristics of OHAs. In November 2024, Ofgem initially approved the LionLink project between GB and the Netherlands, developed by National Grid Ventures with TenneT Netherlands, for a pilot OHA regulatory regime.

The business in detail cont.

Key parameters from Ofgem's RIIO-ED2 determination for UK ED and RIIO-T2 and RIIO-T3 determination for UK ET

	UK ED (ED2)	UK ET (T2)	UK ET (T3)
Allowed Return on Equity (RoE) ¹	5.28 – 5.59% (real, relative to CPIH) at 60% gearing	4.25 – 5.20% (real, relative to CPIH) at 55% gearing (4.52 – 5.59% at 60% gearing)	5.70% (real, relative to CPIH) at 55% gearing (6.12% at 60% gearing)
Allowed debt funding	Calculated and updated each year using 17-year trailing average of iBoxx Utilities 10+ year index, plus 25bps additional cost of borrowing, 55bps calibration adjustments, plus 6bps infrequent issuer premium for West Midlands, South Wales and South West	Calculated and updated each year using an extending 'trombone-like' trailing average of iBoxx Utilities 10+ year index (increased from 10 years for 2021/22 to 14 years for 2025/26), plus 25bps additional borrowing costs	Implementation of a RAV weighting of the benchmark index beginning from the start of RIIO-1 Calculated and updated each year using a 14-year 'trombone-like' trailing average of iBoxx GBP A and iBoxx BBB non-financial 10+ year index, plus 26bps additional borrowing costs, plus 43bps calibration adjustments Implementation of a nominal allowance for fixed rate debt (index-linked debt assumption 10%)
Depreciation of RAV	Straight-line 45-year depreciation	Straight-line over 45 years for post-2021 RAV additions, with pre-2021 RAV additions as per RIIO-T1	Straight-line over 45 years for post-2021 RAV additions, with pre-2021 RAV additions as per RIIO-T1
Notional gearing	60%	55%	55%
Split between fast/slow money	Capitalisation rate 1 slow money 77% – 79% Capitalisation rate 2 slow money 85%	Fast: RIIO-T2 baseline 22%; RIIO-T2 uncertainty mechanisms 15% Slow: RIIO-T2 baseline 78%; TO uncertainty mechanisms 85%	Fast: RIIO-T3 baseline 30%; RIIO-T3 uncertainty mechanisms 15% Slow: RIIO-T3 baseline 70%; TO uncertainty mechanisms 85%
Sharing factor	50%	33%	25% sharing up to 5% of over/under-spend 10% sharing at 5%-20% over/under-spend 5% sharing beyond 20% over/under-spend
Allowed totex (cumulative for the five years of RIIO-ED2, RIIO-T2 and of RIIO-T3)	£5.5 billion in 2020/21 prices	£5.8 billion in 2018/19 prices	£5.0 billion in 2023/24 prices

1. The cost of equity in RIIO-ED2 is subject to annual adjustments that are calculated using the Capital Asset Pricing Model, through indexation of the 'risk-free rate' parameter. The range shown above is Ofgem's estimate of the allowed RoE over the five years of RIIO-ED2, as updated in the RIIO-ED2 Price Control Financial Model published in December 2023. The cost of equity in RIIO-T2 was subject to annual adjustments calculated using the Capital Asset Pricing Model, through indexation of the 'risk-free rate' parameter. The range shown above is Ofgem's estimate of the allowed RoE over the five years of RIIO-T2, as updated in the RIIO-T2 Price Control Financial Model published in January 2024. The cost of equity in RIIO-T3 is also subject to annual adjustments that are calculated using the Capital Asset Pricing Model, through indexation of the 'risk-free rate' parameter. 5.70% is the cost of equity for the first year of RIIO-T3 (2026/27) and Ofgem have not yet provided their estimate of the 'risk free rate' for the remainder of the period.

The business in detail cont.

US regulation

Regulators

In the US, public utilities' retail transactions are regulated by state utility commissions which serve as economic regulators, approving cost recovery and authorised rates of return. The state commissions establish the retail rates to recover the cost of transmission and distribution services within their jurisdictions. They also serve the public interest by making sure utilities provide safe and reliable services at just and reasonable prices. The commissions establish service standards and approve public utility mergers and acquisitions. State commissions are also asked to approve a variety of programmes and costs related to state energy and climate goals.

At the federal level, FERC regulates wholesale transactions for utilities, such as interstate transmission and wholesale electricity sales, including rates for these services. FERC also regulates public utility holding companies and centralised service companies, including those of our US businesses.

Regulatory process

The US regulatory regime is premised on allowing the utility the opportunity to recover its cost of service and earn a reasonable return on its investments as determined by each commission. Utilities submit formal rate filings (rate cases) to the relevant state regulator when additional revenues are necessary to provide safe, reliable service to customers. Additionally, utilities can be compelled to file a rate case, either due to complaints filed with the commission or at the commission's own discretion.

The rate case is sometimes negotiated with parties representing customers and other interests. The utility is required to prove that the requested rate change is just and reasonable, and the requested rate plan can span multiple years. In the states where we operate, it can typically take 9 to 13 months for the commission to render a final decision, although, in some instances, rules allow for longer negotiation periods which may extend the length of the rate case proceeding. Unlike the state processes, FERC, as the federal regulator, has no specified timeline for adjudicating a rate case; typically, it makes a final decision retroactively when the case is completed.

Gas and electricity rates are established from a revenue requirement, or cost of service, equal to the utility's total cost of providing distribution or delivery services to its customers, as approved by the commission in the rate case. This revenue requirement includes operating expenses, depreciation, taxes, and a fair and reasonable return on shareholder capital invested in certain components of the utility's regulated asset base or 'rate base'.

The final revenue requirement and rates for service are approved in the rate case decision. The revenue requirement is derived from a comprehensive study of the utility's total costs during a representative 12-month period, referred to as a test year. Each commission has its own rules and standards for adjustments to the test year. These may include forecast capital investments and operating costs.

Our rate plans

Each operating company has a set of rates for service. We have three electricity distribution companies: (1) Niagara Mohawk Power Corporation, with operations in Upstate New York; (2) Massachusetts Electric Company; and (3) Nantucket Electric Company, the latter two having operations in Massachusetts.

We also have four gas distribution companies: (1) Niagara Mohawk Power Corporation, with operations in Upstate New York; (2) The Brooklyn Union Gas Company, with operations in Downstate New York; (3) KeySpan Gas East Corporation, with operations in Downstate New York; and (4) Boston Gas Company, with operations in Massachusetts.

Our distribution companies have revenue decoupling mechanisms that delink their revenues from the quantity of energy delivered and billed to customers. These mechanisms remove the natural disincentive utility companies have for promoting and encouraging customer participation in energy-efficiency programmes that lower energy end-use and distribution volumes.

We bill our customers for their use of electricity and gas services. Customer bills typically cover the cost of the commodity (electricity or gas delivered) and charges covering our delivery service. Our customers are allowed to select an unregulated competitive supplier for the commodity component of electricity and gas utility services.

A substantial proportion of our costs, in particular electricity and gas commodity purchases, are pass-through costs, fully recoverable from our customers. We recover pass-through costs through making separate charges to customers, designed to recover those costs with no profit. We adjust the charges from time to time, often annually to make sure that any over- or under-recovery of these costs is returned to, or recovered from, our customers. Our rate plans are designed to a specific allowed RoE, by reference to an allowed operating expense level and rate base. Some rate plans include earnings-sharing mechanisms that allow us to retain a proportion of the earnings above our allowed RoE, achieved through improving efficiency, with the balance benefiting customers. In addition, our performance under certain rate plans is subject to service performance targets. We may be subject to monetary penalties in cases where we do not meet those targets.

Our FERC-regulated transmission companies use formula rates (instead of periodic stated rate cases) to set rates annually that recover their cost of service. Through the use of annual true-ups, formula rates allow us to recover our actual costs incurred and the allowed RoE based on the actual transmission rate base each year. We must make annual formula rate filings documenting the revenue requirement that customers can review and challenge.

Revenue for our wholesale transmission businesses in New England and New York is collected from wholesale transmission customers. These are typically other utilities and include our own New England electricity distribution businesses. With the exception of Upstate New York, which continues to combine retail transmission and distribution rates to end-use customers, these wholesale transmission costs are generally incurred by distribution utilities on behalf of their customers. They are fully recovered as a pass-through from end-use customers, as approved by each state commission.

Our Long Island generation plants sell capacity to the LIPA under 15-year and 25-year power supply agreements and within wholesale tariffs approved by FERC.

Through the use of cost-based formula rates, these long-term contracts provide a similar economic effect to cost-of-service rate regulation.

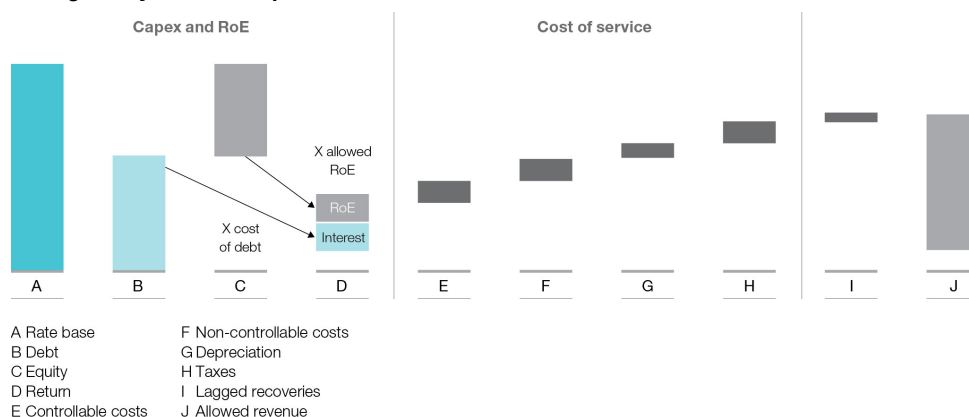
The business in detail cont.

One measure used to monitor the performance of our regulated businesses is a comparison of achieved RoE to allowed RoE. However, this measure cannot be used in isolation, as several factors may prevent us from achieving the allowed RoE. These include financial market conditions, regulatory lag (e.g. the time period after a rate or expense is approved for recovery but before we collect the same from customers) and decisions by the regulator preventing cost recovery in rates from customers.

We work to increase achieved RoE through:

- productivity improvements
- positive performance against incentives or earned savings mechanisms, such as available energy-efficiency programmes
- filing a new rate case when achieved returns are lower than those the Company could reasonably expect to attain through a new rate case

US regulatory revenue requirement



US regulatory filings

The objectives of our rate case filings are to make sure we have the right cost of service and are able to earn a fair and reasonable rate of return, while providing a safe, reliable and affordable service. To achieve these objectives and reduce regulatory lag, we have been successful in many cases in obtaining relief, such as:

- revenue-decoupling mechanisms
- capital trackers
- commodity-related bad debt true-ups
- pension and other post-employment benefit true-ups, separately from base rates
- performance-based frameworks such as incentives and multi-year plans

We explain these terms in the table on page 225.

Recent developments in rate filings and the regulatory environment are:

New York

- A joint proposal setting forth a three-year rate plan for Niagara Mohawk was approved by the NYPSC in August 2025.
- A joint proposal setting forth a three-year rate plan for KEDNY and KEDLI was approved by the NYPSC in August 2024.

Massachusetts

- In November 2023, we made a full rate case filing for Massachusetts Electric Company and Nantucket Electric Company resulting in a five-year ratemaking plan in September 2024.
- In November 2020, we made a full rate case filing for Boston Gas Company resulting in a five-year performance-based ratemaking plan in September 2021.

FERC

In March 2026, FERC issued an order regarding four long-pending New England Transmission Owners (NETOs) base RoE complaints. The order set a lower base RoE and requires the NETOs to issue refunds with interest. National Grid will challenge the decision through the required regulatory and legal procedures. In April 2026, National Grid, together with other NETOs, filed a request with FERC under Section 205 of the Federal Power Act proposing a forward-looking base return on equity of 11.39%. The proposal reflects the application of the FERC current return on equity methodology using updated market data.

Massachusetts

Massachusetts Electric Company and Nantucket Electric Company rate cases

On 30 September 2024, the MADPU issued its order on our petition for an increase in electric base distribution rates for Massachusetts Electric Company and Nantucket Electric Company.

The MADPU approved a five-year rate plan with new rates effective 1 October 2024, an allowed Return on Equity of 9.35% on an equity ratio of 52.83% and a revenue increase of \$90.2 million. The order also introduced a new regulatory recovery mechanism that provides timely funding for growing capital investment requirements up to a cap, alongside a performance-based ratemaking recovery mechanism for operating and maintenance costs. Additionally, it approved a multi-tiered low-income discount rate along with performance incentives for low-income programme enrolment and distributed energy resources interconnections.

Boston Gas Company rate case

On 16 January 2026, Boston Gas Company filed its gas rate case with the MADPU. Boston Gas Company requested, among other things, an increase in distribution revenues by approximately \$342 million, including the transfer of recoverable revenue requirement totalling approximately \$198 million associated with Gas System Enhancement Plan investments placed in service between 1 January 2020 through 31 December 2024, resulting in a net revenue increase of approximately \$144 million. Boston Gas Company further proposed a Return on Equity of 10.25% on an equity ratio of 53.85%. Boston Gas Company also requested continuation of its performance-based ratemaking mechanism, a one-time Liquefied Natural Gas roll-in, and a MADPU pipeline safety regulatory requirement tracker to recover costs associated with mandated pipeline safety improvements. If approved, the requested rate increase would be effective 1 December 2026.

The business in detail cont.

New York

Downstate New York 2023 rate cases – KEDNY and KEDLI

KEDNY and KEDLI rate cases approved by the NYPSC on 15 August 2024 updated our allowed revenues to reflect our cost of service more closely, while maintaining affordable energy for customers. The joint proposal approved by the NYPSC sets forth a three-year rate plan for KEDNY and KEDLI with overall annual revenue requirement increases, including \$444 million for KEDNY and \$246.5 million for KEDLI for the year ending on 31 March 2025. The joint proposal reflects \$1.57 billion in capital investments for KEDNY and KEDLI in the first rate year to modernise KEDNY and KEDLI's gas infrastructure to implement safety improvements, enhance reliability and resilience, replace ageing and leak-prone facilities, and reduce methane emissions. The joint proposal aligns with our 2050 vision to support a sustainable and affordable path towards a low-carbon energy future. Additionally, the joint proposal includes initiatives to expand low-income and energy-efficiency programmes, fund renewable natural gas projects, and enhance customer service.

Upstate New York 2024 rate cases – NIMO

On 14 August 2025, the NYPSC approved a three-year rate plan for NIMO that updates electric and gas revenues to better reflect cost of service, while maintaining affordable energy for customers. The plan includes levelled increases of \$167 million for electric and \$57 million for gas in the first rate year and supports approximately \$4.3 billion in electric and \$1 billion in gas capital investments to modernise infrastructure, enhance safety and reliability, and strengthen system resilience. It also incorporates IT upgrades, storm-response improvements, and targeted investments in battery storage and distributed energy resources. Consistent with New York's climate mandates and our 2050 vision to support a sustainable and affordable path towards a low-carbon energy future, the plan advances electrification, non-pipe alternatives, and emissions-reduction initiatives, while expanding customer affordability programmes and support for disadvantaged communities.

Summary of US price controls and rate plans

		2022	2023	2024	2025	2026	2027	2028	Rate base (31 Mar 2026)	Equity-to- debt ratio	Allowed Return on Equity	Achieved Return on Equity (31 Mar 2026)	Revenue decoupling†	Capital tracker‡	Commodity- related bad debt true-up§	Pension/ OPEB true-up¶
New York Public Service Commission	Niagara Mohawk ¹ (Upstate, electricity)								\$10,000m	48:52	9.5%	8.3%	✓	P	P	✓
	Niagara Mohawk (Upstate, gas)								\$2,569m	48:52	9.5%	7.5%	✓	P	P	✓
	KEDNY (downstate) ^{2, 5}								\$8,025m	48:52	9.35%	9.6%	✓	P	P	✓
	KEDLI (downstate) ^{3, 5}								\$4,760m	48:52	9.35%	10.5%	✓	P	P	✓
Massachusetts Department of Public Utilities	Massachusetts Electric/Nantucket Electric								\$4,399m	53:47	9.35%	8.0%	✓	P	✓	n/a
	Massachusetts Gas ⁵								\$5,867m	53:47	9.7%	9.4%	✓	P	✓	✓
Federal Energy Regulatory Commission	Canadian Interconnector/ Other ⁴								\$76m	65:35	11.1%	11.1%	n/a	✓	n/a	✓
	New England Power								\$3,271m	60:40	9.57%	10.1%	n/a	✓	n/a	✓

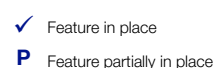
1. Both transmission and distribution, excluding stranded costs.

2. KeySpan Energy Delivery New York (The Brooklyn Union Gas Company).

3. KeySpan Energy Delivery Long Island (KeySpan Gas East Corporation).

4. Equity ratio and Return on Equity values are for the Canadian Interconnector only.

5. The chart shows the anticipated date rates are to be in effect.



† Revenue decoupling

A mechanism that removes the link between a utility's revenue and sales volume so that the utility is indifferent to changes in usage. Revenues are reconciled to a revenue target, with differences billed or credited to customers. This allows the utility to support energy efficiency.

‡ Capital tracker

A mechanism that allows the recovery of the revenue requirement of incremental capital investment above that embedded in base rates, including depreciation and a return on the incremental investment.

§ Commodity-related bad debt true-up

A mechanism that allows a utility to reconcile commodity-related bad debt either to actual commodity-related bad debt or to a specified commodity-related bad debt write-off percentage. For electricity utilities, this mechanism also includes working capital.

¶ Pension/OPEB true-up

A mechanism that reconciles the actual non-capitalised costs of pension and Other Post-Employment Benefits (OPEB) and the actual amount recovered in base rates. The difference may be amortised and recovered over a period or deferred for a future rate case.

Internal control and risk factors

Disclosure controls

Our management, including the Chief Executive and Chief Financial Officer, have evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of 31 March 2026.

Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives; however, their effectiveness has limitations, including the possibility of human error and the circumvention or overriding of the controls and procedures.

Even effective disclosure controls and procedures provide only reasonable assurance of achieving their objectives.

Based on the evaluation, the Chief Executive and Chief Financial Officer concluded that the disclosure controls and procedures are effective to provide reasonable assurance. The information required for disclosure in the reports that we file and submit under the Securities Exchange Act 1934 is recorded, processed, summarised and reported as and when required and that such information is accumulated and communicated to our management, including the Chief Executive and Chief Financial Officer, as appropriate, to allow timely decisions regarding disclosure.

Internal control over financial reporting

Our management, including the Chief Executive and Chief Financial Officer, have carried out an evaluation of our internal control over financial reporting pursuant to the Disclosure Guidance and Transparency Rules (DTR) and section 404 of the Sarbanes-Oxley Act 2002. As required by section 404, management is responsible for establishing and maintaining an adequate system of internal control over financial reporting (as defined in Rules 13(a) – 5(f) and 15(d) – 15(f) under the Securities Exchange Act 1934).

Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management's evaluation of the effectiveness of the Company's internal control over financial reporting was based on the revised Internal Control – Integrated Framework 2013 issued by the Committee of Sponsoring Organizations of the Treadway Commission. Using this evaluation, management concluded that our internal control over financial reporting was effective as at 31 March 2026.

Deloitte LLP, which has audited our consolidated financial statements for the year ended 31 March 2026, has also audited the effectiveness of our internal control over financial reporting.

During the year, there were no changes that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Risk factors

Management of our risks is an important part of our internal control environment, as we describe on pages 226 to 232. In addition to Our Group Principal Risks listed, we face a number of inherent risks that could have a material adverse effect on our business, financial condition, results of operations and reputation, as well as the value and liquidity of our securities. Any investment decision regarding our securities and any forward-looking statements made by us should be considered in light of these risk factors and the cautionary statement set out on page 262. An overview of the key inherent risks we face is provided on the pages that follow.

Internal control and risk factors cont.

Risk factors

Strategic risks

Law, regulation and political and economic uncertainty

Changes in law or regulation, or decisions by governmental bodies or regulators and increased political and economic uncertainty, could adversely affect us in a material way.

Most of our businesses are utilities or networks subject to regulation by governments and other authorities. Changes in law or regulation or regulatory policy and precedent, and decisions of governmental bodies or regulators in the countries or states in which we operate could materially adversely affect us. Changes to regulatory priorities could likewise affect us. For example, our costs and operating activities may be impacted by US Federal Government actions, including tariffs or its focus on natural gas and pausing of offshore wind leasing, which contrasts with the UK, where the energy transition remains at the forefront of government policy. In both jurisdictions, increasing political focus on issues of affordability could also affect us. In the longer term, significant changes to law or regulation regarding usage of electricity or gas in jurisdictions where we operate or on our operating activities could limit the return expected on investment or regulated assets. More widely, the impacts of international political and economic uncertainty and disruption could also have a material adverse consequence on us. We may fail to deliver any one of our customer, investor and wider stakeholder propositions due to increased political and economic uncertainty.

Decisions or rulings concerning the following (as examples) could have a material adverse impact on our results of operations, cash flows, the financial condition of our businesses and the ability to develop those businesses in the future:

- The RIIO (Revenue = Incentives + Innovation + Outputs) framework established by Ofgem, including the implementation of the RIIO-T3 and RIIO-ED2 price controls and upcoming determination of RIIO-ED3 in the UK;
- The implementation of and periodic determination of US rate plans;
- Whether licences, approvals or agreements to operate or supply are granted, amended or renewed, whether consents for construction projects are granted in a timely manner, or whether there has been any breach of the terms of a licence, approval or regulatory requirement; and
- Timely recovery of incurred expenditure or obligations, the ability to pass through commodity costs, a decoupling of energy usage and revenue, and other decisions relating to the impact of general economic conditions on us, our markets and customers, implications of climate change and of advancing energy technologies, whether aspects of our activities are contestable, and the level of permitted revenues and dividend distributions for our businesses.

For further information, see pages 220 to 225, which explains our regulatory environment in detail.

Climate change commitments and targets

If we fail to meet our regulatory obligations, commitments or targets in relation to climate change and the energy transition, our reputation and business may be materially and adversely affected.

We have set ambitious climate performance targets and commitments, including on reductions to greenhouse gas emissions, and we aim to deliver the critical infrastructure necessary to achieve wider climate change objectives. If we are unable to identify and/or deliver upon actions necessary to meet such targets, including due to third-party action or inaction and/or evolving standards, oversight or other requirements, this could undermine our ability to deliver our clean energy transition strategy, subject us to accusations of (or legal challenges related to) greenwashing, damage our reputation and limit our ability to influence future energy policy. Achievement of our climate commitments and targets is subject to risks and uncertainties, many of which are outside of our control and depend on, among other factors, investment and changes in operating practices by other energy sector participants, in particular risks related to generation of electricity by third parties and advances in technology and regulatory requirements that could impact how individuals and households use electricity, as well as regulatory, commercial and social trends (including the impact of energy prices on commercial and household consumption and investment trends) in the jurisdictions where we operate.

These risks and uncertainties include, but are not limited to, the availability and cost of alternative fuels, global electrical charging infrastructure, off-site renewable energy and other materials and components; the outcome of research efforts and future technology developments, including the ability to scale projects and technologies on a commercially competitive basis, such as carbon sequestration, hydrogen blending (and other uses of hydrogen) and/or other related processes; labour-related regulations and requirements that restrict or prohibit our ability to impose requirements on third-party contractors; customer acceptance of sustainable supply chain solutions; and the consummation of an acquisition of, or merger with, another company that has not adopted similar goals or whose progress toward reaching its goals is not as advanced as ours.

Failure to achieve or maintain our climate performance targets, credentials and leadership may result in significant reputational harm, damage our relationship with key stakeholders, or result in regulatory enforcement and fines.

We measure and report on certain climate-related metrics where required by regulation, as well as for strategic and management purposes. The processes involved in formulating and reporting against our climate and emissions targets are complex, and are subject to significant uncertainties, including with respect to the methodology, collection and verification of data, underlying estimates and assumptions, and the use of third-party information. In particular, it is not possible to rely on historical data as a strong indicator of future trajectories, and the climate scenarios employed in relation to climate metrics (and the models that analyse such scenarios) have limitations that are sensitive to key assumptions and parameters, which are themselves subject to some uncertainty and cannot fully capture all of the potential effects of climate, policy and technology driven outcomes. In addition, climate change and emissions data, models and methodologies are relatively new, rapidly evolving and have not historically been subject to the same or equivalent disclosure standards, historical reference points, benchmarks or globally accepted accounting principles as financial and other information. As a result, such data may subsequently be determined to be erroneous, and implementing systems to meet regulatory requirements may be complex, require significant investment or impose additional demands on management time.

If our climate-related practices, reporting, regulatory compliance and performance do not meet investor or other stakeholder expectations, we could be subject to significant fines or penalties and our reputation and consequently our financial performance may be materially and adversely affected.

Internal control and risk factors cont.

Growth and business development activity

Failure to respond to external market developments and execute our growth strategy may negatively affect our performance. Conversely, new businesses or activities that we undertake alone or with partners, or the cessation of existing business or activities, may not deliver target outcomes and may expose us to additional operational and financial risk.

Failure to grow our core business sufficiently and have viable options for new future business over the longer term, or failure to respond to the threats and opportunities presented by emerging technology or innovation (including for the purposes of adapting our networks to meet the challenges of increasing distributed energy resources), could negatively affect our credibility and reputation and jeopardise the achievement of intended financial returns.

Our business development activities (including the delivery of our growth ambition) involve acquisitions, disposals, joint ventures, partnering and organic investment opportunities, such as development activities relating to changes to the energy mix and the integration of distributed energy resources and other advanced technologies.

These are subject to a wide range of both external uncertainties (including the availability of potential investment targets and attractive financing and the impact of competition for onshore transmission in both the UK and US) and internal uncertainties (including actual performance of our existing operating companies and our business planning model assumptions and ability to integrate acquired businesses effectively). As a result, we may suffer unanticipated costs and liabilities and other unanticipated effects.

We may also be liable for the past acts, omissions or liabilities of companies or businesses we have acquired or sold, which may be unforeseen or greater than anticipated. In the case of joint ventures, we may have limited control over operations and our joint venture partners may have interests that diverge from our own. We may also be required to seek additional licences or permits in connection with any such activities or initiatives, in particular with respect to transmission lines or renewable or other generation projects, which we may not be able to obtain on the timing, or terms anticipated, or at all.

The occurrence of any of these events could have a material adverse impact on our results of operations or financial condition, and could also impact our ability to enter into other transactions.

We may also be required to undertake certain acquisitions, investments or divestitures as mandated by regulatory bodies in the regions in which we operate, such as the divestment of NESO in 2024 to the UK Government, pursuant to the UK Energy Act 2023. These could create financial or reputational risks or lead to changes to, or limitations being placed on, regulated activities and potentially, over the longer term, result in impairment of regulated assets and anticipated returns.

Business performance

Current and future business performance may not meet our expectations or those of our regulators and shareholders.

Earnings maintenance and growth from our regulated gas and electricity businesses will be affected by our ability to meet or exceed efficiency and cost targets and service quality standards set by, or agreed with, our regulators.

If we do not meet these targets and standards, or if we are not able to deliver our price controls and rate plans successfully, we may not achieve the expected returns and benefits, our business may be materially adversely affected and our performance, results of operations and reputation may be materially harmed and we may be in breach of regulatory or contractual obligations.

Employees and others

We may fail to attract, develop and retain employees at all levels with the competencies (including leadership and business capabilities), values and behaviours required to deliver our strategy and vision and ensure they are engaged to act in our best interests.

Our ability to implement our strategy depends on the capabilities and performance of our employees and leadership at all levels of the business. Our ability to implement our strategy and vision may be negatively affected by the loss of key personnel or an inability to adequately identify and plan for personnel requirements, including to attract, integrate, engage and retain appropriately qualified personnel (including people with the skills to help us deliver across our investment projects). Our ability to implement our strategy and vision may be negatively affected if significant disputes arise with our employees, such as failure to extend or renegotiate, as and when applicable, agreements with relevant trade unions.

As a result, there may be a material adverse effect on our business, financial condition, results of operations and prospects.

There is a risk that an employee, or someone acting on our behalf, may breach our internal controls or internal governance framework, or may contravene applicable laws and regulations. This could have an impact on the results of our operations, our reputation and our relationship with our regulators and other stakeholders.

Internal control and risk factors cont.

Operational risks

Cyber or physical security breaches

Cyber or physical security breaches may impact our ability to operate our networks, initiate the loss of critical operating or confidential data and expose us to significant liabilities.

As an owner and operator of critical infrastructure assets, we are subject to cyber and physical threats, including from both internal and external parties who wish to disrupt our operations. In the current geopolitical environment, heightened cyber and physical security threats to national infrastructure remain, and there can be no certainty that our security measures will be sufficient to prevent breaches from wherever they originate.

Malicious attack, sabotage or other intentional acts may also damage our assets (which include critical national infrastructure), systems or data or otherwise significantly affect corporate activities and, as a consequence, have a material adverse impact on our reputation, business, results of operations and financial condition. The third-party technology systems, hardware, software, and technical applications and platforms which we use may also be subject to attempts to disrupt the services they provide to us or used as a conduit to attack us.

Unauthorised access to, or deliberate breaches of, our IT systems may also lead to manipulation of our proprietary business data or customer information. Unauthorised access to private customer information may make us liable for a violation of data privacy regulations, which may in turn expose us to significant regulatory fines or liabilities. Even where we establish business continuity controls and security against threats to our systems, these may not be sufficient. As threats related to cyber security develop and grow, we may also find it necessary to make further investments to protect our data and infrastructure, which may impact our results of operations and financial condition.

Potentially harmful activities

Aspects of our activities could potentially harm employees, contractors, members of the public or the environment.

Various potentially hazardous activities arise in connection with our business. For example, electricity and gas utilities typically use and generate hazardous and potentially hazardous products and by-products. In addition, there may be other aspects of our operations that are not currently regarded or proved to have adverse effects but could become so.

A significant safety or environmental incident, a catastrophic failure of our assets or a failure of our safety processes or of our occupational health plans, as well as the breach of our regulatory or contractual obligations or our climate change targets, could materially adversely affect our results of operations and our reputation.

Safety is a fundamental priority for us, and we commit significant resources and expenditure to process safety and to monitoring personal safety, occupational health and environmental performance, and to meeting our obligations under negotiated settlements.

We are subject to laws and regulations in the UK and US governing health and safety matters to protect the public and our employees and contractors, who could potentially be harmed by these activities, as well as laws and regulations relating to pollution, the protection of the environment, and the use and disposal of hazardous substances and waste materials, which are subject to change in the future.

These expose us to costs and liabilities relating to our operations and properties, including those inherited from predecessor bodies, whether currently or formerly owned by us, and sites used for the disposal of our waste.

The cost of future environmental remediation obligations is often inherently difficult to estimate, and uncertainties can include the extent of contamination, the appropriate corrective actions and our share of the liability. We are subject to regulation in relation to climate change and related reporting requirements, which are subject to significant change, and are affected by requirements to reduce our own carbon emissions as well as to enable a reduction in energy use by our customers. If more onerous requirements are imposed on our own operating and reporting requirements or our ability to recover these costs under regulatory frameworks changes, then this could have a material adverse impact on our business, reputation, results of operations and financial position.

Infrastructure and systems impacting supply

We may suffer a major network failure or interruption, or may not be able to carry out critical operations due to the failure of infrastructure or technology or a lack of supply, including as a result of bulk power system failure.

Operational performance could be materially adversely affected by a failure to maintain the health of our assets or networks, inadequate forecasting of demand, inadequate record keeping or control of data, as well as third-party energy generators, including upstream failure or inability to produce adequate or reliable supply. Such events, in turn, could cause us to fail to meet agreed standards of service, incentive and reliability targets, or to be in breach of a licence, approval, regulatory requirement or contractual obligation. Even incidents that do not amount to a breach could result in adverse regulatory and financial consequences, as well as harming our reputation.

Where demand for electricity or gas exceeds supply, including where we do not adequately forecast and respond to disruptions in energy supplies, and our balancing mechanisms are not able to mitigate this fully, a lack of supply to consumers may damage our reputation.

In addition to these risks, we may be affected by other potential events that are largely outside our control, such as the impact of weather (including as a result of climate change and major storms), unlawful or unintentional acts of third parties, outbreaks of hostilities or terrorist acts, insufficient or unreliable supply, or force majeure.

These items can affect financial performance, and we disclose in our underlying results to reflect, among other items, major storm costs in the US that are recoverable in future periods where these are in excess of \$100 million (in aggregate) in the financial year. Severe weather that causes outages or damages infrastructure, together with our actual or perceived response, could materially adversely affect operational and potentially business performance and our reputation.

Our insurance coverage may not cover all of the costs and liabilities we incur as the result of any damage or disruptions, including from these types of events outside our control, which in addition to any of the factors mentioned above may materially and adversely impact our business, results of operations and financial condition.

Internal control and risk factors cont.

Reliance on IT systems

A failure of our information technology infrastructure could adversely impact our business and results of operations.

We rely upon the capacity, reliability and security of our IT hardware and software infrastructure and our ability to expand and update this infrastructure, including with the increasing use of AI to meet our business requirements. Our systems may be vulnerable to damage from a variety of attacks or disruptions (including cyber-attacks), natural disasters, failures in hardware or software (including disruption to information systems of supporting technology, the possibility of obsolescence and the risk of serial defects on technology implemented by the Group), power fluctuations, unauthorised access to data and systems, loss or destruction of data (including confidential client information), human error, and other similar disruptions. Not all of these sources of threat are within our control, including fraud or malice on the part of third parties, accidental technological failure, electrical or telecommunication outages, failures of computer servers or other damage to our property or assets, outbreaks of hostilities, or terrorist acts. Further, the use of AI may expose us to additional risk from cyber events and our employees may not have the experience to identify weaknesses in AI generated data. In addition we rely on third parties to support the operation of our IT hardware, software infrastructure and software-as-a-service applications, and cloud services. The security and privacy measures implemented by such third parties may not be sufficient to identify or prevent disruptions or cyber-attacks.

We cannot give assurance that any security measures we have implemented or may in the future implement will be sufficient to identify and prevent or mitigate such disruptions. Maintenance of these IT systems is important for our ongoing service delivery, and investment may be required in the future to further develop our IT capabilities and to protect against disruptions or security breaches.

The failure of our IT systems or those of our vendors to perform as anticipated for any reason or any significant breach of security could disrupt our business and result in numerous adverse consequences, including reduced effectiveness and efficiency of operations, inappropriate disclosure of confidential and proprietary information, potentially significant reputational harm, increased overhead costs and loss of important information, and regulatory fines or other liabilities, any of which could have a material adverse effect on our business and results of operations. In addition, significant disruptions or breaches may require remedial steps to be taken, which could require us to incur significant costs. Although we maintain business continuity and/or disaster recovery plans, they may not in all circumstances be effective to timely resolve issues resulting from a disruption.

Supply chain disruptions

Supply chain disruption may materially and adversely affect our results of operations.

We may be impacted by supply chain disruptions and shortages of materials, equipment, labour and other resources that are critical to our business operations, including the delivery of major projects. Such disruptions may be further exacerbated by geopolitical tensions including the effects of conflicts in the Middle East and Ukraine and also to other measures such as the imposition of tariffs by the US Federal Government. Long lead times for critical equipment, network components and replacement parts could restrict the availability and delay the construction, maintenance or repair of items that are needed to support our normal operations and may result in prolonged customer outages, which could in turn lead to unrecovered costs for such service interruptions. Demand for electric equipment is increasing due to utilities' efforts to meet clean energy goals, planned capital expenditure projects and in order to prepare for more frequent extreme weather events at a time when manufacturing capacity and supply are decreasing.

Prices of materials, equipment, transportation and other resources have increased as a result of these supply chain disruptions and shortages and may furthermore continue to increase as a result of inflation.

A prolonged continuation or a further increase in the severity of supply chain and inflationary pressures could result in additional increases in the cost of certain goods, services and cost of capital, and may lead to projects delays, which may materially and adversely impact our business, results of operations and financial condition.

Customers, suppliers and counterparties

Customers, suppliers and counterparties may not perform their obligations.

Our operations are exposed to the risk that customers, suppliers, banks and other financial institutions, and others with whom we do business, will not satisfy their obligations, which could materially adversely affect our financial position.

This risk is significant where our subsidiaries have concentrations of receivables from gas and electricity utilities and their affiliates, as well as industrial customers and other purchasers, and may also arise where customers, including consumers, are unable to pay us as a result of increasing commodity prices or adverse economic conditions impacting affordability.

To the extent that counterparties are contracted with us for physical commodities (gas and electricity) and they experience events that impact their own ability to deliver, we may suffer supply interruption.

There is also a risk to us where we invest excess cash or enter into derivatives and other financial contracts with banks or other financial institutions. Banks that provide us with credit facilities may also fail to perform under those contracts.

Internal control and risk factors cont.

Investment projects

Our capital investment projects are subject to a number of risks and uncertainties, including availability of supplies and personnel, cost and scheduling oversight, and regulatory requirements, approvals and consents.

Our regulated utility businesses are highly capital intensive, and require significant ongoing investments in network infrastructure including generation, transmission and distribution technologies and projects necessary to achieve our own, and wider, environmental goals.

The successful completion of any such project depends on, or could be affected by, a variety of factors, including: effective procurement strategies and supplier relationships; availability of qualified construction personnel, both internal and contracted; changes in commodity and other prices, applicable tariffs, and/or availability of supplies, materials and equipment needed for undertaking such projects and maintaining assets once in use; governmental approvals and consents, permitting and planning; clarity in regulatory requirements and expectations, including open engagement with regulators, and relevant stakeholders (including planning authorities and communities) throughout the planning, approval, investment and operational stages; changes in environmental, legislative and regulatory requirements; regulatory cost recovery; inflation, including of labour rates; increases in lead times; and disruptions in supply chain distribution.

Pandemics and epidemics

We face risks related to health epidemics and other outbreaks.

As seen in the context of COVID-19, pandemics and their associated countermeasures may affect countries, communities, supply chains and markets, including the UK and our service territory in the US. The spread of such pandemics could have adverse effects on our workforce, which could affect our ability to maintain our networks and provide service. In addition, disruption of supply chains could adversely affect our systems or networks.

Pandemics can also result in extraordinary economic circumstances in our markets which could negatively affect our customers' ability to pay their invoices in the US or the charges payable to the suppliers for transmission and distribution services in the UK. Measures such as the suspension of debt collection and customer termination activities across our service area in response to such pandemics are likely to result in near-term lower customer collections, and could result in increasing levels of bad debt and associated provisions.

Delivery of ASTI projects awarded to National Grid in the UK will require an increase in the annual level of capital investment over the next decade. Our capacity to meet our commitments under the ASTI framework depends on a number of factors, including: the timely progression of awarded projects (including the planning stages and receipt of relevant approvals and consents); avoidance of significant supply chain disruptions and the continued availability of critical components; access to necessary labour and our ability to execute the relevant projects in line with regulatory standards and expectations.

We are also undertaking significant capital investments in the US, including various renewable investment projects and leak-prone pipe replacements, further electric sector modernisation plans in Massachusetts, the Propel NY Energy Transmission Project in New York, and investments in furtherance of New York's Climate Leadership and Community Protection Act (CLCPA).

Adverse events associated with any of the factors set out above could materially impact our ability to achieve the benefits of such projects, including our ability to comply with licensing and regulatory requirements and to further our own, and the relevant governmental, net zero targets and commitments.

The extent to which pandemics may affect our liquidity, business, financial condition, results of operations and reputation will depend on future developments, which are highly uncertain, and will depend on the severity of the relevant pandemic, the scope, duration, cost to us and overall economic impact of actions taken to contain it or treat its effects.

Internal control and risk factors cont.

Financial risks

Financing and liquidity

An inability to access capital markets on commercially acceptable terms could affect how we maintain and grow our businesses.

We have historically financed our growth through a combination of funding sources, including retained operating cash flows, use of scrip dividend programme and issuances of senior and hybrid debt securities. As part of our upgraded five-year financial framework, we anticipate making at least £70 billion of capital investments between 2025/26 and 2030/31, which we expect to finance through a package of funding sources that includes a combination of these sources of liquidity, as well as the net proceeds of the 2024 Rights Issue of around £7 billion, completed in June 2024. As further discussed below, reliance on these sources of liquidity can expose us to the risk of higher financing costs and the imposition of restrictions on our business.

Some of the debt we issue is rated by credit rating agencies and changes to these ratings may affect both our borrowing capacity and borrowing costs. In addition, restrictions imposed by regulators, such as limits on debt to equity or regulatory asset values ratios, may also limit how we service the financial requirements of our current businesses or the financing of newly acquired or developing businesses.

Financial markets can be subject to periods of volatility, including with respect to interest rates, and shortages of liquidity, for example as a result of unexpected political or economic events (such as the current conflicts in Ukraine and the Middle East). If we were unable to access the capital markets or other sources of finance on commercially acceptable terms, our cost of financing may increase, and the manner in which we implement our strategy may need to be reassessed. Such events could have a material adverse impact on our business, results of operations and prospects.

Some of our regulatory agreements and/or specific regulatory entities impose lower limits for the credit ratings that certain companies or securities issued by certain companies within the Group must hold or the amount of equity within their capital structures, including a limit requiring certain entities within the Group or securities issued by them to hold an investment-grade credit rating.

In addition, some of our regulatory arrangements impose restrictions on the way we can operate. These include regulatory requirements for us to maintain adequate financial resources within certain parts of our operating businesses and may restrict the ability of National Grid plc and some of our subsidiaries to engage in certain transactions, including paying dividends, lending cash and levying charges.

The inability to meet such requirements, or the occurrence of any such restrictions, may have a material adverse impact on our business and financial condition.

Our debt agreements and banking facilities contain covenants, including those relating to the periodic and timely provision of financial information by the borrowing entity, restrictions on disposals and financial covenants, such as restrictions on the level of subsidiary indebtedness and minimum credit rating requirements.

Failure to comply with these covenants, or to obtain waivers of those requirements, could in some cases trigger a right, at the lender's discretion, to require repayment of some of our debt and may restrict our ability to draw upon our facilities or access the capital markets.

Exchange rates, interest rates and commodity price indices

Changes in foreign currency rates, interest rates or commodity prices could materially impact our earnings or financial condition.

We have significant operations in the US and are therefore subject to the exchange rate risks normally associated with non-UK operations, including the need to translate US assets and liabilities, and income and expenses, into sterling (our reporting currency).

As part of our ongoing capital expenditure requirements and investment projects, as well as projects planned under the ASTI programme, we are also exposed to currency fluctuations related to the purchase of equipment and components in currencies other than sterling.

In addition, our results of operations and net debt position may be affected because a significant proportion of our borrowings, derivative financial instruments and commodity contracts are affected by changes in interest rates, commodity price indices and exchange rates, in particular the dollar-to-sterling exchange rate.

Furthermore, our cash flow may be materially affected as a result of settling hedging arrangements entered into to manage our exchange rate, interest rate and commodity price exposure (such as those relating to the purchase of electricity and gas in the US), or by cash collateral movements relating to derivative market values, which also depend on the sterling or US dollar exchange rate into euro and other currencies.

Post-retirement benefits

We may be required to make significant contributions to fund pension and other post-retirement benefits.

We participate in a number of pension schemes that together cover substantially all our employees. In both the UK and US, such schemes include various large defined benefit schemes where the scheme assets are held independently of our own financial resources.

In the US, we also have other post-retirement benefit schemes. Estimates of the amount and timing of future funding for the UK and US schemes are based on actuarial assumptions and other factors, including: the actual and projected market performance of the scheme assets; future long-term bond yields; average life expectancies; and relevant legal requirements.

Actual performance of scheme assets may be affected by volatility in debt and equity markets.

Changes in these assumptions or other factors may require us to make additional contributions to these pension schemes which, to the extent they are not recoverable under our price controls or state rate plans, could materially adversely affect the results of our operations and financial condition.

Other disclosures

Index to Directors' Report and other disclosures, as required under the Companies Act 2006

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Change of control provisions

No compensation would be paid for loss of office of Directors on a change of control of the Company. As at 31 March 2026, the Company had borrowing facilities of £6.2 billion available and loans of £0.2 billion with a number of banks, which, on a change of control of the Company following a takeover bid, may alter or terminate. All of the Company's share plans contain provisions relating to a change of control. Outstanding awards and options would normally vest and become exercisable on a change of control, subject to the satisfaction of any performance conditions at that time. In the event of a change of control of the Company, a number of governmental and regulatory consents or approvals are likely to be required, arising from laws or regulations of the UK or the US. Such consents or approvals may also be required for acquisitions of equity securities that do not amount to a change of control.

No other agreements that take effect, alter or terminate upon a change of control of the Company following a takeover bid are considered to be significant in terms of their potential impact on the business as a whole.

Code of Ethics

The Board has adopted a Code of Ethics. The Group's Code of Ethics is available on our website nationalgrid.com/about-us/our-vision-and-values.

Conflicts of interest

In accordance with the Companies Act 2006, the Board has a policy and procedure in place for the disclosure and authorisation (if appropriate) of actual and potential conflicts of interest. The Board continues to monitor and note possible conflicts of interest that each Director may have, including a review on appointment. The Directors are regularly reminded of their continuing obligations in relation to conflicts, and are required to review and confirm their external interests annually.

Corporate governance practices: differences from NYSE listing standards

The Company is listed on the NYSE and is therefore required to disclose differences in its corporate governance practices adopted as a UK listed company, compared with those of a US company. The corporate governance practices of the Company are primarily based on the requirements of the Code but substantially conform to those required of US companies listed on the NYSE.

The following is a summary of the significant ways in which the Company's corporate governance practices differ from those followed by US companies under section 303A of the Corporate Governance Standards of the NYSE.

The NYSE rules and the Code apply different tests for the independence of Board members.

The NYSE rules require a separate nominating/corporate governance committee composed entirely of independent directors. There is no requirement for a separate corporate governance committee in the UK. Under the Company's corporate governance policies, all Directors on the Board discuss and decide upon governance issues, and the People & Remuneration Committee makes recommendations to the Board with regard to certain responsibilities of a corporate governance committee.

The NYSE rules require listed companies to adopt and disclose corporate governance guidelines. While the Company reports compliance with the Code in each Annual Report and Accounts, the UK requirements do not require the Company to adopt and disclose separate corporate governance guidelines.

Other disclosures cont.

The NYSE rules require a separate audit committee composed of at least three independent members. While the Company's Audit & Risk Committee exceeds the NYSE's minimum independent Non-executive Director membership requirements, it should be noted that the quorum for a meeting of the Audit & Risk Committee, of two independent Non-executive Directors, is less than the minimum membership requirements under the NYSE rules.

The NYSE rules require a compensation committee composed entirely of independent directors, and prescribe criteria to evaluate the independence of the committee's members and its ability to engage external compensation advisors. While the Code prescribes different independence criteria, the Non-executive Directors on the Company's People & Remuneration Committee have each been deemed independent by the Board under the NYSE rules. Although the evaluation criteria for appointment of external advisors differ under the Code, the People & Remuneration Committee is solely responsible for the appointment, retention and termination of such advisors.

Directors' indemnity and Directors' and Officers' liability insurance

The Company has arranged, in accordance with the Companies Act 2006 and the Articles, qualifying third-party indemnities against financial exposure that Directors may incur in the course of their professional duties. Equivalent qualifying third-party indemnities were, and remain, in force for the benefit of those Directors who stood down from the Board in prior financial years for matters arising when they were Directors of the Company. Alongside these indemnities, the Company places Directors' and Officers' liability insurance cover for each Director. To the extent appropriate and required, similar indemnities have also been given to Directors of subsidiary and other associated companies, who also benefit from Directors' and Officers' liability insurance cover.

Unions

We recognise and negotiate with recognised unions in both the US and UK. It is our policy to maintain well-developed communications and consultation programmes with the Unions that represent our employees and there have been no material disruptions to our operations from labour disputes during the past four years. National Grid believes that it can conduct its relationships with trade unions and employees in a satisfactory manner. Further details on the Company's colleagues can be found on page 47.

Human rights and modern slavery

As a responsible business, we take pride in treating all employees and those working on our behalf fairly to ensure that they thrive in a respectful, safe, and inclusive environment. Our commitment to maintaining the highest standards of ethical conduct is reflected in our robust policies and procedures.

Our Supplier Code of Conduct sets out our expectations for respecting, protecting and promoting human rights. This aligns with the UN Guiding Principles on Business and Human Rights, the ten Principles of the United Nations Global Compact (UNGC), the International Labour Organization (ILO) core labour standards, the Ethical Trading Initiative (ETI) Base Code, the UK Modern Slavery Act 2015, the US Victims of Trafficking and Violence Protection Act 2000, the US Department of State Guiding Principles to Combat Human Trafficking, and the requirements of the Living Wage Foundation for UK suppliers. Additionally, our Supplier Code of Conduct adheres to US wage and hour laws, such as the Fair Labor Standards Act. This code is reviewed, updated and communicated to our suppliers annually to ensure continued collaboration and alignment with evolving best practice.

We have a global Human Rights Policy setting our commitment to respecting the rights of our workforce and those in our supply chains. We also produce an annual Modern Slavery Statement that outlines the actions we take to assess potential risks in our wider operations and the steps taken to mitigate risks identified. This includes working collaboratively in our sector with non-government organisations including the Slave Free Alliance, Action Sustainability and the Supply Chain Sustainability School, to build awareness and capability within our supply chain. We publish our Statement on the UK Home Office Modern Slavery Statement Registry and encourage our UK suppliers to publish a modern slavery statement, regardless of whether they have a legal obligation to do so.

We have engaged with Churches, Charities and Local Authorities (CCLA) Investment Management Limited, which established 'Find it, Fix it, Prevent it' as a collaborative investor engagement programme with the aim of using investor leverage to help companies identify, address and prevent modern slavery in their supply chains. In 2025, CCLA published their third FTSE 100 benchmarking report, and we have maintained an 'Evolving Good Practices' assessment.

As a signatory member of the UNGC, we participated in its Business and Human Rights Accelerator programme to increase our awareness of key considerations in this area, while also gaining guidance on how an organisation can develop its strategy for managing any actual or potential risks associated with modern slavery.

Our people

Our employees are at the heart of what we do, which is why we participated in the 2025 Workforce Disclosure Initiative (WDI). National Grid has completed the WDI survey for the past eight years and we continue to improve transparency and enhance our data year-on-year, obtaining a scorecard of 88% overall for our 2025 submission, above the utilities sector average.

In the UK, we are committed to paying our employees, trainees, and contractors working on our behalf at least the Real Living Wage, as determined by the Living Wage Foundation. In the US, we ensure that all our employees are paid above statutory minimums.

Our Global recruitment policy is designed to provide equal opportunities, comply with local legislation, and guarantee that all employees have the appropriate rights to work.

For contingent workers we use employment agency partners for attracting temporary workers and uphold the same standards of employment that we offer our direct employees. Contract managers actively oversee these agencies, ensuring they meet our rigorous employment requirements, including relevant screenings, paying the Real Living Wage in the UK and state legal minimum wage in the US, and adhering to the 'employer pays' principle, which is a commitment by employers to cover all costs associated with the recruitment of workers, rather than passing these costs on to the workers themselves. This means that no employee should ever have to pay to become a temporary or permanent worker within our organisation or supply chain.

We have been actively involved in the Supply Chain Sustainability School (SCSS) Labour working group and we were the first client level signatory, alongside many of our main contractors of the People Matter Charter. The People Matter Charter was created to help organisations and their supply chain address potential human rights, safety and inclusion challenges in one workforce strategy. The Charter has eight commitments that can apply to any organisation, of any size. This flexibility provides us with a holistic approach to addressing potential labour issues in the industry. We promote the Charter with our supply chain to provide them with a framework that can support their due diligence in their own value chain.

Other disclosures cont.

Unresolved SEC staff comments

There are no unresolved SEC staff comments required to be reported.

Property, plant, equipment and borrowings

This information can be found in note 13 to the financial statements (Property, plant and equipment) on page 168, and note 21 (Borrowings) on page 177. The Group does not have any encumbrances on material operational assets. At present, environmental issues are not preventing our UK and US businesses from utilising any material operating assets in the course of their operations. It is inherent in our business that assets may be affected by environmental issues, see risk factors included on page 229 on potentially harmful activities.

UK principal offices

- In the UK, our core regulated businesses focus on electricity transmission and distribution.
- Owned office space: Bristol, Cardiff, Castle Donnington, Plymouth and Warwick.
 - Leased office space: London.

US principal offices

- In North America, our core regulated businesses focus on transmission, distribution and retail of gas and electricity.
- Owned office space: Syracuse, Buffalo, Albany, Hicksville and Melville in New York. Northborough in Massachusetts.
 - Leased office space: Waltham and Boston in Massachusetts. Brooklyn in New York.

UK Listing Rule 6.6.1 R cross-reference table

Information required to be disclosed by UK LR 6.6.1 R (starting on page indicated):

Interest capitalised	Page 158
Publication of unaudited financial information	Page 236
Details of long-term incentive schemes	Page 110
Waiver of emoluments by a Director	Not applicable
Waiver of future emoluments by a Director	Not applicable
Non-pre-emptive issues of equity for cash	Not applicable
Item (7) in relation to major subsidiary undertakings	None
Parent participation in a placing by a listed subsidiary	Not applicable

Contracts of significance	Page 235
Provision of services by a controlling shareholder	Not applicable
Shareholder waivers of dividends	Page 253
Shareholder waivers of future dividends	Page 253
Agreements with controlling shareholders	Not applicable

Political donations and expenditure

At this year’s AGM, the Directors will again seek authority from shareholders, on a precautionary basis, for the Company and its subsidiaries to make donations to registered political parties and other political organisations and/or incur political expenditure as such terms are defined in the Companies Act 2006. In each case, donations will be in amounts not exceeding £125,000 in aggregate. The definitions of these terms in the Companies Act 2006 are very wide. As a result, this can cover bodies such as those concerned with policy review, law reform and the representation of the business community (for example, trade organisations). It could include special interest groups, such as those with environment interests, which the Company and its subsidiaries might wish to support, even though these activities are not designed to support or influence support for a particular party. The Companies Act 2006 states that all-party parliamentary groups are not political organisations for these purposes, meaning the authority to be sought from shareholders is not relevant to interactions with such groups. The Company has no intention of changing its current practice of not making political donations or incurring political expenditure within the ordinary meaning of those words. This authority is, therefore, being sought to ensure that none of the Company’s activities inadvertently infringe these rules. National Grid made no political donations and did not incur any political expenditure during the year, as such terms are defined for the purposes of the Companies Act 2006 and the Political Parties, Elections and Referendums Act 2000. However, in accordance with applicable law, National Grid operates voluntary Federal and New York State employee Political Action Committees (PACs) that raise funds from certain eligible employees and contribute them to support political candidates in the United States, as set out in our Global Corporate Policy on Political Contributions. National Grid US’s affiliated New York and federal PACs made political contributions in the US totalling \$60,800 during the year.

National Grid US’s affiliated New York PAC (NYPAC) and National Grid US’s affiliated federal PAC were funded wholly by voluntary employee contributions. Neither PAC received any corporate contributions during the past fiscal year.

Material contracts

Each of our Executive Directors has a service agreement and each Non-executive Director has a letter of appointment. Apart from these, no contract (other than contracts entered into in the ordinary course of business) has been entered into by the Group within the two years immediately preceding the date of this report that is, or may be, material; or which contains any provision under which any member of the Group has any obligation or entitlement which is material to the Group at the date of this report.

Research, development and innovation activity

- Indications of our activities in the field of research and development and innovation are provided throughout the Strategic Report and the Directors’ report, including:
- In our business unit sections on pages 18 – 22.
 - Within UK ET, we are working towards delivering up to £31 billion in our RIIO-T3 investment plan, acting as an engine for growth and powering the country through the shift to a cleaner economy.
 - In UK ED, we added an additional 250MVA of capacity to our distribution network and are on track to deliver an increase in capital investment of over £100 million.
 - In US NY, we delivered approximately \$4.6 billion in capital investment, up \$440 million year over year, and remain on track against our \$23 billion 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.
 - In US NE, 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. One of the ways we improved reliability was by incorporating AI tools, such as AiDASH which uses satellite imagery and AI to predict and remove vegetation threats, reducing outages by nearly 30%.
 - This year, NGV US announced 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.

Further examples of our innovation activity can be found in performance against our strategic priorities on pages 16 and 17.

Investment in research and development during the year for the Group was £38 million (2024/25: £43 million). We only disclose directly incurred expenditure, and not those amounts our partners contribute to joint or collaborative projects. Collaborating across the industry has played a crucial role in our ability to develop new programmes and deliver value to our stakeholders throughout 2025/26.

Other unaudited financial information

Alternative performance measures/non-IFRS reconciliations

Within the Annual Report, a number of financial measures are presented. These measures have been categorised as alternative performance measures (APMs), as per the European Securities and Markets Authority (ESMA) guidelines and the Securities and Exchange Commission (SEC) conditions for use of non-GAAP financial measures.

An APM is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined under IFRS. The Group uses a range of these measures to provide a better understanding of its underlying performance. APMs are reconciled to the most directly comparable IFRS financial measure where practicable.

The Group has defined the following financial measures as APMs derived from IFRS: net revenue, the various adjusted operating profit, earnings and earnings per share metrics detailed in the 'adjusted profit measures' section below, net debt, funds from operations (FFO), FFO interest cover and retained cash flow (RCF)/adjusted net debt. For each of these we present a reconciliation to the most directly comparable IFRS measure. We present 'constant currency' comparative period performance and capital investment by applying the current year average exchange rate to the relevant US dollar amounts in the comparative periods presented, to remove the year-on-year impact of foreign exchange translation.

We also have a number of APMs derived from regulatory measures which have no basis under IFRS; we call these Regulatory Performance Measures (RPMs). They comprise: Group RoE, operating company RoE, regulated asset base, regulated financial performance, regulatory gearing, asset growth and regulated asset growth. These measures include the inputs used by utility regulators to set the allowed revenues for many of our businesses.

We use RPMs to monitor progress against our regulatory agreements and certain aspects of our strategic objectives. Further, targets for certain of these performance measures are included in the Company's APP and LTPP and contribute to how we reward our employees. As such, we believe that they provide close correlation to the economic value we generate for our shareholders and are therefore important supplemental measures for our shareholders to understand the performance of the business and to ensure a complete understanding of Group performance.

As the starting point for our RPMs is not IFRS, and these measures are not governed by IFRS, we are unable to provide meaningful reconciliations to any directly comparable IFRS measures, as differences between IFRS and the regulatory recognition rules applied have built up over many years. Instead, for each of these we present an explanation of how the measure has been determined and why it is important, and an overview as to why it would not be meaningful to provide a reconciliation to IFRS.

Alternative performance measures

Net revenue and underlying net revenue

'Net revenue' is revenue less pass-through costs, such as UK system balancing costs and gas and electricity commodity costs in the US. Pass-through costs are fully recoverable from our customers and are recovered through charges that are designed to recover those costs with no profit. Where revenue received or receivable exceeds the maximum amount permitted by our regulatory agreement, adjustments will be made to future prices to reflect this over-recovery. No liability is recognised, as such an adjustment to future prices relates to the provision of future services. Similarly, no asset is recognised where a regulatory agreement permits adjustments to be made to future prices in respect of an under-recovery. 'Underlying net revenue' further adjusts net revenue to remove the impact of 'timing', i.e. the in-year difference between allowed and collected revenues, including revenue incentives, as governed by our rate plans in the US or regulatory price controls in the UK (but excluding totex-related allowances in NGET and certain other adjustments).

	Gross revenue £m	Pass-through costs £m	Net revenue £m	Timing £m	Underlying net revenue £m
Year ended 31 March 2026					
UK Electricity Transmission	2,898	(391)	2,507	77	2,584
UK Electricity Distribution	1,937	(184)	1,753	116	1,869
New England	4,174	(1,451)	2,723	(94)	2,629
New York	7,618	(3,113)	4,505	537	5,042
National Grid Ventures	1,098	—	1,098	—	1,098
Other	97	—	97	—	97
Sales between segments	(135)	—	(135)	—	(135)
Total	17,687	(5,139)	12,548	636	13,184

	Gross revenue £m	Pass-through costs £m	Net revenue £m	Timing £m	Underlying net revenue £m
Year ended 31 March 2025					
UK Electricity Transmission	2,619	(455)	2,164	151	2,315
UK Electricity Distribution	2,424	(185)	2,239	(407)	1,832
UK Electricity System Operator	1,029	(1,217)	(188)	479	291
New England	4,306	(1,658)	2,648	(61)	2,587
New York	6,689	(2,487)	4,202	343	4,545
National Grid Ventures	1,397	—	1,397	—	1,397
Other	122	—	122	—	122
Sales between segments	(208)	—	(208)	—	(208)
Total	18,378	(6,002)	12,376	505	12,881

Other unaudited financial information cont.

Year ended 31 March 2024	Gross revenue £m	Pass-through costs £m	Net revenue £m	Timing £m	Underlying net revenue £m
UK Electricity Transmission	2,735	(225)	2,510	(363)	2,147
UK Electricity Distribution	1,795	(233)	1,562	159	1,721
UK Electricity System Operator	3,788	(2,605)	1,183	(800)	383
New England	3,948	(1,653)	2,295	69	2,364
New York	6,094	(2,057)	4,037	20	4,057
National Grid Ventures	1,389	—	1,389	—	1,389
Other	244	—	244	—	244
Sales between segments	(143)	—	(143)	—	(143)
Total	19,850	(6,773)	13,077	(915)	12,162

Adjusted profit measures

In considering the financial performance of our business and segments, we use various adjusted profit measures in order to aid comparability of results year-on-year. The various measures are presented on pages 69 – 80 and reconciled below.

Adjusted results – these exclude the impact of exceptional items and remeasurements that are treated as discrete transactions under IFRS and can accordingly be classified as such. This is a measure used by management that is used to derive part of the incentive target set annually for remunerating certain Executive Directors, and further details of these items are included in note 5 to the financial statements.

Underlying results – further adapts our adjusted results for continuing operations to take account of volumetric and other revenue timing differences arising due to the in-year difference between allowed and collected revenues, including revenue incentives, as governed by our rate plans in the US or regulatory price controls in the UK (but excluding certain totex-related allowances in NGET and adjustments or allowances for pension deficit contributions). For 2025/26, as highlighted below, our underlying results exclude £636 million (2024/25: £505 million) of timing differences, but did include \$52 million (£39 million) of major storm costs (net of in-year allowances and deductibles) as in the current year these did not exceed our \$100 million threshold to be excluded from underlying results. In 2024/25, we incurred \$110 million (£87 million) of major storm costs (net of in-year allowances) which were excluded from our underlying results. We expect to recover major storm costs incurred through regulatory mechanisms in the US. Underlying results also exclude deferred tax in our UK regulated businesses (NGET and NGED). Our UK regulated revenues contain an allowance for current tax, but not for deferred tax, so excluding the IFRS deferred tax charge aligns our underlying results APM more closely with our regulatory performance measures.

Constant currency – the adjusted profit measures are also shown on a constant currency basis to show the year-on-year comparisons excluding any impact of foreign currency translation movements.

Reconciliation of statutory, adjusted and underlying profits from continuing operations at actual exchange rates

Year ended 31 March 2026	Statutory £m	Exceptionals and remeasurements £m	Adjusted £m	Timing £m	Major storm costs £m	Deferred tax on underlying profits in NGET and NGED £m	Underlying £m
UK Electricity Transmission	1,605	—	1,605	77	—	—	1,682
UK Electricity Distribution	1,122	—	1,122	116	—	—	1,238
New England	947	13	960	(94)	—	—	866
New York	1,184	(12)	1,172	537	—	—	1,709
National Grid Ventures	715	(388)	327	—	—	—	327
Other	(142)	—	(142)	—	—	—	(142)
Total operating profit	5,431	(387)	5,044	636	—	—	5,680
Net finance costs	(1,325)	54	(1,271)	—	—	—	(1,271)
Share of post-tax results of joint ventures and associates	76	—	76	—	—	—	76
Profit before tax	4,182	(333)	3,849	636	—	—	4,485
Tax	(939)	(16)	(955)	(168)	—	499	(624)
Profit after tax	3,243	(349)	2,894	468	—	499	3,861

Other unaudited financial information cont.

Year ended 31 March 2025	Statutory £m	Exceptionals and remeasurements £m	Adjusted £m	Timing £m	Major storm costs £m	Deferred tax on underlying profits in NGET and NGED £m	Underlying £m
UK Electricity Transmission	1,277	—	1,277	151	—	—	1,428
UK Electricity Distribution	1,598	12	1,610	(407)	—	—	1,203
UK Electricity System Operator	(213)	(151)	(364)	479	—	—	115
New England	1,008	(26)	982	(61)	3	—	924
New York	1,269	(246)	1,023	343	84	—	1,450
National Grid Ventures	5	375	380	—	—	—	380
Other	(10)	(133)	(143)	—	—	—	(143)
Total operating profit	4,934	(169)	4,765	505	87	—	5,357
Net finance costs	(1,357)	(4)	(1,361)	—	—	—	(1,361)
Share of post-tax results of joint ventures and associates	73	2	75	—	—	—	75
Profit before tax	3,650	(171)	3,479	505	87	—	4,071
Tax	(821)	(40)	(861)	(133)	(23)	401	(616)
Profit after tax	2,829	(211)	2,618	372	64	401	3,455

Year ended 31 March 2024	Statutory £m	Exceptionals and remeasurements £m	Adjusted £m	Timing £m	Major storm costs £m	Deferred tax on underlying profits in NGET and NGED £m	Underlying £m
UK Electricity Transmission	1,674	3	1,677	(363)	—	—	1,314
UK Electricity Distribution	975	18	993	159	—	—	1,152
UK Electricity System Operator	382	498	880	(800)	—	—	80
New England	641	2	643	69	90	—	802
New York	362	498	860	20	136	—	1,016
National Grid Ventures	558	(89)	469	—	—	—	469
Other	(117)	57	(60)	—	—	—	(60)
Total operating profit	4,475	987	5,462	(915)	226	—	4,773
Net finance costs	(1,464)	(15)	(1,479)	—	—	—	(1,479)
Share of post-tax results of joint ventures and associates	37	64	101	—	—	—	101
Profit before tax	3,048	1,036	4,084	(915)	226	—	3,395
Tax	(831)	(152)	(983)	227	(61)	302	(515)
Profit after tax	2,217	884	3,101	(688)	165	302	2,880

Reconciliation of adjusted and underlying earnings from continuing operations at constant currency

	At constant currency						
	Adjusted at actual exchange rate £m	Constant currency adjustment £m	Adjusted £m	Timing £m	Major storm costs £m	Deferred tax on underlying profits in NGET and NGED £m	Underlying £m
Year ended 31 March 2025							
UK Electricity Transmission	1,277	—	1,277	151	—	—	1,428
UK Electricity Distribution	1,610	—	1,610	(407)	—	—	1,203
UK Electricity System Operator	(364)	—	(364)	479	—	—	115
New England	982	(57)	925	(57)	3	—	871
New York	1,023	(58)	965	323	79	—	1,367
National Grid Ventures	380	—	380	—	—	—	380
Other	(143)	—	(143)	—	—	—	(143)
Total operating profit	4,765	(115)	4,650	489	82	—	5,221
Net finance costs	(1,361)	53	(1,308)	—	—	—	(1,308)
Share of post-tax results of joint ventures and associates	75	(2)	73	—	—	—	73
Profit before tax	3,479	(64)	3,415	489	82	—	3,986
Tax	(861)	15	(846)	(130)	(20)	401	(595)
Profit after tax	2,618	(49)	2,569	359	62	401	3,391
Attributable to non-controlling interests	(3)	—	(3)	—	—	—	(3)
Earnings	2,615	(49)	2,566	359	62	401	3,388
Earnings per share (pence)	55.6	(1.1)	54.5	7.7	1.3	8.5	72.0

Other unaudited financial information cont.

		At constant currency					
	Adjusted at actual exchange rate £m	Constant currency adjustment £m	Adjusted £m	Timing £m	Major storm costs £m	Deferred tax on underlying profits in NGET and NGED £m	Underlying £m
Year ended 31 March 2024							
UK Electricity Transmission	1,677	—	1,677	(363)	—	—	1,314
UK Electricity Distribution	993	—	993	159	—	—	1,152
UK Electricity System Operator	880	—	880	(800)	—	—	80
New England	643	(38)	605	65	84	—	754
New York	860	(52)	808	19	128	—	955
National Grid Ventures	469	(1)	468	—	—	—	468
Other	(60)	(1)	(61)	—	—	—	(61)
Total operating profit	5,462	(92)	5,370	(920)	212	—	4,662
Net finance costs	(1,479)	52	(1,427)	—	—	—	(1,427)
Share of post-tax results of joint ventures and associates	101	(2)	99	—	—	—	99
Profit before tax	4,084	(42)	4,042	(920)	212	—	3,334
Tax	(983)	10	(973)	227	(56)	302	(500)
Profit after tax	3,101	(32)	3,069	(693)	156	302	2,834
Attributable to non-controlling interests	(1)	—	(1)	—	—	—	(1)
Earnings	3,100	(32)	3,068	(693)	156	302	2,833
Earnings per share (pence)	77.7	(0.8)	76.9	(17.4)	3.9	7.6	71.0

Earnings per share calculations from continuing operations

The table below reconciles the profit after tax from continuing operations as per the previous tables back to the earnings per share from continuing operations for each of the adjusted profit measures.

	Profit after tax £m	Non-controlling interest £m	Profit after tax attributable to shareholders £m	Weighted average number of shares millions	Earnings per share pence
Year ended 31 March 2026					
Statutory	3,243	(2)	3,241	4,946	65.5
Adjusted	2,894	(2)	2,892	4,946	58.5
Underlying	3,861	(2)	3,859	4,946	78.0

	Profit after tax £m	Non-controlling interest £m	Profit after tax attributable to shareholders £m	Weighted average number of shares millions	Earnings per share pence
Year ended 31 March 2025					
Statutory	2,829	(3)	2,826	4,707	60.0
Adjusted	2,618	(3)	2,615	4,707	55.6
Underlying	3,455	(3)	3,452	4,707	73.3
Underlying at constant currency	3,391	(3)	3,388	4,707	72.0

	Profit after tax £m	Non-controlling interest £m	Profit after tax attributable to shareholders £m	Weighted average number of shares millions	Earnings per share pence
Year ended 31 March 2024					
Statutory	2,217	(1)	2,216	3,991	55.5
Adjusted	3,101	(1)	3,100	3,991	77.7
Underlying	2,880	(1)	2,879	3,991	72.1
Underlying at constant currency	2,834	(1)	2,833	3,991	71.0

Other unaudited financial information cont.

Timing and regulated revenue adjustments

As described on pages 220 – 225, our allowed revenues are set in accordance with our regulatory price controls or rate plans. We calculate the prices we charge our customers based on the estimated volume of energy we expect will be delivered during the coming period. The actual volumes delivered will differ from the estimate. Therefore, our total actual revenue will be different from our total allowed revenue. These differences are commonly referred to as timing differences. If we collect more than the allowed revenue, adjustments will be made to future prices to reflect this over-recovery, and if we collect less than the allowed level of revenue, adjustments will be made to future prices to reflect the under-recovery. In the US, a substantial portion of our costs are pass-through costs (including commodity and energy-efficiency costs) and are fully recoverable from our customers. Timing differences between costs of this type being incurred and their recovery through revenue are also included in timing. The amounts calculated as timing differences are estimates and subject to change until the variables that determine allowed revenue are final. Timing differences tend to be short-term in nature (typically less than two years) and are applicable where existing regulatory recovery mechanisms are already in place, hence dependent on an operating company's current rate plan or price control. Future revenue adjustments linked to mechanisms in rate plans that have not yet been agreed are not normally considered to be timing.

New England and New York in-year over/(under)-recovery and all New England and New York balances have been translated using the average exchange rate of \$1.34 for the year ended 31 March 2026.

	UK Electricity Transmission £m	UK Electricity Distribution £m	UK Electricity System Operator £m	New England £m	New York £m	Total £m
1 April 2025 opening balance ¹	9	118	—	(368)	301	60
(Under)/over-recovery	(77)	(116)	—	94	(537)	(636)
31 March 2026 closing balance to (recover)/return²	(68)	2	—	(274)	(236)	(576)

	UK Electricity Transmission £m	UK Electricity Distribution £m	UK Electricity System Operator £m	New England £m	New York £m	Total £m
1 April 2024 opening balance ¹	160	(282)	941	(425)	624	1,018
(Under)/over-recovery	(151)	407	(479)	57	(323)	(489)
Disposal	—	—	(462)	—	—	(462)
31 March 2025 closing balance to return/(recover)²	9	125	—	(368)	301	67

	UK Electricity Transmission £m	UK Electricity Distribution £m	UK Electricity System Operator £m	New England £m	New York £m	Total £m
1 April 2023 opening balance ¹	(213)	(124)	77	(360)	643	23
(Under)/over-recovery	363	(159)	800	(65)	(19)	920
31 March 2024 closing balance to return/(recover)²	150	(283)	877	(425)	624	943

1. Opening balances have been restated to reflect the finalisation of calculated over/(under)-recoveries in both the UK and the US and also adjusted for the regulatory time value of money impact on opening balances, where appropriate, in the UK.

2. The closing balance at 31 March 2026 was £584 million under-recovered (translated at the closing rate of \$1.32:£1). 31 March 2025 was £65 million over-recovered (translated at the closing rate of \$1.29:£1). 31 March 2024 was £954 million over-recovered (including discontinued operations and translated at the closing rate of \$1.26:£1).

In addition to the (short-term) timing adjustments described above, other regulated revenue adjustments also exist. For example, as part of the RIIO price controls in the UK, outperformance against allowances as a result of the totex incentive mechanism, together with changes in output-related allowances included in the original price control, will almost always be adjusted in future revenue recoveries, typically starting in two years' time. We also receive revenues in relation to certain costs incurred or expected to be incurred (for example pension deficit contributions), with differences between revenues received and cost incurred adjusted in future revenue recoveries, e.g. after a triennial actuarial pension funding valuation has been concluded. Our current IFRS revenues and earnings include these amounts that relate to certain costs incurred in prior years or that will need to be repaid or recovered in future periods. Such adjustments will form an important part of the continuing difference between reported IFRS results and underlying economic performance based on our regulatory obligations. In the US, accumulated regulatory entitlements cover a range of different areas, with the most significant being environmental remediation and pension assets, as well as deferred storm costs. All regulatory entitlements are recoverable (or repayable) over different periods, which are agreed with the regulators to match the expected payment profile for the liabilities.

Other unaudited financial information cont.

Capital investment at constant currency

Capital investment measures are presented at actual exchange rates, but are also shown on a constant currency basis to show the year-on-year comparisons excluding any impact of foreign currency translation movements.

Year ended 31 March	At actual exchange rates			At constant currency		
	2026 £m	2025 £m	change	2026 £m	2025 £m	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%
Capital investment (regulated networks)	11,460	9,465	21%	11,460	9,176	25%
National Grid Ventures	109	378	(71%)	109	362	(70%)
Other	7	4	75%	7	4	75%
Group capital investment – total	11,576	9,847	18%	11,576	9,542	21%

Capital expenditure

Capital expenditure (for the purposes of measuring green capex aligned to the EU Taxonomy) comprises additions to property, plant and equipment and intangible assets, but excludes capital prepayments and equity contributions to joint ventures and associates during the period.

	2026 £m	2025 £m
Asset type:		
Property, plant and equipment	9,924	8,894
Non-current intangible assets	693	478
Transfers from prepayments	501	87
Group capital expenditure	11,118	9,459
Equity investments in joint ventures and associates	27	116
Capital expenditure prepayments	932	359
Transfers to capital expenditure additions	(501)	(87)
Group capital investment	11,576	9,847

Net debt

See note 29 of the financial statements on page 190 for the definition and reconciliation of net debt.

Funds from operations and interest cover

FFO are the cash flows generated by the operations of the Group. Credit rating metrics, including FFO, are used as indicators of balance sheet strength.

Year ended 31 March	2026 £m	2025 ¹ £m	2024 ¹ £m
Interest expense (income statement)	1,649	1,810	1,723
Hybrid interest reclassified as dividend	(13)	(37)	(38)
Capitalised interest	424	294	251
Pensions interest adjustment	12	13	9
Unwinding of discount on provisions	(123)	(130)	(102)
Pension interest	—	—	94
Adjusted interest expense	1,949	1,950	1,937
Net cash inflow from operating activities	7,829	6,808	6,939
Interest received on financial instruments	231	332	148
Interest paid on financial instruments	(1,932)	(1,920)	(1,627)
Dividends received	105	126	176
Working capital adjustment	(632)	(104)	49
Excess employer pension contributions	16	26	27
Hybrid interest reclassified as dividend	13	37	38
Add back accretions	168	152	208
Difference in net interest expense in income statement to cash flow	14	(45)	(253)
Difference in current tax in income statement to cash flow	186	145	(24)
Current tax related to prior periods	(172)	—	—
Funds from operations (FFO)	5,826	5,557	5,681
FFO interest cover ((FFO + adjusted interest expense)/ adjusted interest expense)	4.0x	3.8x	3.9x

1. Numbers for 2025 and 2024 reflect the calculations for the total Group as based on the published accounts for the respective years.

Other unaudited financial information cont.

Funds from operations/adjusted net debt and retained cash flow/adjusted net debt

FFO/adjusted net debt and RCF/adjusted net debt are credit metrics that we monitor in order to ensure the Group is generating sufficient cash to service its debts, consistent with maintaining a strong investment-grade credit rating.

Year ended 31 March	2026 £m	2025 ¹ £m	2024 ¹ £m
Funds from operations (FFO)	5,826	5,557	5,681
Hybrid interest reclassified as dividend	(13)	(37)	(38)
Ordinary dividends paid to shareholders	(1,623)	(1,529)	(1,718)
RCF	4,190	3,991	3,925
Borrowings	46,755	47,539	47,072
Less:			
50% hybrid debt	(328)	(814)	(1,034)
Cash and cash equivalents	(375)	(1,178)	(578)
Financial and other investments	(1,370)	(5,156)	(3,084)
Underfunded pension obligations	237	247	266
Borrowings in held for sale	—	—	13
Collateral – cash received under collateral agreements ²	—	—	—
Adjusted net debt (includes pension deficit)	44,919	40,638	42,655
FFO/adjusted net debt	13.0%	13.7%	13.3%
RCF/adjusted net debt	9.3%	9.8%	9.2%

1. Numbers for 2025 and 2024 reflect the calculations for the total Group as based on the published accounts for that year.

2. Below agency threshold to adjust in 2026, 2025 and 2024.

Regulatory performance measures

Regulated financial performance – UK

Regulatory financial performance is a pre-interest and tax measure, starting at segmental operating profit and making adjustments (such as the elimination of all pass-through items included in revenue allowances and timing) to approximate regulatory profit for the UK regulated activities. This measure provides a bridge for investors between a well-understood and comparable IFRS starting point and the key adjustments required to approximate regulatory profit. This measure also provides the foundation to calculate Group RoE.

Under the UK RIIO regulatory arrangements the Company is incentivised to deliver efficiencies against cost targets set by the regulator. In total, these targets are set in terms of a regulatory definition of combined total operating and capital expenditure, also termed 'totex'. The definition of totex differs from the total combined regulated controllable operating costs and regulated capital expenditure as reported in this statement according to IFRS accounting principles. Key differences are capitalised interest, capital contributions, exceptional costs, costs covered by other regulatory arrangements and unregulated costs.

For the reasons noted above, the table below shows the principal differences between the IFRS operating profit and the regulated financial performance, but is not a formal reconciliation to an equivalent IFRS measure.

UK Electricity Transmission

Year ended 31 March	2026 £m	2025 £m	2024 £m
Adjusted operating profit	1,605	1,277	1,677
Movement in regulatory 'IOUs'	278	256	(363)
UK regulatory notional deferred taxation adjustment	276	238	219
RAV indexation – 2% CPIH long-run inflation	410	368	343
Regulatory vs IFRS depreciation difference	(622)	(575)	(553)
Fast money/other	(435)	(261)	(119)
Pensions	—	—	(2)
Performance RAV created	76	65	68
Regulated financial performance	1,588	1,368	1,270

UK Electricity Distribution

Year ended 31 March	2026 £m	2025 £m	2024 £m
Adjusted operating profit	1,122	1,610	993
Less non-regulated profits	(11)	(7)	(8)
Movement in regulatory 'IOUs'	131	(417)	158
UK regulatory notional deferred taxation adjustment	36	15	38
RAV indexation – 2% CPIH long-run inflation	245	230	216
Regulatory vs IFRS depreciation difference	(551)	(547)	(555)
Fast money/other	(72)	(46)	(36)
Performance RAV created	5	(1)	50
Regulated financial performance	905	837	856

UK Electricity System Operator

Year ended 31 March	2026 £m	2025 £m	2024 £m
Adjusted operating profit	—	(364)	880
Movement in regulatory 'IOUs'	—	479	(800)
UK regulatory notional deferred taxation adjustment	—	3	2
RAV indexation – 2% CPIH long-run inflation	—	9	7
Regulatory vs IFRS depreciation difference	—	(50)	(19)
Fast money/other	—	(44)	(29)
Regulated financial performance	—	33	41

Other unaudited financial information cont.

Regulated financial performance – US

New England

Year ended 31 March	2026 £m	2025 £m	2024 £m
Adjusted operating profit	960	982	643
Major storm costs	—	3	90
Timing	(94)	(61)	69
US GAAP pension adjustment and other ¹	79	60	29
Regulated financial performance	945	984	831

1. £2 million unfavourable COVID-19 bad debt provision adjustment included in 2025 other.

New York

Year ended 31 March	2026 £m	2025 £m	2024 £m
Adjusted operating profit	1,172	1,023	860
Provision for bad and doubtful debts (COVID-19), net of recoveries ¹	(37)	(47)	(34)
Major storm costs	—	84	136
Timing	537	343	20
US GAAP pension adjustment	43	48	42
Regulated financial performance	1,715	1,451	1,024

1. New York financial performance includes an adjustment reflecting our expectation for future recovery of COVID-19 related provisions for bad and doubtful debts.

Total regulated financial performance

Year ended 31 March	2026 £m	2025 £m	2024 £m
UK Electricity Transmission	1,588	1,368	1,270
UK Electricity Distribution	905	837	856
UK Electricity System Operator	—	33	41
New England	945	984	831
New York	1,715	1,451	1,024
Total regulated financial performance	5,153	4,673	4,022

New England and New York timing, major storms costs and movement in UK regulatory 'IOUs' – Revenue related to performance in one year may be recovered in later years. Where revenue received or receivable exceeds the maximum amount permitted by our regulatory agreement, adjustments will be made to future prices to reflect this over-recovery. No liability is recognised under IFRS, as such an adjustment to future prices relates to the provision of future services. Similarly, no asset is recognised under IFRS where a regulatory agreement permits adjustments to be made to future prices in respect of an under-recovery. In the UK, this is calculated as the movement in other regulated assets and liabilities.

Performance RAV – UK performance efficiencies are in part remunerated by the creation of additional RAV which is expected to result in future earnings under regulatory arrangements. This is calculated as in-year totex outperformance multiplied by the appropriate regulatory capitalisation ratio and multiplied by the retained company incentive sharing ratio.

Pension adjustment – Cash payments against pension deficits in the UK are recoverable under regulatory contracts. In US regulated operations, US GAAP pension charges are generally recoverable through rates. Revenue recoveries are recognised under IFRS but payments are not charged against IFRS operating profits in the year. In the UK, this is calculated as cash payments against the regulatory proportion of pension deficits in the UK regulated business, whereas in the US it is the difference between IFRS and US GAAP pension charges.

2% CPIH and 3% RPI RAV indexation – Future UK revenues are expected to be set using an asset base adjusted for inflation. This is calculated as UK RAV multiplied by 2% long-run CPIH inflation assumption under RIIO-2 and a 3% long-run RPI inflation assumption under RIIO-1.

UK regulatory notional deferred taxation adjustment – Future UK revenues are expected to recover cash taxation cost including the unwinding of deferred taxation balances created in the current year. This is the difference between: (1) IFRS underlying EBITDA less other regulatory adjustments; and (2) IFRS underlying EBITDA less other regulatory adjustments less current taxation (adjusted for interest tax shield) then grossed up at full UK statutory tax rate.

Regulatory depreciation – US and UK regulated revenues include allowance for a return of regulatory capital in accordance with regulatory assumed asset lives. This return does not form part of regulatory profit.

Fast/slow money adjustment – The regulatory remuneration of costs incurred is split between in-year revenue allowances and the creation of additional RAV. This does not align with the classification of operating costs and fixed asset additions under IFRS accounting principles. This is calculated as the difference between IFRS classification of operating costs versus fixed asset additions and the regulatory classification.

Other unaudited financial information cont.

Regulated asset base

The regulated asset base is a regulatory construct, based on predetermined principles not based on IFRS. It effectively represents the invested capital on which we are authorised to earn a cash return. By investing efficiently in our networks, we add to our regulated asset base over the long term, and this in turn contributes to delivering shareholder value. Our regulated asset base comprises our regulatory asset value in the UK plus our rate base in the US.

Maintaining efficient investment in our regulated asset base ensures we are well positioned to provide consistently high levels of service to our customers and increases our revenue allowances in future years. While we have no specific target, our overall aim is to achieve around 10% growth in regulated asset base each year through continued investment in our networks in both the UK and US.

In the UK, the way in which our transactions impact RAV is driven by principles set out by Ofgem. In a number of key areas these principles differ from the requirements of IFRS, including areas such as additions and the basis for depreciation. Further, our UK RAV is adjusted annually for inflation. RAV in each of our retained UK businesses has evolved over the period since privatisation in 1990 and, as a result, historical differences between the initial determination of RAV and balances reported under UK GAAP at that time still persist. In the case of UK ED, differences arise as the result of acquisition fair value adjustments (where PP&E at acquisition has been valued above RAV). Due to the above, substantial differences exist in the measurement bases between RAV and an IFRS balance metric, and therefore it is not possible to provide a meaningful reconciliation between the two.

In the US, rate base is a regulatory measure determined for each of our main US operating companies. It represents the value of property and other assets or liabilities on which we are permitted to earn a rate of return, as set out by the regulatory authorities for each jurisdiction. The calculations are based on the applicable regulatory agreements for each jurisdiction and include the allowable elements of assets and liabilities from our US companies. For this reason, it is not practical to provide a meaningful reconciliation from the US rate base to an equivalent IFRS measure.

'Total regulated and other balances' for our UK regulated businesses include the under- or over-recovery of allowances that those businesses target to collect in any year, which are based on the regulator's forecasts for that year. Under the UK price control arrangements, revenues will be adjusted in future years to take account of actual levels of collected revenue, costs and outputs delivered when they differ from those regulatory forecasts. In the US, other regulatory assets and liabilities include regulatory assets and liabilities which are not included in the definition of rate base, including working capital where appropriate.

'Total regulated and other balances' for NGV and other businesses includes assets and liabilities as measured under IFRS, but excludes certain assets and liabilities such as pensions, tax, net debt and goodwill.

Year ended 31 March (£m at constant currency)	RAV, rate base or other business assets		Total regulated and other balances	
	2026 £m	2025 ¹ £m	2026 ^{2,3} £m	2025 ^{1,2,3} £m
UK Electricity Transmission	23,847	20,525	23,786	20,186
UK Electricity Distribution	13,139	12,254	13,026	12,010
New England	10,289	9,198	12,059	11,060
New York	19,163	17,496	21,840	19,281
Total regulated	66,438	59,473	70,711	62,537
National Grid Ventures and other business balances	5,545	7,266	3,955	6,477
Total Group regulated and other balances	71,983	66,739	74,666	69,014

1. Figures relating to prior periods have, where appropriate, been re-presented at constant currency, for segmental reorganisation, opening balance adjustments following the completion of the UK regulatory reporting pack process and finalisation of US balances.

2. Includes totex-related regulatory IOUs of £105 million (2025: £250 million) and under-recovered timing balances of £568 million (2025: £62 million over-recovered).

3. Includes assets for construction work-in-progress of £3,084 million (2025: £2,528 million), other regulatory assets related to timing and other cost deferrals of £1,230 million (2025: £1,113 million) and net working capital assets of £134 million (2025: £95 million net working capital assets).

New England and New York rate base and other total regulated and other balances for 31 March 2025 have been re-presented in the table above at constant currency. At actual currency the values were £11.3 billion and £19.8 billion respectively.

Group RoE

Group RoE provides investors with a view of the performance of the Group as a whole compared with the amounts invested by the Group in assets attributable to equity shareholders. It reflects the regulated activities as well as the contribution from our non-regulated businesses together with joint ventures and non-controlling interests. We use Group RoE to measure our performance in generating value for our shareholders, and targets for Group RoE are included in APP and LTPP incentive mechanisms for Executive members. Group RoE is underpinned by our regulated asset base. Goodwill and indefinite-lived intangible assets are amortised in the denominator over 20 years, to reflect the estimated period over which the value related to the premium paid on acquisition would be realised. For the reasons noted above, no reconciliation to IFRS has been presented, as we do not believe it would be practical.

Calculation: Regulatory financial performance including a long-run inflation assumption (2% CPIH for RII0-2), less adjusted interest and adjusted taxation divided by equity investment in assets:

- adjusted interest removes accretions above long-run inflation rates, interest on pensions, capitalised interest in regulated operations and unwind of discount rate on provisions;
- adjusted taxation adjusts the Group taxation charge (before exceptional items and remeasurements) for differences between IFRS profit before tax and regulated financial performance less adjusted interest; and
- equity investment in assets is calculated as opening UK RAV, opening US rate base, goodwill and indefinite-lived intangibles (adjusted for 'asset swap' transactions and the 'value realisation' of goodwill over 20 years), plus opening net book value of NGV and other activities (excluding certain pensions, tax and commodities balances) and our share of JVs and associates, minus opening net debt as reported under IFRS restated to the weighted average sterling-dollar exchange rate for the year.

Other unaudited financial information cont.

Year ended 31 March	2026 £m	2025 £m	2024 £m
Regulated financial performance	5,153	4,673	4,022
Operating profit of other activities – continuing and discontinued operations	231	275	467
Group financial performance	5,384	4,948	4,489
Share of post-tax results of joint ventures and associates ¹	76	100	174
Non-controlling interests	(2)	(3)	(1)
Adjusted total Group interest charge (including discontinued)	(1,633)	(1,590)	(1,613)
Total Group tax charge (including discontinued)	(955)	(861)	(983)
Tax on adjustments	(4)	8	270
Total Group financial performance after interest and tax	2,866	2,602	2,336
Opening rate base/RAV	59,071	55,326	50,806
Opening other balances	7,212	8,223	7,973
Opening RAV, rate base and other balances	66,283	63,549	58,779
Opening goodwill	11,145	11,430	11,444
Opening goodwill adjustment (realisation of value over 20 years)	(4,599)	(4,441)	(4,053)
Opening strategic pivot (asset swap) adjustment ²	(3,387)	(3,450)	(3,464)
Opening capital employed	69,442	67,088	62,706
Opening net debt	(40,343)	(43,509)	(40,505)
Rights Issue adjustment (£6.8 billion net proceeds pro-rated from June 2024)	—	5,471	—
Opening equity	29,099	29,050	22,201
Group RoE	9.8%	9.0%	10.5%

- 2026 includes £nil (2025: £25 million; 2024: £73 million) in respect of the Group's minority interest in National Gas Transmission, which was fully divested during 2024/25.
- The regulatory gains on disposal of NECO and UK Gas Transmission (proceeds received less RAV, rate base and other related balances used to calculate the Group RoE denominator) deducted against IFRS goodwill and indefinite-lived intangibles recognised on acquisition of NGED. For this metric, the purchase of NGED and sales of NECO and UK Gas Transmission were deemed to be linked transactions with the opening equity reflecting the impact of these as asset swaps rather than as unrelated transactions.

Group RoE three-year average calculation

The Group RoE metrics for each of the years 2025/26, 2024/25 and 2023/24 are provided in the table above, resulting in a historical three-year average Group RoE of 9.8% (2025: 11.0%).

UK and US regulated RoE

Year ended 31 March	Regulatory Debt: Equity assumption	Achieved Return on Equity		Base or Allowed Return on Equity	
		2026 %	2025 %	2026 %	2025 %
UK Electricity Transmission	55/45	8.2	8.3	7.2	7.3
UK Electricity Distribution	60/40	8.1	7.9	7.6	7.7
New England	Avg. 45/55	9.2	9.1	9.6	9.9
New York	Avg. 52/48	9.0	8.7	9.4	9.2

UK businesses' regulated RoEs

UK regulated businesses' RoEs are a measure of how the businesses are performing against the assumptions used by our UK regulator. These returns are calculated using the assumption that the businesses are financed in line with the regulatory adjudicated capital structure, at the cost of debt assumed by the regulator, and that inflation is equal to a long-run assumption of 2% CPIH under RII0-2. They are calculated by dividing elements of out/under-performance versus the regulatory contract (i.e. regulated financial performance disclosed above) by the average equity RAV in line with the regulatory assumed capital structure and adding to the base allowed RoE.

These are important measures of UK regulated businesses' performance, and our operational strategy continues to focus on these metrics. These measures can be used to determine how we are performing under the RII0 framework and also help investors to compare our performance with similarly regulated UK entities. Reflecting the importance of these metrics, they are also key components of the APP scheme.

The respective businesses' UK RoEs are underpinned by their RAVs. For the reasons noted above, no reconciliation to IFRS has been presented, as we do not believe it would be practical.

US businesses' regulated RoEs

US regulated businesses' RoEs are a measure of how the businesses are performing against the assumptions used by the US regulators. This US operational return measure is calculated using the assumption that the businesses are financed in line with the regulatory adjudicated capital structure and allowed cost of debt. The returns are divided by the average rate base (or where a reported rate base is not available, an estimate based on rate base calculations used in previous rate filings) multiplied by the adjudicated equity portion in the regulatory adjudicated capital structure.

These are important measures of our New England and New York regulated businesses' performance, and our operational strategy continues to focus on these metrics. This measure can be used to determine how we are performing and also helps investors compare our performance with similarly regulated US entities. Reflecting the importance of these metrics, they are also key components of the APP scheme.

The New England and New York businesses' returns are based on a calculation which gives proportionately more weighting to those businesses which have a greater rate base. For the reasons noted above, no reconciliations to IFRS for the RoE measures have been presented, as we do not believe it would be practical to reconcile our IFRS balance sheet to the equity base.

The table below shows the principal differences between the IFRS result of the New England and New York segments, and the 'returns' used to derive their respective US jurisdictional RoEs. In outlining these differences, we also include the aggregated business results under US GAAP for New England and New York jurisdictions.

Other unaudited financial information cont.

In respect of 2024/25 and 2023/24, this measure is the aggregate operating profit of our US OpCo entities' publicly available financial statements prepared under US GAAP for the New England and New York jurisdictions respectively. For 2025/26, this measure represents our current estimate, since local financial statements have yet to be prepared.

	2026 £m	2025 £m	2024 £m
Underlying IFRS operating profit for New England segment	866	924	802
Underlying IFRS operating profit for New York segment	1,709	1,450	1,016
Weighted average £/\$ exchange rate	\$1.343	\$1.266	\$1.262

	New England			New York		
	2026 \$m	2025 \$m	2024 \$m	2026 \$m	2025 \$m	2024 \$m
Underlying IFRS operating profit for US segments	1,164	1,170	1,013	2,296	1,836	1,283
<i>Adjustments to convert to US GAAP as applied in our US OpCo entities</i>						
Adjustment in respect of customer contributions	(31)	(30)	(29)	(44)	(51)	(37)
Pension accounting differences ¹	108	78	43	59	61	63
Environmental charges recorded under US GAAP	11	5	10	(140)	(144)	21
Storm costs and recoveries recorded under US GAAP	(98)	(59)	(56)	57	(7)	6
Other regulatory deferrals, amortisation and other items	(402)	(314)	(139)	(833)	(518)	(155)
Results for US regulated OpCo entities, aggregated under US GAAP²	752	850	842	1,395	1,177	1,181
<i>Adjustments to determine regulatory operating profit used in US RoE</i>						
Levelisation of rate increases	—	—	—	184	196	—
FERC RoE order ³	157	—	—	—	—	—
Net other	116	96	14	157	178	151
Regulatory operating profit	1,025	946	856	1,736	1,551	1,332
Pensions ¹	95	70	60	308	169	159
Regulatory interest charge	(241)	(219)	(199)	(588)	(459)	(374)
Regulatory tax charge	(240)	(218)	(196)	(404)	(351)	(305)
Regulatory earnings used to determine US RoE	639	579	521	1,052	910	812

1. An element of the pensions charge is reported outside operating profit under US GAAP.

2. Based on US GAAP accounting policies as applied by our US regulated OpCo entities.

3. The US GAAP impact of the FERC rate order in March 2026 is not included in New England's reported RoE for 2025/26 (as our US RoEs are a measure of our current year performance against current year allowances) and the FERC rate order relates to complaints filed against FERC allowed RoE rates dating back to 2011 in relation to reductions in historical years' revenues. The impact of lower rates did not have a significant impact as applied to current year allowed revenues.

In addition to the regulatory earnings used to determine US RoE, our US regulated businesses also earn a return on assets outside of rate base (principally construction work-in-progress) of \$2.3 billion (2025: \$2.5 billion) in New England and \$3.5 billion (2025: \$2.4 billion) in New York. In 2025/26, this additional return amounted to \$77 million (2025: \$75 million) in New England and \$153 million (2025: \$118 million) in New York. The aggregate of regulatory earnings used to determine US RoE and the return on assets outside of rate base for the year was \$716 million (2025: \$654 million) for New England and \$1,205 million (2025: \$1,029 million) for New York.

	New England			New York		
	2026 \$m	2025 \$m	2024 \$m	2026 \$m	2025 \$m	2024 \$m
Average US equity base	6,988	6,352	5,645	11,637	10,512	9,517
US jurisdiction RoE	9.2%	9.1%	9.2%	9.0%	8.7%	8.5%

Information on differences between IFRS and regulatory balances

There are certain significant assets and liabilities included in our IFRS balance sheet, which are treated differently in the analysis below and to which we draw readers' attention. Our UK OpCo RAVs are different to the IFRS carrying value of PP&E and intangibles in these entities. For example, the annual indexation (inflationary uplift) adjustment applied to RAV compared with the IFRS value of these assets (which are held at amortised cost), borrowing costs included as part of capital investment under IFRS are not added to RAV but are recovered by means of a 'cost of debt allowance' in allowed regulatory revenues, additions to RAV are based on a 'slow money' capitalisation percentage (set by the regulator) which is then applied to 'totex' (i.e. capex plus opex) or in the case of UK ED, the result of acquisition fair value adjustments (where PP&E at acquisition has been valued above RAV). In addition, under IFRS we recognise liabilities in respect of US environmental remediation costs, and pension and OPEB costs. For regulatory purposes, these are not shown as obligations because we are entitled to full recovery of costs through our existing rate plans. The impact of US tax reform in 2017/18 which resulted in a reduction in IFRS deferred tax liabilities, and from a regulatory perspective remains as a future obligation, results in a regulatory liability within US rate base. Regulatory IOUs which reflect net over- or under-recoveries compared with our regulatory allowances are treated within this table as obligations (or rights) but do not qualify for recognition as liabilities (or assets) under IFRS.

Other unaudited financial information cont.

Asset growth and regulated asset growth

To help readers' assessment of the financial position of the Group, the table below shows an aggregated position for the Group, as viewed from a regulatory perspective. The asset growth and regulated asset growth measures included in the table below are calculated in part from financial information used to derive measures sent to and used by our regulators in the UK and US, and accordingly inform certain of the Group's regulatory performance measures, but are not derived from, and cannot be reconciled to, IFRS. These alternative performance measures include regulatory assets and liabilities and certain IFRS assets and liabilities of businesses that were classified as held for sale under IFRS 5.

Asset growth is the annual percentage increase in our RAV and US rate base and other non-regulated business balances (including our investments in NGV, UK property and other assets and US other assets) calculated at constant currency.

Regulated asset growth is the annual percentage increase in our RAV and US rate base (calculated at constant currency), but does not include other non-regulated business balances.

£m	2025/26				
	31 March 2026	Sale of Grain LNG and NG Renewables	31 March 2025	Increase	Asset growth
UK RAV	36,986	—	32,779	4,207	12.8%
US rate base	29,452	—	26,694	2,758	10.3%
Total RAV and rate base (used to calculate regulated asset growth)	66,438	—	59,473	6,965	11.7%
National Grid Ventures and other	5,545	(2,032)	7,266	311	4.3 %
Total assets (used to calculate asset growth)	71,983	(2,032)	66,739	7,276	10.9%

For 2025/26, asset growth was 10.9% and regulated asset growth was 11.7%, which excludes the impact of the reduction in assets from the sales of NG Renewables and Grain LNG during the year (2024/25: excluding the reduction in RAV as a result of the sale of the UK Electricity System Operator business, based on an estimated RAV value at the date of disposal).

£m	2024/25				
	31 March 2025	Sale of ESO	31 March 2024	Increase	Asset growth
UK RAV	32,805	(469)	30,310	2,964	9.8%
US rate base	27,345	—	24,527	2,818	11.5%
Total RAV and rate base (used to calculate regulated asset growth)	60,150	(469)	54,837	5,782	10.5%
National Grid Ventures and other	7,352	—	7,509	(157)	(2.1)%
Total assets (used to calculate asset growth)	67,502	(469)	62,346	5,625	9.0%

Figures relating to prior periods have, where appropriate, been re-presented at constant currency, for opening balance adjustments following the completion of the UK regulatory reporting pack process and finalisation of US balances.

Regulatory gearing

Regulatory gearing is a measure of how much of our investment in RAV and rate base and other elements of our invested capital (including our investments in NGV, UK property and UK other assets and US other assets) is funded through debt. Comparative amounts as at 31 March 2025 are presented at historical exchange rates and have not been restated for opening balance adjustments.

As at 31 March	2026 £m	2025 £m	
UK RAV	36,986	32,805	
US rate base	29,452	27,345	
Other invested capital included in gearing calculation	5,545	7,352	
Total assets included in gearing calculation	71,983	67,502	
Net debt (including 100% of hybrid debt and held for sale)	(44,160)	(41,316)	change
Group gearing (based on 100% of net debt including held for sale)	61%	61%	— % pts
Group gearing (excluding 50% of hybrid debt from net debt) including held for sale	61%	60%	1 % pts

Cash flow statement used in credit metric calculation

The table below re-analyses our IFRS operating cash flows for the purposes of facilitating calculation of certain measures of credit worthiness – being RCF/adjusted net debt and FFO/adjusted net debt as described on pages 241 and 242. The differences between this table and the consolidated cash flow statement relate to the disaggregation of cash flows relating to items considered 'exceptional' as described in note 5, as explained within the footnotes below:

	Notes	2026 £m	2025 £m	2024 £m
<i>Cash flows from operating activities</i>				
Total operating profit from continuing operations	2(b)	5,431	4,934	4,475
Adjustments for:				
Exceptional items and remeasurements	5	(387)	(169)	987
Other fair value movements		(31)	66	(16)
Depreciation, amortisation and impairment		2,247	2,175	2,061
Share-based payments		45	37	37
Changes in working capital		759	104	(49)
Changes in provisions		(127)	10	(154)
Changes in pensions and other post-retirement benefit obligations		(31)	(90)	31
Cash flows relating to exceptional items		(45)	(76)	(91)
Cash generated from operations – continuing operations		7,861	6,991	7,281
Tax paid		(32)	(183)	(342)
Net cash inflow from operating activities – continuing operations		7,829	6,808	6,939

Commentary on consolidated financial statements for the year ended 31 March 2025

In compliance with SEC rules, we present a summarised analysis of movements in the income statement and an analysis of movements in adjusted operating profit (for the continuing Group) by operating segment. This should be read in conjunction with the 31 March 2025 Financial review included on pages 69 – 84.

Analysis of the income statement for the year ended 31 March 2025

Revenue

Revenue from continuing operations for the year ended 31 March 2025 decreased by £1,472 million to £18,378 million. Lower revenues were primarily the result of £771 million lower pass-through costs and a timing under-recovery of £505 million compared with an over-recovery of £915 million in the prior year. This mostly related to the UK Electricity System Operator business sold mid-year and also US commodity pass-through costs in New York and New England. Underlying net revenues increased £719 million driven by increased rates and higher returns on our investment in our regulated businesses.

Operating costs

Operating costs from continuing activities for the year ended 31 March 2025 of £13,613 million were £787 million lower than prior year. This decrease in costs excluded exceptional items and remeasurements impacts, discussed below. Operating costs were driven by lower UK Electricity System Operator balancing service pass-through costs down £1,343 million (business was sold mid-way through 2024/25) partly offset by increased gas and electricity purchases (mostly on behalf of our US customers, which are pass-through in nature) up £324 million. Higher depreciation as a result of continued asset investment was up £114 million compared with 2023/24.

Net finance costs

Net finance costs (excluding remeasurements) for 2024/25 were £1,361 million, down from £1,479 million in the prior year, driven by the Rights Issue in June 2024, which raised net proceeds of £6.8 billion. The beneficial impact of this was partly offset by outflows for higher levels of capital investment and higher interest rates on new borrowings, partly mitigated by higher levels of capitalised interest compared with 2023/24.

Tax

The tax charge on profits before exceptional items and remeasurements of £861 million was £122 million lower than 2023/24. This was primarily driven by lower taxable profits (principally related to a £1.3 billion year-on-year adverse timing swing in our UK Electricity System Operator business which was sold during 2024/25).

Exceptional items and remeasurements

Exceptional items in 2024/25 included £146 million of credits for environmental provisions (2023/24: £496 million charge), a £151 million partial reversal of a £498 million provision made in 2023/24 for the return of over-collected revenues related to UK electricity balancing costs, a £187 million gain on disposal of our UK Electricity System Operator business; and a £303 million impairment of our Community Offshore Wind joint venture. Transaction, separation and integration costs increased to £65 million from £44 million in 2023/24. Major transformation costs of £74 million were incurred in 2024/25. In 2023/24, exceptional items included £92 million of gains related to insurance recoveries related to a fire and £65 million of costs relating to our cost efficiency programme that ended in 2023/24.

Remeasurement gains of £127 million were recognised on commodity contracts in 2024/25 compared with gains of £24 million in 2023/24.

Finance costs for the year ended 31 March 2025 included a net gain of £4 million on financial remeasurements of derivative financial instruments and financial assets at fair value through profit or loss, compared to a net gain of £15 million on financial remeasurements in 2023/24.

Joint ventures and associates

Share of post-tax results of joint ventures and associates before exceptional items for 2024/25 were £75 million compared with £101 million in 2023/24, principally due to lower revenues in our BritNed interconnector joint venture in the UK, mostly reflecting lower auction prices. Joint ventures and associates' share of remeasurement losses were £2 million compared with £64 million in 2023/24.

Profit after tax from discontinued operations

On 26 September 2024, we sold our residual 20% interest in National Gas Transmission for proceeds of £686 million, that resulted in a gain on disposal after transaction costs of £25 million. The Group did not apply equity accounting to this asset held for sale since 31 January 2023 (the date of sale of our 60% interest), which resulted in no profits being recognised from that date onwards.

Adjusted earnings and EPS from continuing operations

Adjusted earnings and adjusted EPS, which exclude exceptional items and remeasurements, are provided to reflect the Group's results on an 'adjusted profit' basis, described further in note 8. See page 163 for a reconciliation of adjusted basic EPS to EPS.

The above earnings performance translated into adjusted EPS in 2024/25 of 55.6p, compared with 77.7p in 2023/24. Including discontinued operations, adjusted EPS in 2024/25 of 55.6p, compared with 78.0p in 2023/24.

Exchange rates

Our financial results are reported in sterling. Transactions for our US operations are denominated in dollars, so the related amounts that are reported in sterling depend on the dollar to sterling exchange rate. The table below shows the average and closing exchange rates of sterling to US dollars.

	2024/25	2023/24	% change
Weighted average (income statement)	1.27	1.26	— %
Year end (statement of financial position)	1.29	1.26	2%

The movement in foreign exchange during 2024/25 has resulted in a £34 million decrease in revenue, a £4 million decrease in adjusted operating profit and a £5 million decrease in underlying operating profit.

Commentary on consolidated financial statements cont. for the year ended 31 March 2025

Analysis of the adjusted operating profit by segment for the year ended 31 March 2025

UK Electricity Transmission

For 2024/25, revenue in the UK Electricity Transmission segment decreased by £116 million to £2,619 million and adjusted operating profit decreased by £400 million to £1,277 million. Revenue was lower due to adverse timing, driven by a higher return prior year balances. Regulated controllable costs including pensions were higher from inflation and workload increases mostly offset by efficiency savings. The increase in depreciation and amortisation is a result of having higher asset base and asset commissioning.

Capital investment increased by £1,087 million compared with 2023/24 to £2,999 million primarily due to the ASTI projects (including capacity payments to secure the supply chain), and customer connections.

UK Electricity Distribution

For 2024/25 revenue in UK Electricity Distribution segment increased by £629 million and adjusted operating profit increased by £617 million to £1,610 million. Revenue was higher due to favourable timing, driven by a higher inflation true-up and volume related over-recoveries. Regulated controllable costs including pensions were higher due to inflationary and workload increases, partly offset by efficiencies. Other costs were higher, primarily due to Storm Darragh related costs.

Capital investment for the period 2024/25 was £1,426 million, an increase of £179 million from 2023/24 due to additional asset replacement and refurbishment, growth in connections and higher reinforcement works.

UK Electricity System Operator

This business was purchased by the UK Government on 1 October 2024, resulting in only six months' ownership in 2024/25 compared with the previous year. For 2024/25, revenue in the UK Electricity System Operator segment decreased by £2,759 million to £1,029 million principally as a result of lower pass-through costs and the mid-year disposal. Net underlying revenue was £92 million lower driven by a shorter ownership period, partly offset by recovery of Future System Operator costs. Timing was £1,279 million adverse compared with 2023/24, related to BSUoS over-collections in the comparative period and the subsequent return of these during 2024/25. Regulated controllable costs including pensions were £64 million higher due to higher volume of work under RIIO-2 and additional NESO costs ahead of separation. Depreciation and amortisation was £61 million lower due to the business being classified as 'held for sale'.

Capital investment was £nil in 2024/25 compared to £85 million in 2023/24 as a result of the business being classified as HFS and therefore only seven months of capital investment is included for the comparative year.

New England

Revenue in the New England segment increased by £358 million to £4,306 million. Adjusted operating profit increased by £339 million to £982 million. Underlying net revenue increased by £223 million principally reflecting increased rate case increments in Massachusetts Gas and Massachusetts Electric and the impact of capital trackers (GSEP and GridMod). Regulated controllable costs increased by £5 million with inflation and increased workload largely offset by efficiency savings. Provisions for bad and doubtful debts were £17 million lower as a result of higher accounts receivable cash recoveries. Depreciation and amortisation was £49 million higher as a result of increased capital investment. Other costs were £37 million lower due to a reduced impact from deferrable storm costs, partly offset by investment-related expense, property taxes and customer-funded works, and no repeat of the benefit of a gain on a pension buyout in 2023/24.

Capital investment increased by £78 million to £1,751 million primarily due to higher electric capital investment driven by asset conditioning and Advanced Metering Infrastructure (AMI) spend.

New York

Revenue in the New York segment increased by £595 million to £6,689 million. Adjusted operating profit increased by £163 million to £1,023 million. Underlying net revenue increased by £488 million predominately driven by increased rates in KEDNY/KEDLI and in NIMO. Regulated controllable costs were lower mainly due to workload and inflation increases being more than offset by cost efficiency savings. Provisions for bad and doubtful debts increased by £45 million, driven by increased receivables, in line with revenue increases. Depreciation and amortisation increased due to the growth in assets. Other costs (on an underlying basis) decreased due to lower environmental costs, partially offset by higher property taxes, driven by a higher asset base. Major storm costs were £52 million lower, but still above our threshold to be excluded from underlying results.

Capital investment increased by £635 million to £3,289 million, due to a step up in gas capital investment in KEDNY and KEDLI following increases approved in the rate case (mains replacement and other mandated works) and along with higher electric investment in NIMO driven by the Climate Leadership and Community Protection Act programme spend, in addition to higher AMI investment.

National Grid Ventures (NGV)

Revenue in the NGV segment increased by £8 million to £1,397 million. Adjusted operating profit decreased by £89 million, as a result of lower UK interconnector performance and fewer renewable projects being sold to our Emerald joint venture in the US.

Capital investment in NGV was £284 million lower than 2023/24 after completing Viking Link in the comparative year along with no investment in NG Renewables or Grain LNG following the classification of those businesses as 'held for sale' in 2023/24.

Other activities

In 2024/25, adjusted operating loss (including corporate costs) increased by £83 million to a £143 million loss, primarily driven by higher fair value losses within our NG Partners portfolio and lower captive insurance profits.

Shareholder information

Equiniti

For queries about ordinary shares:



Visit eq.shareview.co.uk/help for information regarding your shareholding (from here you will also be able to email a query securely).



0800 169 7775

This is a Freephone number from landlines within the UK; mobile costs may vary. Lines are open 8:30am to 5:30pm, Monday to Friday, excluding public holidays. If calling from outside the UK: +44 (0) 800 169 7775. Calls from outside the UK will be charged at the applicable international rate.



National Grid Share Register
Equiniti, Highdown House,
Yeoman Way, Worthing,
BN99 6DA

The Bank of New York Mellon

For queries about ADSs:



1-888-269-2377

If calling from outside the US: +1-201-680-6825



computershare.com/investor
Email: shrrelations@cpushareownerservices.com



BNY Shareowner Services
P.O. Box 43006
Providence RI 02940-3078

Further information about National Grid, including share price and interactive tools, can be found on our website nationalgrid.com/investors

Beware of share fraud

Investment scams are often sophisticated and difficult to spot. Shareholders are advised to be wary of any unsolicited advice or offers, whether over the telephone, through the post or by email. If you receive any unsolicited communication, please check that the company or person contacting you is properly authorised by the Financial Conduct Authority (FCA) before getting involved. Be ScamSmart and visit fca.org.uk/consumers/protect-yourself-scams. You can report calls from unauthorised firms to the FCA by calling 0800 111 6768.

Financial calendar

The following dates have been announced or are indicative:

14 May 2026	2025/26 full-year results
28 May 2026	Ex-dividend date for 2025/26 final dividend – ordinary shares
29 May 2026	Ex-dividend date for 2025/26 final dividend – ADRs
29 May 2026	Record date for 2025/26 final dividend
4 June 2026	Scrip reference price announced for 2025/26 final dividend
15 June 2026 (5:00 pm EDT)	Scrip election date for 2025/26 final dividend – ADRs
18 June 2026 (5.00 pm BST)	Scrip election date for 2025/26 final dividend – ordinary shares
14 July 2026	2026 AGM
23 July 2026	2025/26 final dividend paid to qualifying shareholders
05 November 2026	2026/27 half-year results
19 November 2026	Ex-dividend date for 2026/27 interim dividend – ordinary shares
20 November 2026	Ex-dividend date for 2026/27 interim dividend – ADRs
20 November 2026	Record date for 2026/27 interim dividend
26 November 2026	Scrip reference price announced for 2026/27 interim dividend
07 December 2026 (5:00 pm EST)	Scrip election date for 2026/27 interim dividend – ADRs
10 December 2026 (5.00 pm GMT)	Scrip election date for 2026/27 interim dividend – ordinary shares
12 January 2027	2026/27 interim dividend paid to qualifying shareholders

Dividends

The Directors are recommending a final dividend of 32.14 pence per ordinary share (\$2.1738 per ADS) to be paid on 23 July 2026 to shareholders on the register as at 29 May 2026. Further details on dividend payments can be found on page 164. If you live outside the UK, you may be able to request that your dividend payments are converted into your local currency.

Under the Deposit agreement, a fee of up to \$0.05 per ADS can be charged for any cash distribution made to ADS holders, including

cash dividends. ADS holders who receive cash in relation to the 2025/26 final dividend will be charged a fee of \$0.02 per ADS by the Depositary prior to the distribution of the cash dividend.

Chequeless dividends: Since August 2022, all National Grid dividends will be paid directly into bank or building society accounts for ordinary shareholders. Please make sure you have completed and returned a bank mandate form.

Benefits include the following:

- your dividend reaches your account on the payment day;
- it is a more efficient and secure way of receiving your payment; and
- it helps reduce the volume of paper in dividend mailing.

Scrip dividends – elect to receive your dividends as additional shares: Join our Scrip Dividend Scheme; no stamp duty or commission to pay. Further information can be found on our website nationalgrid.com/investors/shareholder-information/dividends/scrip-dividend-scheme

Electronic communications

Please register at shareview.co.uk. It only takes a few minutes to register – just have your 11-digit Shareholder Reference Number to hand. You will be sent an Activation Code to complete registration. Once you have registered, you can elect to receive your shareholder communications electronically.

Registered office

National Grid plc was incorporated on 11 July 2000. The Company is registered in England and Wales No. 4031152, with its registered office at 1–3 Strand, London, WC2N 5EH.

Share dealing

Postal share dealing: Equiniti offers our European Economic Area resident shareholders a share dealing service by post. This service is available to private shareholders resident within the European Economic Area, the Channel Islands or the Isle of Man. If you hold your shares in CREST, you are not eligible to use this service. For more information and to obtain a form, please visit shareview.co.uk or call Equiniti on 0800 169 7775.

Internet and telephone share dealing: Equiniti also offers telephone and online share dealing at live prices. For full details, together with terms and conditions, please visit shareview.co.uk. You can call Equiniti on 0345 603 7037 for further details, or to arrange a trade. Lines are open Monday to Friday, 8:00am to 4:30pm for dealing, and until 5:30pm for enquiries.

Shareholder information cont.

ShareGift: If you only have a small number of shares that would cost more for you to sell than they are worth, you may wish to consider donating them to ShareGift. ShareGift is a registered charity (No. 1052686) which specialises in accepting such shares as donations. For more information, visit sharegift.org or contact Equiniti.

Individual Savings Accounts (ISAs): ISAs for National Grid shares are available from Equiniti. For more information, visit eqi.co.uk or contact Equiniti.

Articles of Association

The following description is a summary of the material terms of our Articles of Association (Articles) and applicable English law. It is a summary only and is qualified in its entirety by reference to the Articles.

The Company is proposing at the 2026 AGM to update the Articles to take account of recent market changes, including in particular reducing the time periods in respect of the sale of shares of shareholders who cannot be traced and the forfeiture of unclaimed dividends as well as to increase the borrowing limit in line with the resolution approved by the Company's shareholders at the 2025 AGM. The Notice of Meeting for the 2026 AGM, which sets out details of the proposed updates to the Articles, and the proposed form of the updated Articles are available on the Company's website.

The Articles set out the Company's internal regulations. Copies are available on our website at nationalgrid.com/corporate-governance and upon request. Updates to the Articles have to be approved by at least 75% of those voting at a general meeting of the Company. Subject to company law and the Articles, the Directors may exercise all the powers of the Company. They may delegate authorities and decision-making and the day-to-day management to individual Executive Directors and Committees on page 89.

General

The Company is incorporated under the name National Grid plc and is registered in England and Wales with registered number 4031152. Under the Companies Act 2006, the Company's objects are unrestricted.

Directors

Under the Articles, a Director must disclose any personal interest in a matter and may not vote in respect of that matter, subject to certain limited exceptions. As permitted under the Companies Act 2006, the Articles allow non-conflicted Directors to authorise a conflict or potential conflict for a particular matter. In doing so, the non-conflicted Directors must act in a way they consider, in good faith, will most likely promote the success of the Company for the benefit of the shareholders as a whole.

The Directors (other than a Director acting in an executive capacity) are paid fees for their services. In total, these fees must not exceed £2 million per year, or any higher sum decided by an ordinary resolution at a general meeting of shareholders. In addition, special pay may be awarded to a Director who acts in an executive capacity, serves on a committee, performs services which the Directors consider to extend beyond the ordinary duties of a Director, devotes special attention to the business of the Company, or goes or lives abroad on the Company's behalf. Directors may also receive reimbursement for expenses properly incurred and may be awarded pensions and other benefits. The compensation awarded to the Executive Directors is determined by the People & Remuneration Committee. Further details of Directors' remuneration are set out in the Directors' Remuneration Report (see pages 107-126).

The Directors may exercise all the powers of National Grid to borrow money. However, the aggregate principal amount of all the Group's borrowings outstanding at any time must not exceed £70 billion or any other amount approved by shareholders by an ordinary resolution at a general meeting.

Directors can be appointed or removed by the Board or shareholders at a general meeting. Directors must stand for election at the first AGM following their appointment to the Board. The Articles provide that they must be recommended by the Board or the Company must have received written confirmation of their willingness to act as Director. Under the Articles, each Director must retire at least every three years and be eligible for re-election should they wish to continue to serve. In accordance with the Code, all Directors wishing to continue in office currently offer themselves for re-election annually. No person is disqualified from being a Director or is required to vacate that office by reason of attaining a maximum age.

A Director is not required to hold shares in National Grid plc in order to qualify as a Director.

Rights, preferences and restrictions

Dividend rights

National Grid may not pay any dividend otherwise than out of profits available for distribution under the Companies Act 2006 and other applicable provisions of English law. In addition, as a public company, the Company may only make a distribution if, at the time of the distribution, the amount of its net assets is not less than the aggregate of its called-up share capital and undistributable reserves (as defined in the Companies Act 2006), and to the extent that the distribution does not reduce the amount of those assets to less than that aggregate. Ordinary shareholders and ADS holders receive dividends.

Subject to these points, shareholders may, by ordinary resolution, declare dividends in accordance with the respective rights of the shareholders, but not exceeding the amount recommended by the Board. The Board may pay interim dividends if it considers that the Company's financial position justifies the payment. Any dividend or interest unclaimed for 12 years from the date when it was declared or became due for payment will be forfeited and revert to the Company, and the Articles clarify that the Company may use such unclaimed dividends for the Company's benefit as the Directors may think fit.

Voting rights

Subject to any rights or restrictions attached to any shares and to any other provisions of the Articles, at any general meeting on a show of hands, every shareholder who is present in person will have one vote and, on a poll, every shareholder will have one vote for every share they hold. On a show of hands or poll, shareholders may cast votes either personally or by proxy. A proxy need not be a shareholder. Under the Articles, all substantive resolutions at a general meeting must be decided on a poll and the Articles further provide that voting on resolutions at a general meeting that is held at least in part using an electronic platform must be decided on a poll. Ordinary shareholders and ADS holders can vote at general meetings.

Liquidation rights

In a winding up, a liquidator may (in each case with the sanction of a special resolution passed by the shareholders and any other sanction required under English law): (1) divide among the shareholders the whole or any part of National Grid's assets (whether the assets are of the same kind or not) – the liquidator may, for this purpose, value any assets and determine how the division should be carried out as between shareholders or different classes of shareholders; or (2) transfer any part of the assets to Trustees on trust for the benefit of the shareholders as the liquidator determines. In neither case will a shareholder be compelled to accept assets upon which there is a liability.

Restrictions

There are no restrictions on the transfer or sale of ordinary shares. Some of the Company's employee share plans, details of which are contained in the Directors' Remuneration Report starting on page 107, include restrictions on the transfer of ordinary shares while the ordinary shares are subject to the plan. Where, under an employee share plan operated by the Company, participants are the beneficial owners of the ordinary shares but not the registered owner, the voting rights may be exercised by the registered owner at the direction of the participant. Treasury shares do not attract a vote or dividends.

Shareholder information cont.

Variation of rights

Subject to applicable provisions of English law, the rights attached to any class of shares of National Grid may be varied or cancelled. This must be with the written consent of the holders of three quarters in nominal value of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

General meetings

AGMs must be convened each year within six months of the Company's accounting reference date upon 21 clear days' advance written notice. Under the Articles, any other general meeting may be convened provided at least 14 clear days' written notice is given, subject to annual approval of shareholders. In certain limited circumstances, the Company can convene a general meeting by shorter notice. The notice must specify, among other things, the nature of the business to be transacted and the place, the date and the time of the meeting. The 2026 AGM will be held as a combined physical and electronic meeting. Shareholders should monitor our website at nationalgrid.com/investors for any updates to the arrangements for the AGM.

Rights of non-residents

There are no restrictions under the Articles that would limit the rights of persons not resident in the UK to vote in relation to ordinary shares.

Depositary payments to the Company

The Bank of New York Mellon (the 'Depositary') reimburses the Company for certain expenses it incurs in relation to the ADS programme, which consist of the expenses for the mailing of annual financial reports, printing and distributing dividend cheques, the electronic filing of US federal tax information, mailing required tax forms, stationery, postage, facsimiles and telephone calls. It also reimburses the Company for certain investor relationship programmes or special investor relations promotional activities. There are limits on the amount of expenses for which the Depositary will reimburse the Company, but the amount of reimbursement is not necessarily tied to the amount of fees the Depositary collects from investors.

For the period 15 May 2025 to 13 May 2026, the Company received a total of \$2,941,910.67 in reimbursements from the Depositary consisting of \$1,346,701.21, \$437,071.50, \$740,074.46 and \$418,063.50 received on 3 September 2025, 17 November 2025, 5 February 2026 and 15 April 2026 respectively. Fees that are charged on cash dividends will be apportioned between the Depositary and the Company. Any questions from ADS holders should be directed to the Depositary at the contact details on page 250.

Description of securities other than equity securities:

Depositary fees and charges

The Depositary collects fees by deducting them from the amounts distributed or by selling a portion of distributable property for:

- delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them; and
- making distributions to investors (including, it is expected, cash dividends).

The Depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

The Company's Deposit agreement under which the ADSs are issued allows a fee of up to \$0.05 per ADS to be charged for any cash distribution made to ADS holders, including cash dividends. ADS holders who receive cash in relation to the 2025/26 final dividend will be charged a fee of \$0.02 per ADS by the Depositary prior to distribution of the cash dividend.

Persons depositing or withdrawing shares must pay:	For:
\$5.00 per 100 ADSs (or portion of 100 ADSs)	Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property; cancellation of ADSs for the purpose of withdrawal, including if the Deposit agreement terminates; and distribution of securities distributed to holders of deposited securities that are distributed by the Depositary to ADS holders.
Registration or transfer fees	Transfer and registration of shares on our share register to or from the name of the Depositary or its agent when they deposit or withdraw shares.
Expenses of the Depositary	Cable, telex and facsimile transmissions (when expressly provided in the Deposit agreement); and converting foreign currency to dollars.
Taxes and other governmental charges the Depositary or the Custodian has to pay on any ADS or share underlying an ADS – for example, stock transfer taxes, stamp duty or withholding taxes	As necessary.

Documents on display

National Grid is subject to the US SEC reporting requirements for foreign companies. The Company's Form 20-F and other filings can be viewed on the website as well as the SEC website at sec.gov.

Events after the reporting period

A post balance sheet event occurred. Please see note 36 on page 211 for details.

Exchange controls

There are currently no UK laws, decrees or regulations that restrict the export or import of capital, including, but not limited to, foreign exchange control restrictions, or that affect the remittance of dividends, interest or other payments to non-UK resident holders of ordinary shares except as otherwise set out in Taxation on pages 253 to 255 and except in respect of the governments of and/or certain citizens, residents or bodies of certain countries (described in applicable Bank of England Notices or European Union Council Regulations in force as at the date of this document).

Share information

National Grid ordinary shares are listed on the London Stock Exchange under the symbol NG. The ADSs are listed on the New York Stock Exchange under the symbol NGG.

As at 13 May 2026, the share capital of the Company consists of 5,198,968,690 ordinary shares of 12²⁰⁴/₄₇₃ pence nominal value each and ADSs, which represent five ordinary shares each.

Disclosure of interests

Under the Companies Act 2006, National Grid may, by written notice, require a person whom it has reasonable cause to believe to be or to have been, in the last three years, interested in its shares to provide additional information relating to that interest. Under the Articles, failure to provide such information may result in a shareholder losing their rights to attend, vote or exercise any other right in relation to shareholders' meetings.

Other than as stated below as far as we are aware, there are no persons with significant direct or indirect holdings in the Company. Information provided pursuant to FCA's DTR is published on the Regulatory Information Service and on the Company's website.

The UK City Code on Takeovers and Mergers imposes strict disclosure requirements regarding dealings in the securities of an offeror or offeree company, and also on their respective associates, during the course of an offer period. Other regulators in the UK, US and elsewhere may have, or assert, notification or approval rights over acquisitions or transfers of shares.

Shareholder information cont.

Material interests in shares

As at 31 March 2026, National Grid plc had received notice, under the DTRs, in respect of the following holdings of 3% or more of the voting rights in its issued ordinary share capital:

	Number of ordinary shares	% of voting rights ¹	Date of last notification of interest
BlackRock, Inc.	406,584,816	8.17	25 November 2025
The Capital Group Companies, Inc.	182,521,721	4.99	7 September 2022

1. This number is calculated in relation to the issued share capital at the time the holding was disclosed.

As at 13 May 2026, no further notifications have been received.

The rights attached to ordinary shares are detailed on page 251. All ordinary shares and all major shareholders have the same voting rights. The Company is not, to the best of its knowledge, directly or indirectly controlled.

Authority to purchase shares

Shareholder approval was given at the 2025 AGM to purchase up to 10% of the Company's share capital (being 490,143,652 ordinary shares). The Directors will seek shareholder approval to renew this authority at the 2026 AGM.

In some circumstances, the Company may find it advantageous to have the authority to purchase its own shares in the market, where the Directors believe this would be in the interests of shareholders generally. The Directors believe that it is an important part of the financial management of the Company to have the flexibility to repurchase issued shares to manage its capital base, including actively managing share issuances from the operation of the Scrip Dividend Scheme. It is expected that repurchases to manage share issuances under the Scrip Dividend Scheme will not exceed 2.5% of the issued share capital (excluding treasury shares) per annum.

When purchasing shares, the Company has taken, and will continue to take, into account market conditions prevailing at the time, other investment and financing opportunities, and the overall financial position of the Company.

At the 2025 AGM, the Company sought authority to purchase ordinary shares in the capital of the Company as part of the management of the dilutive effect of share issuances under the Scrip Dividend Scheme. During the year, the Company did not purchase any of its own shares, and does not expect to do so while delivering strong asset growth.

	Number of shares	Total nominal value	% of called up share capital
Shares held in Treasury purchased in prior years ¹	235,493,935	£29,274,933.15 ²	4.59 ¹
Shares purchased and held in Treasury during the year	—	—	—
Shares transferred from Treasury during the year (to employees under employee share plans)	9,952,077	£1,237,171.52 ²	0.19 ³
Maximum number of shares held in Treasury during the year ⁴	235,493,935	£29,274,933.15 ²	4.53 ³

1. Called-up share capital: 5,132,617,708, ordinary shares as at 31 March 2025.

2. Nominal value: 12²⁰⁴/₄₇₃ pence per ordinary share.

3. Called-up share capital: 5,198,968,690 ordinary shares as at the date of this report.

4. Maximum number of shares held in Treasury during the year as at 31 March 2026.

As at 13 May 2026, the Company's issued share capital comprised 5,198,968,690 ordinary shares including 223,323,555 ordinary shares held in treasury. This represented 4.30% of the Company's called-up share capital.

Authority to allot shares

Shareholder approval was given at the 2025 AGM to allot shares of up to one third of the Company's share capital. The Directors are seeking a similar authority this year. The Directors consider that the Company will have sufficient flexibility with this level of authority to respond to market developments and that this authority is in line with investor guidelines.

The Directors currently have no intention of issuing new shares, or of granting rights to subscribe for or to convert any security into shares, except in relation to, or in connection with, the operation and management of the Company's Scrip Dividend Scheme and the exercise of options under the Company's employee share plans. No issue of shares will be made that would effectively alter control of the Company without the sanction of shareholders in a general meeting.

The Company expects to actively manage the dilutive effect of share issuance arising from the operation of the Scrip Dividend Scheme. In some circumstances, additional shares may be allotted to the market for this purpose under the authority provided by this resolution. Under these circumstances, it is expected that the associated allotment of

new shares (or rights to subscribe for or convert any security into shares) will not exceed 1% of the issued share capital (excluding treasury shares) per annum.

Dividend waivers

The Trustee of the National Grid Employee Share Trust, which is independent of the Company, waived the right to dividends paid during the year. They have also agreed to waive the right to future dividends, in relation to the ordinary shares and ADSs held by the Trust.

Under the Company's ADS programme, the right to dividends in relation to the ordinary shares underlying the ADSs was waived during the year, under an arrangement whereby the Company pays the monies to satisfy any dividends separately to the Depositary for distribution to ADS holders entitled to the dividend. This arrangement is expected to continue for future dividends.

Shareholder analysis

The following table includes a brief analysis of shareholder numbers and shareholdings as at 31 March 2026:

	Number of shareholders	% of shareholders ¹	Number of shares	% of shares ¹
1 – 50	110,405	19.40	3,400,650	0.07
51 – 100	139,365	24.49	9,787,504	0.19
101 – 500	240,965	42.35	51,388,316	0.99
501 – 1,000	37,655	6.62	26,132,299	0.50
1,001 – 10,000	37,516	6.59	93,592,577	1.80
10,001 – 50,000	1,830	0.32	33,774,743	0.65
50,001 – 100,000	237	0.04	16,867,357	0.32
100,001 – 500,000	476	0.08	116,492,275	2.24
500,001 – 1,000,000	175	0.03	125,170,494	2.41
1,000,001+	358	0.06	4,722,362,475	90.83
Total	568,982	100	5,198,968,690	100

1. Percentages have been rounded to two decimal places.

Taxation

This section provides information about certain US federal income tax and UK tax consequences for US Holders (defined below) of owning ADSs and ordinary shares. A US Holder is the beneficial owner of ADSs or ordinary shares who:

- is for US federal income tax purposes (1) an individual citizen or resident of the US; (2) a corporation created or organised under the laws of the US, any state thereof or the District of Columbia;

Shareholder information cont.

(3) an estate, the income of which is subject to US federal income tax without regard to its source; or (4) a trust, if a court within the US is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for US federal income tax purposes;

- is not resident in the UK for UK tax purposes; and
- does not hold ADSs or ordinary shares in connection with the conduct of a business or the performance of services in the UK or otherwise in connection with a branch, agency or permanent establishment in the UK.

This section is not a comprehensive description of all the US federal income tax and UK tax considerations that may be relevant to any particular investor (including consequences under the US alternative minimum tax or net investment income tax). Neither does it address state, local or other tax laws. National Grid has assumed that shareholders, including US Holders, are familiar with the tax rules applicable to investments in securities generally and with any special rules to which they may be subject. This discussion deals only with US Holders who hold ADSs or ordinary shares as capital assets. It does not address the tax treatment of investors who are subject to special rules. Such investors may include:

- financial institutions;
- insurance companies;
- dealers in securities or currencies;
- investors who elect mark-to-market treatment;
- entities treated as partnerships or other pass-through entities and their partners;
- individual retirement accounts and other tax-deferred accounts;
- tax-exempt organisations;
- investors who own (directly or indirectly) 10% or more of our shares (by vote or value);
- investors who hold ADSs or ordinary shares as a position in a straddle, hedging transaction or conversion transaction;
- individual investors who have ceased to be resident in the UK for a period of five years or less;
- persons who have ceased to be US citizens or lawful permanent residents of the US; and
- US Holders whose functional currency is not the US dollar.

The statements regarding US and UK tax laws and administrative practices set forth below are based on laws, treaties, judicial decisions and regulatory interpretations that were in effect on the date of this document. These laws and practices are subject to change without notice, potentially with retroactive effect. In addition, the statements set forth below are based on the representations of the Depositary and assume that each party to the Deposit agreement will perform its obligations thereunder in accordance with its terms.

US Holders of ADSs generally will be treated as the owners of the ordinary shares represented by those ADSs for US federal income tax purposes. For the purposes of the Tax Convention, the Estate Tax Convention and UK tax considerations, this discussion assumes that a US Holder of ADSs will be treated as the owner of the ordinary shares represented by those ADSs. HMRC has stated that it will continue to apply its longstanding practice of treating a holder of ADSs as holding the beneficial interest in the ordinary shares represented by the ADSs; however, we note that this is an area of some uncertainty and may be subject to change.

US Holders should consult their own advisors regarding the tax consequences of buying, owning and disposing of ADSs or ordinary shares depending on their particular circumstances, including the effect of any state, local or other tax laws.

Taxation of dividends

The UK does not currently impose a withholding tax on dividends paid to US Holders.

US Holders should assume that any cash distribution paid by the Depositary for ADSs with respect to ADSs or ordinary shares will be reported as dividend income for US federal income tax purposes. While dividend income received from non-US corporations is generally taxable to a non-corporate US Holder as ordinary income for US federal income tax purposes, dividend income received by a non-corporate US Holder from us generally will be taxable at the same favourable rates applicable to long-term capital gains provided (1) either: (a) we are eligible for the benefits of the Tax Convention or (b) ADSs or ordinary shares are treated as 'readily tradable' on an established securities market in the US; and (2) we are not, for our taxable year during which the dividend is paid or the prior year, a passive foreign investment company for US federal income tax purposes, and certain other requirements are met. We expect that our shares will be treated as 'readily tradable' on an established securities market in the US as a result of the trading of ADSs on the New York Stock Exchange (NYSE). We also believe we are eligible for the benefits of the Tax Convention.

Based on our audited financial statements and the nature of our business activities, we believe that we were not treated as a Passive Foreign Investment Company (PFIC) for US federal income tax purposes with respect to our taxable year ended 31 March 2026. In addition, based on our current expectations regarding the value and nature of our assets, the sources and nature of our income, and the nature of our business activities, we do not anticipate becoming a PFIC in the foreseeable future.

Dividends received by corporate US Holders with respect to ADSs or ordinary shares will not be eligible for the dividends-received deduction that is generally allowed to corporations.

Taxation of capital gains

Subject to specific rules relating to assets that derive at least 75% of their value from UK land, US Holders will not be subject to UK taxation on any capital gain realised on the sale or other disposition of ADSs or ordinary shares.

Provided that we are not a PFIC for any taxable year during which a US Holder holds their ADSs or ordinary shares, upon a sale or other taxable disposition of ADSs or ordinary shares, a US Holder generally will recognise a capital gain or loss for US federal income tax purposes that is equal to the difference between the US dollar value of the amount realised on the sale or other taxable disposition and the US Holder's adjusted tax basis in the ADSs or ordinary shares. Such capital gain or loss generally will be long-term capital gain or loss if the ADSs or ordinary shares were held for more than one year. For non-corporate US Holders, long-term capital gain is generally taxed at a lower rate than ordinary income. A US Holder's ability to deduct capital losses is subject to significant limitations.

US information reporting and backup withholding tax

Dividend payments made to US Holders and proceeds paid from the sale or other taxable disposition of ADSs or ordinary shares to US Holders may be subject to information reporting to the US Internal Revenue Service. Such payments may be subject to backup withholding taxes if the US Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements.

US Holders should consult their tax advisors about these rules and any other reporting obligations that may apply to the ownership or disposition of ADSs or ordinary shares. Such obligations include reporting requirements related to the holding of certain foreign financial assets.

Shareholder information cont.

UK stamp duty and stamp duty reserve tax (SDRT)

Transfers of ordinary shares

SDRT at the rate of 0.5% of the amount or value of the consideration will generally be payable on any agreement to transfer ordinary shares that is not completed using a duly stamped instrument of transfer (such as a stock transfer form).

The SDRT liability will be cancelled where an instrument of transfer is executed and duly stamped before the expiry of the six-year period beginning with the date on which the agreement is made. If a claim is made within the specified period, any SDRT which has been paid will be refunded. SDRT is due whether or not the agreement or transfer is made or carried out in the UK and whether or not any party to that agreement or transfer is a UK resident.

Purchases of ordinary shares completed using a stock transfer form will generally result in a UK stamp duty liability at the rate of 0.5% (rounded up to the nearest £5) of the amount or value of the consideration. Paperless transfers under the CREST paperless settlement system will generally be liable to SDRT at the rate of 0.5%, and not stamp duty. SDRT is generally the liability of the purchaser, and UK stamp duty is usually paid by the purchaser or transferee.

Transfers of ADSs

No UK stamp duty will be payable on the acquisition or transfer of existing ADSs or beneficial ownership of ADSs (in each case in the form of ADRs), provided that any instrument of transfer or written agreement to transfer is executed outside the UK and remains at all times outside the UK.

An agreement for the transfer of ADSs in the form of ADRs will not result in an SDRT liability. A charge to stamp duty or SDRT may arise on the transfer of ordinary shares to the Depositary or The Bank of New York Mellon as agent of the Depositary (the 'Custodian').

The rate of stamp duty or SDRT will generally be 1.5% of the value of the consideration or, in some circumstances, the value of the ordinary shares concerned. However, there is no 1.5% SDRT charge on the issue of ordinary shares (or, where a transfer is made in the course of a 'capital raising arrangement', being arrangements pursuant to which securities are issued by a company for the purpose of raising new capital) to the Depositary or the Custodian.

The Depositary will generally be liable for the stamp duty or SDRT. Under the terms of the Deposit agreement, the Depositary will charge any tax payable by the Depositary or the Custodian (or their nominees) on the deposit of ordinary shares to the party to whom the ADSs are delivered against such deposits. If the stamp duty is not a multiple of £5, the duty will be rounded up to the nearest multiple of £5.

UK inheritance tax

An individual who is domiciled in the US for the purposes of the Estate Tax Convention and who is not a UK national for the purposes of the Estate Tax Convention will generally not be subject to UK inheritance tax in respect of (1) the ADSs or ordinary shares on the individual's death or (2) a gift of the ADSs or ordinary shares during the individual's lifetime. This is not the case where the ADSs or ordinary shares are part of the business property of the individual's permanent establishment in the UK or relate to a fixed base in the UK of an individual who performs independent personal services.

Special rules apply to ADSs or ordinary shares held in trust. In the exceptional case where the ADSs or shares are subject both to UK inheritance tax and to US federal gift or estate tax, the Estate Tax Convention generally provides for the tax paid in the UK to be credited against tax paid in the US or vice versa.

Capital Gains Tax (CGT) for UK resident shareholders

You can find CGT information relating to National Grid shares for UK resident shareholders on the investors section of our website nationalgrid.com/investors.

Share prices on specific dates are also available on our website.

All-employee share plans

The Company has a number of all-employee share plans as described below, which operated during the year. These allow UK- or US-based employees to participate in tax-advantaged plans and to become shareholders in National Grid.

UK Sharesave

UK employees are eligible to participate in the Sharesave Plan. Under this plan, participants may contribute between £5 and £500 each month, for a fixed period of three years, five years, or both. Contributions are taken from net salary. At the end of the fixed period, participants may use their savings to purchase ordinary shares in National Grid plc at a 20% discounted option price, which is set at the time of each Sharesave launch.

UK Share Incentive Plan (SIP)

UK employees are eligible to participate in the SIP. Contributions up to £150 per month are deducted from participants' gross salary and used to purchase National Grid plc ordinary shares each month. The shares are placed in a UK resident trust and are available to the individual with tax advantages after a five-year period.

US Employee Stock Purchase Plan (ESPP)

Employees of National Grid's participating US companies are eligible to participate in the ESPP (commonly referred to as a 423(b) plan). Eligible employees have the opportunity to purchase ADSs in National Grid on a monthly basis at a 15% discount to the Fair Market Value (FMV). Under the plan, employees may contribute up to 20% of base pay each year, up to a maximum annual contribution of \$21,250, to purchase \$25,000 worth of ADSs at FMV.

US Incentive Thrift Plan

The Thrift Plan is open to substantially all US employees of participating National Grid companies; this is a tax-advantaged savings plan (commonly referred to as a 401(k) plan). This is a defined contribution pension plan that gives participants the opportunity to invest up to applicable federal salary limits. Contribution limits for calendar year 2025 were: for pre-tax contributions or Roth 401(k) after tax contributions, a maximum of 50% of salary limited to \$23,500 for those under the age of 50 and \$31,000 for those aged 50 and above (except this limit was \$34,750 for those aged 60-63); and for post-tax contributions, up to 15% of salary. The total amount of employee contributions (pre-tax, Roth 401(k) and post-tax) could not exceed 50% of compensation. The total amount of employee and employer contributions collectively were subject to the federal annual contribution limit of \$70,000 for those under the age of 50 and \$77,500 for those aged 50 and above (except this limit is \$81,250 for those aged 60 to 63). For calendar year 2026, participants may contribute, up to the applicable federal salary limits: for pre-tax contributions or Roth 401(k) after tax contributions, a maximum of 50% of salary limited to \$24,500 for those under the age of 50 and \$32,500 for those aged 50 and above (except this limit is \$35,750 for those aged 60 to 63); and for post-tax contributions, up to 15% of salary. The total amount of employee contributions (pre-tax, Roth 401(k) and post-tax) may not exceed 50% of compensation. The total amount of employee and employer contributions collectively, in 2026, are subject to the federal annual contribution limit of \$72,000 for those under the age of 50, and \$80,000 for those aged 50 and above (except this limit is \$83,250 for those aged 60 to 63).

New contributions or exchanges into the National Grid ADR Fund within the plan are limited to 20% of a participant's account balance.

Definitions and glossary of terms

Our aim is to use plain English in this Annual Report and Accounts. However, where necessary, we do use a number of technical terms and abbreviations. We summarise the principal ones below, together with an explanation of their meanings. The descriptions below are not formal legal definitions. Alternative and regulatory performance measures are defined on pages 236 to 247.

A

Adjusted interest

A measure of the interest charge of the Group, calculated by making adjustments to the Group reported interest charge.

Adjusted net debt

A measure of the indebtedness of the Group, calculated by making adjustments to the Group reported borrowings, including adjustments made to include elements of pension deficits and exclude elements of hybrid debt financing.

Adjusted results

Financial results excluding the impact of exceptional items and remeasurements that are treated as discrete transactions under IFRS and can accordingly be classified as such.

American Depositary Shares (ADSs)

Securities of National Grid listed on the NYSE each of which represents five ordinary shares. They are evidenced by American Depositary Receipts or ADRs.

Annual General Meeting (AGM)

Meeting of shareholders of the Company held each year to consider ordinary and special business as provided in the Notice of AGM.

ASTI

The Accelerated Strategic Transmission Investment framework to connect 50GW of offshore generation by 2030, announced by Ofgem in December 2022. The six Wave 1 ASTI projects, currently in construction, comprise Eastern Green Link 1, Eastern Green Link 2, Bramford to Twinstead, Yorkshire Green, North London Reinforcements and Tilbury to Grain.

B

bps

Basis point (bp) is a unit that is equal to 1/100th of 1% and is typically used to denote the movement in a percentage-based metric such as interest rates or RoE. A 0.1% change in a percentage represents 10 basis points.

Board

The Board of Directors of the Company (for more information, see pages 91 to 93).

BritNed

BritNed Development Limited, the joint venture company operating the BritNed interconnector between The Netherlands and Great Britain, commissioned in 2011, in which National Grid and TenneT, the Dutch national transmission operator, each hold 50% of the shares.

BSUoS

Balancing Service Use of System (charges) are revenues collected by NESO and regulated by Ofgem.

C

Called-up share capital

Shares (common stock) that have been issued and have been fully paid for.

Capital tracker

In the context of our US rate plans, this is a mechanism that allows the recovery of the revenue requirement of incremental capital investment above that embedded in base rates, including depreciation, property taxes and a return on the incremental investment.

Carrying value

The amount at which an asset or a liability is recorded in the Group's statement of financial position and the Company's balance sheet.

Clean energy, clean power, clean generation

We use these terms in relation to energy, power or generation which when used or produced, creates little or no GHG emissions.

Climate Transition Plan (CTP)

The plan sets out our actions to meet our Group GHG reduction targets by 2030. We have committed to update the plan every three years (minimum).

The Company, the Group, National Grid, we, our or us

We use these terms to refer to either National Grid plc itself or to National Grid plc and/or all or certain of its subsidiaries, depending on context.

Compound annual growth rate (CAGR)

The annualised rate of return representing the growth of an investment from its initial value to its final value over a defined period, assuming reinvestment of returns.

Consolidated financial statements

Financial statements that include the results and financial position of the Company and its subsidiaries together as if they were a single entity.

Constant currency

Constant currency basis refers to the reporting of the actual results against the results for the same period last year, which, in respect of any US\$ currency denominated activity, have been translated using the average US\$ exchange rate for the year ended 31 March 2026, which was \$1.34332 to £1. The average rate for the year ended 31 March 2025 was \$1.26637 to £1, for the year ended 31 March 2024 was \$1.2624 to £1, and for the year ended 31 March 2023 was \$1.2156 to £1. Assets and liabilities as at 31 March 2025 have been retranslated at the closing rate at 31 March 2026 of \$1.3231 to £1. The closing rate for the balance sheet date 31 March 2025 was \$1.29160 to £1.

Contingent liabilities

Possible obligations or potential liabilities arising from past events for which no provision has been recorded, but for which disclosure in the financial statements is made.

COP30

The 30th UN Climate Change Conference of the Parties held in Belém, in Brazil, in November 2025 at which the Company gave various keynote speeches.

CPIH

The UK Consumer Prices Index including Owner Occupiers' Housing Costs as published by the Office for National Statistics.

Definitions and glossary of terms cont.

D

DB

Defined benefit, relating to our UK or US (as the context requires) final salary pension schemes.

Deferred tax

For most assets and liabilities, deferred tax is the amount of tax that will be payable or receivable in respect of that asset or liability in future tax returns as a result of a difference between the carrying value for accounting purposes in the statement of financial position or balance sheet and the value for tax purposes of the same asset or liability.

Deposit agreement

The amended and restated Deposit agreement entered into between National Grid plc, the Depositary and all the registered holders of ADRs, pursuant to which ADSs have been issued, dated 23 May 2013, and any related agreement.

Depositary

The Bank of New York Mellon acting as ADS Depositary.

Derivative

A financial instrument or other contract where the value is linked to an underlying index, such as exchange rates, interest rates or commodity prices. In most cases, we exclude contracts for the sale or purchase of commodities that are used to supply customers or for our own needs from this definition.

DESNZ

The Department for Energy Security and Net Zero, the UK Government department established in February 2023 and focused on energy security, climate change and the transition to a low-carbon economy.

Directors/Executive Directors/Non-executive Directors

The Directors, Executive Directors and Non-executive Directors of the Company, whose names are set out on pages 91 to 93 of this document.

Distributed energy resources (DER)

Decentralised assets, generally located behind the meter, covering a range of technologies including solar, storage, electric vehicle charging, district heating, smart street lighting and combined heat and power.

Dollars or \$

Except as otherwise noted, all references to dollars or \$ in this Annual Report and Accounts relate to the US currency.

DSO

Distribution System Operator.

Dth

Decatherm, being an amount of energy equal to 1 million British thermal units (BTUs), equivalent to approximately 293 kWh.

E

Earnings per share (EPS)

Profit for the year attributable to equity shareholders of the Company allocated to each ordinary share.

Employee engagement

A key performance indicator (KPI), based on the percentage of favourable responses to certain indicator questions repeated in each employee survey. We currently perform two Company-wide employee surveys each year. It is used to measure how employees think, feel and act in relation to National Grid. Research shows that a highly engaged workforce leads to increased productivity and employee retention. We use employee engagement as a measure of organisational health in relation to business performance.

Employee Resource Group (ERG)

A voluntary, employee-led group whose aim is to foster an inclusive workplace, aligned with the organisations they serve.

Estate Tax Convention

The convention between the US and the UK for the avoidance of double taxation with respect to estate and gift taxes.

F

FERC

The US Federal Energy Regulatory Commission.

Financial year

For National Grid this is an accounting year ending on 31 March. Also known as a fiscal year.

FRS

A UK Financial Reporting Standard as issued by the UK Financial Reporting Council (FRC). It applies to the Company's individual financial statements on pages 212 to 218, which are prepared in accordance with FRS 101.

Funds from Operations (FFO)

A measure used by the credit rating agencies of the operating cash flows of the Group after interest and tax but before capital investment.

G

Grain LNG

Grain LNG Limited, which together with another former National Grid Subsidiary, Thamesport Interchange Limited, was sold to a joint venture of Centrica plc and Energy Capital Partners, part of Bridgepoint Group plc, effective 28 November 2025.

Great Britain (GB)

England, Wales and Scotland.

Green capital expenditure (green capex)

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

Green

Green refers to any economic activity aligned to the EU Taxonomy Climate Change Delegation Act, which includes climate change adaptation and mitigation requirements. (Full alignment assessment can be found in our latest EU Taxonomy report.)

Grid for Good

Our flagship programme wherein we work with our supply chain and other partners to benefit local communities.

Gridtern

This is the term we use to describe our paid summer interns who work for the Company in the US from May/June through to August each year.

Group Principal Risk (GPR)

A principal risk faced by the Company as monitored and assessed by the Board, details of which are set out on pages 31 to 36.

GW

Gigawatt, an amount of power equal to 1 billion watts (10⁹ watts).

GWh

Gigawatt hours, an amount of energy equivalent to delivering 1 billion watts (10⁹ watts) of power for a period of one hour.

Definitions and glossary of terms cont.

H

HMRC

HM Revenue & Customs, the UK tax authority.

HVDC

High-voltage, direct-current electric power transmission that uses direct current for the bulk transmission of electrical power, in contrast to the more common alternating current systems.

I

IFA

Interconnection France Angleterre, also referred to as IFA1, the first interconnector between France and Great Britain which was commissioned in 1986, operated by National Grid and RTE, the French national transmission operator.

IFA2

The second interconnector between France and Great Britain, which was commissioned in 2020, operated by National Grid and RTE, the French national transmission operator.

IAS or IFRS

An International Accounting Standard (IAS) or International Financial Reporting Standard (IFRS), as issued by the International Accounting Standards Board (IASB). IFRS is also used as the term to describe international generally accepted accounting principles as a whole.

Individual financial statements

Financial statements of a company on its own, not including its subsidiaries or joint ventures and associates.

Interest cover

A measure used by the credit rating agencies, calculated as FFO plus adjusted interest, divided by adjusted interest.

J

Joint venture (JV)

A company or other entity that is controlled jointly with other parties.

K

KEDLI

KeySpan Gas East Corporation, also known as KeySpan Energy Delivery Long Island.

KEDNY

The Brooklyn Union Gas Company, also known as KeySpan Energy Delivery New York.

KPI

Key performance indicator.

kW

Kilowatt, an amount of power equal to 1,000 watts.

L

LIPA

The Long Island Power Authority.

LNG

Liquefied natural gas is natural gas that has been condensed into a liquid form, typically at temperatures at or below -161°C (-258°F).

Lost time injury (LTI)

An incident arising out of National Grid's operations that leads to an injury where the employee or contractor normally has time off for the following day or shift following the incident. It relates to one specific (acute) identifiable incident which arises as a result of National Grid's premises, plant or activities, and was reported to the supervisor at the time and was subject to appropriate investigation.

Lost time injury frequency rate (LTIFR)

The number of lost time injuries (LTIs) per 100,000 hours worked in a 12-month period.

M

MADPU

The Massachusetts Department of Public Utilities.

MW

Megawatt, an amount of power equal to 1 million watts (10⁶ watts).

MWh

Megawatt hours, an amount of energy equivalent to delivering 1 million watts (10⁶ watts) of power for a period of one hour.

N

National Energy System Operator (NESO)

The party responsible for the long-term strategy and planning of electricity and gas systems and the real-time operation (balancing supply and demand) of the electricity system in Great Britain. NESO, formerly National Grid Electricity System Operator Limited, was divested by National Grid to the UK Government, effective 1 October 2024.

National Gas Transmission

National Gas Transmission plc, the gas transmission operator for England and Wales, formerly owned by the Company and sold to a consortium comprising, inter alia, Macquarie Asset Management and British Columbia Investment Management Corporation. The final stake in this business was sold in September 2024.

National Grid Electricity Distribution (NGED/UK ED)

National Grid's UK electricity distribution business, comprising National Grid Electricity Distribution Holdings Limited and its subsidiaries.

National Grid Electricity Transmission (NGET/UK ET)

National Grid's UK electricity transmission business.

National Grid Renewables

National Grid's US renewables development business, including the company formerly known as Geronimo, a leading developer of wind and solar generation based in Minneapolis, which was sold to Brookfield Asset Management effective 30 May 2025.

National Grid Ventures (NGV)

The Group's division that operates outside its core UK and US Regulated businesses, comprising a broad range of activities in the UK and US, including electricity interconnectors and energy metering, as well as being tasked with investment in adjacent businesses and distributed energy opportunities.

Net zero

Net zero means that a person, legal entity (such as a company), country or other body's own emissions of greenhouse gases are either zero or that its remaining greenhouse gas emissions are balanced by schemes to offset, through the removal of an equivalent amount of greenhouse gases from the atmosphere, such as planting trees or using technologies like carbon capture and storage.

Definitions and glossary of terms cont.

Nemo Link

Nemo Link Limited, the joint venture company operating the Nemo Link interconnector between Great Britain and Belgium, commissioned in 2019, in which National Grid and Elia Transmission, the Belgian national transmission operator, each hold 50% of the shares.

New England

The term refers to a region within the Northeastern US that includes the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont. National Grid's New England operations are primarily in the state of Massachusetts.

NIMO

Niagara Mohawk Power Corporation.

Northeastern US

The Northeastern region of the US, comprising the states of Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island and Vermont.

NSL

North Sea Link, the interconnector between Norway and Great Britain, which was commissioned in 2021, operated by National Grid and Statnett, the Norwegian national transmission operator.

NYPSC

The New York Public Service Commission.

O

Ofgem

The UK Office of Gas and Electricity Markets is part of the UK Gas and Electricity Markets Authority (GEMA), which regulates the energy markets in the UK.

OPEB

Other post-employment benefits.

Ordinary shares

Voting shares entitling the holder to part ownership of a company. Also known as common stock. National Grid's ordinary shares have a nominal value of 12²⁰⁴/₄₇₃ pence.

P

Paris Agreement

The agreement, also known as the Paris Climate Accord, within the United Nations Framework Convention on Climate Change, dealing with greenhouse gas emissions mitigation, adaptation and finance starting in 2020, and adopted by consensus on 12 December 2015.

Price control

The mechanism by which Ofgem sets restrictions on the amounts of revenue we are allowed to collect from customers in our UK businesses. The allowed revenues are intended to cover efficiently incurred operational expenditure, capital expenditure and financing costs, including a Return on Equity invested.

R

Rate base

The base investment on which the utility is authorised to earn a cash return. It includes the original cost of facilities, minus depreciation, an allowance for working capital and other accounts.

Rate plan

The term given to the mechanism by which a US utility regulator sets terms and conditions for utility service, including, in particular, tariffs and rate schedules. The term can mean a multi-year plan that is approved for a specified period, or an order approving tariffs and rate schedules that remain in effect until changed as a result of future regulatory proceedings. Such proceedings can be commenced through a filing by the utility or on the regulator's own initiative.

Regulated controllable costs

Total operating costs under IFRS less depreciation and certain regulatory costs where, under our regulatory agreements, mechanisms are in place to recover such costs in current or future periods.

Regulatory asset value (RAV)

The value ascribed by Ofgem to the capital employed in the relevant licensed business. It is an estimate of the initial market value of the regulated asset base at privatisation, plus subsequent allowed additions at historical cost, less the deduction of annual regulatory depreciation. Deductions are also made to reflect the value realised from the disposal of certain assets that formed part of the regulatory asset base. It is also indexed to the RPI to allow for the effects of inflation.

Regulatory IOUs

Net under/over-recoveries of revenue from output-related allowance changes, the totex incentive mechanism, legacy price control cost true-up and differences between allowed and collected revenues.

Renewable energy

Renewable energy is usable energy derived from replenishable sources such as the sun (solar energy), wind (wind power), rivers (hydroelectric power), hot springs (geothermal energy), tides (tidal power) and biomass (biofuels).

Retained cash flow (RCF)

A measure of the cash flows of the Group used by the credit rating agencies. It is calculated as funds from operations less dividends paid and costs of repurchasing scrip shares.

Revenue decoupling

The term given to the elimination of the dependency of a utility's revenue on the volume of gas or electricity transported. The purpose of decoupling is to encourage energy-efficiency programmes by eliminating the disincentive a utility otherwise has to such programmes.

Rights Issue

The Company's latest equity rights issue, announced on 23 May 2024 and completed on 12 June 2024, successfully raising c.£7 billion by way of a fully underwritten issue of 1,085,448,980 new shares at 645 pence per new share on the basis of 7 new shares for every 24 existing shares. The Rights Issue price of 645 pence represented a 34.7% discount to the theoretical ex-rights price of 988 pence per ordinary share based on the closing middle-market price on 22 May 2024, adjusted for the recommended final dividend for 2023/24 of 39.12 pence per ordinary share.

RIIO

Revenue = Incentives + Innovation + Outputs, the regulatory framework for energy networks issued by Ofgem.

RIIO-ED1

The eight-year regulatory framework for electricity distribution networks issued by Ofgem which started on 1 April 2015.

RIIO-ED2

The five-year regulatory framework for electricity distribution networks issued by Ofgem which started on 1 April 2023.

RIIO-ED3

The five-year regulatory framework for electricity distribution networks issued by Ofgem, which is expected to start on 1 April 2028.

Definitions and glossary of terms cont.

RIIO-T1

The eight-year regulatory framework for transmission networks that was implemented in the eight-year price controls which started on 1 April 2013.

RIIO-T2

The five-year regulatory framework for transmission networks issued by Ofgem which started on 1 April 2021.

RIIO-T3

The five-year regulatory framework for transmission networks issued by Ofgem which started on 1 April 2026.

RPI

The UK retail price index as published by the Office for National Statistics.

S

Science-Based Targets (SBTs)

SBTs provide companies with a clearly defined path to reduce greenhouse gas emissions in line with the Paris Agreement goals. More than 4,000 businesses around the world are already working with the Science Based Targets initiative (SBTi).

Science Based Targets initiative (SBTi) validation

To achieve SBTi validation, a company's emissions reduction targets must align with the latest climate science, be ambitious in contributing to limiting global warming, and use a robust methodology. The SBTi reviews submissions to assess compliance, and validated targets receive official recognition. This validation showcases the company's commitment to addressing climate change and aligning with global climate goals.

Scope 1 greenhouse gas emissions

Scope 1 emissions are direct greenhouse gas emissions that occur from sources that are owned or controlled by the Company. Examples include emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc.

Scope 2 greenhouse gas emissions

Scope 2 emissions are greenhouse gas emissions from the generation of purchased electricity consumed by the Company. Purchased electricity is defined as electricity, heat, steam or cooling that is purchased or otherwise brought into the organisational boundary of the Company. Scope 2 emissions physically occur at the facility where electricity is generated.

Scope 3 greenhouse gas emissions

Scope 3 emissions are indirect greenhouse gas emissions as a consequence of the operations of the Company, but are not owned or controlled by the Company, such as emissions from third-party logistics providers, waste management suppliers, travel suppliers, employee commuting and combustion of sold gas by customers.

SEC

The US Securities and Exchange Commission, the financial regulator for companies with registered securities in the US, including National Grid and certain of its subsidiaries.

SF₆

Sulphur hexafluoride is an inorganic, colourless, odourless and non-flammable greenhouse gas. SF₆ is used in the electricity industry as a gaseous dielectric medium for high-voltage circuit breakers, switchgear and other electrical equipment. The Kyoto Protocol estimated that the global warming potential over 100 years of SF₆ is 23,900 times more potent than that of CO₂.

Share premium

The difference between the amount shares are issued for and the nominal value of those shares.

Subsidiary

A company or other entity that is controlled by National Grid plc.

Sustainable Development Goals (SDGs)

The United Nations SDGs are 17 goals, established by the United Nations General Assembly in 2015, that are aimed at improving the planet and the quality of human life around the world by 2030. The goals clearly define the world we want, and they apply to all nations to ensure no one is left behind.

T

Task Force on Climate-related Financial Disclosures (TCFD)

A body established in 2015 comprising 31 members from across the G20. In 2017 the TCFD released its climate-related disclosure recommendations and in 2022 TCFD disclosures became mandatory for UK premium listed companies. In 2023 the task force disbanded, with its monitoring responsibilities taken over by the IFRS Foundation, whose role is to develop recommendations for more informed investment and enable stakeholders to better understand the concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risk.

Tax convention

The income tax convention between the US and the UK.

Taxes borne

Those taxes that represent a cost to the Company and are reflected in our results.

Taxes collected

Those taxes that are generated by our operations but do not affect our results. We generate the commercial activity giving rise to these taxes and then collect and administer them on behalf of tax authorities.

TCFD recommendations or recommended disclosures

The 11 recommended disclosures set out in the June 2017 TCFD report entitled 'Recommendations of the Task Force on Climate-related Financial Disclosures'.

Tonne

A unit of mass equal to 1,000 kilogrammes, equivalent to approximately 2,205 pounds.

Tonnes carbon dioxide equivalent (tCO₂e)

A measure of greenhouse gas emissions in terms of the equivalent amount of carbon dioxide.

Totex

Total expenditure, comprising capital and operating expenditure.

Treasury shares

Shares that have been repurchased but not cancelled. These shares can then be allotted to meet obligations under the Company's employee share schemes.

TWh

Terawatt hours, an amount of energy equivalent to delivering 1 trillion watts (10¹² watts) of power for a period of one hour.

Definitions and glossary of terms cont.

U

UK

The United Kingdom, comprising England, Wales, Scotland and Northern Ireland.

UK Corporate Governance Code (the '2024 Code')

Guidance, issued by the Financial Reporting Council in 2024, on how companies should be governed, applicable to UK listed companies, including National Grid, in respect of reporting periods starting on or after 1 January 2025, with Provision 29 applicable to financial years beginning on or after 1 January 2026.

UK Electricity Distribution (UK ED/NGED)

National Grid's UK electricity distribution business, formerly known as WPD, comprising Western Power Distribution Holding Company Limited and its subsidiaries.

UK Electricity Transmission (UK ET/NGET)

National Grid's UK electricity transmission business.

UK GAAP

Generally accepted accounting practices in the UK. These differ from IFRS and from US GAAP.

Underlying Earnings per Share

Underlying results for the year attributable to equity shareholders of the Company allocated to each ordinary share.

Underlying results

The financial results of the Company, adjusted to exclude the impact of exceptional items and remeasurements that are treated as discrete transactions under IFRS and can accordingly be classified as such, and to take account of volumetric and other revenue timing differences arising due to the in-year difference between allowed and collected revenues, major storm costs (where these are above \$100 million threshold in a given year) as well as excluding deferred tax on underlying profits in our UK regulated businesses (NGET and NGED).

US

The United States of America, its territories and possessions; any state of the United States and the District of Columbia.

US GAAP

Generally accepted accounting principles in the US. These differ from IFRS and from UK GAAP.

US state regulators (state utility commissions)

In the US, public utilities' retail transactions are regulated by state utility commissions, including the New York Public Service Commission (NYPSC) and the Massachusetts Department of Public Utilities (MADPU).

V

Viking Link

The interconnector between Denmark and Great Britain, which was commissioned in 2023, operated by National Grid and Energinet, the Danish national transmission operator.

Cautionary statement

This document comprises the Annual Report and Accounts for the year ended 31 March 2026 for National Grid plc and its subsidiaries.

It contains the Directors' Report and Financial Statements, together with the independent auditor's report thereon, as required by the Companies Act 2006. The Directors' Report, comprising pages 1 to 126 and 219 to 261, has been drawn up in accordance with the requirements of English law, and liability in respect thereof is also governed by English law. In particular, the liability of the Directors for these reports is solely to National Grid.

This document contains certain statements that are neither reported financial results nor other historical information. These statements are forward-looking statements within the meaning of section 27A of the Securities Act of 1933, as amended, and section 21E of the Securities Exchange Act of 1934, as amended. These statements include information with respect to our financial condition, our results of operations and businesses, strategy, plans and objectives. Words such as 'aims', 'anticipates', 'expects', 'should', 'intends', 'plans', 'believes', 'outlook', 'seeks', 'estimates', 'targets', 'may', 'will', 'continue', 'project' and similar expressions, as well as statements in the future tense, identify forward-looking statements. This document also references sustainability-related targets and sustainability-related risks (including climate-related targets and climate-related risks) which differ from conventional financial risks in that they are complex, novel and tend to involve projection over long-term scenarios which are subject to significant uncertainty and change.

These forward-looking statements and targets are not guarantees of our future performance and are subject to assumptions, risks and uncertainties that could cause actual future results to differ materially from those expressed in or implied by such forward-looking statements and targets. Many of these assumptions, risks and uncertainties relate to factors that are beyond our ability to control or estimate precisely, such as changes in laws or regulations; and decisions by governmental bodies or regulators, including those relating to current and upcoming price controls in the UK and rate cases in the US; the timing of construction and delivery by third parties of new generation projects requiring connection; breaches of, or changes in, environmental, climate change, and health and safety laws or regulations, including breaches or other incidents arising from the potentially harmful nature of our activities; network failure or interruption, the inability to carry out critical non-network operations, and damage to infrastructure, due to adverse weather conditions, including the impact of major storms as well as the results of climate change, or due to counterparties being unable to deliver physical commodities; reliability of and access to IT systems, including due to the failure of or unauthorised access to or deliberate breaches of our systems and supporting technology; failure to adequately forecast and respond to disruptions in energy supply; performance against regulatory targets and standards and against our peers with the aim of delivering stakeholder expectations regarding costs and efficiency savings including affordability considerations, as well as against targets and standards designed to support our role in the energy transition; and customers and counterparties (including financial institutions) failing to perform their obligations to the Company.

Other factors that could cause actual results to differ materially from those described in this document include fluctuations in exchange rates, interest rates and commodity price indices; restrictions and conditions (including filing requirements) in our borrowing and debt arrangements, funding costs and access to financing; regulatory requirements for us to maintain financial resources in certain parts of our business and restrictions on some subsidiaries' transactions, such as paying dividends, lending or levying charges; the delayed timing of recoveries and payments in our regulated businesses and whether aspects of our activities are contestable; the funding requirements and performance of our pension schemes and other post-retirement benefit schemes; the failure to attract, develop and retain employees with the necessary competencies, including leadership and business capabilities, and any significant disputes

arising with our employees or breaches of laws or regulations by our employees; the failure to respond to market developments, including competition for onshore transmission; the threats and opportunities presented by emerging technology, including AI; the risk that global actions may not be effective in transitioning to net zero and in managing relevant ESG risks, including in particular climate, nature-related and human rights risks; the failure by the Company to respond to, or meet its own commitments as a leader in relation to, climate change development activities relating to energy transition, including the integration of distributed energy resources, which may result in the Company's failure to achieve the expected benefits of its strategic priorities; and the need to grow our business to deliver our strategy, as well as incorrect or unforeseen assumptions or conclusions (including unanticipated costs and liabilities) relating to business development activity, our strategic infrastructure projects and joint ventures.

Furthermore, in preparing the ESG-related information contained in this document, National Grid has made a number of key judgements, estimations and assumptions, and the processes and issues involved are complex. The ESG data, models and methodologies used are often relatively new, are rapidly evolving and are not of the same standard as those available in the context of other financial information, nor are they subject to the same or equivalent disclosure standards, historical reference points, benchmarks or globally accepted accounting principles. In addition, the climate scenarios and the models that analyse such scenarios, have limitations that are sensitive to key assumptions and parameters, which are themselves subject to some uncertainty, and cannot fully capture all of the potential effects of climate, policy and technology driven outcomes. Outputs of models, processed data and methodologies are also likely to be affected by underlying data quality, which can be hard to assess, and our disclosures are limited by the consistent availability of high-quality data. Whilst we expect data quality to improve over time, there may be unexpected fluctuations year-on-year, and/or differences between the quality of the data obtained, which could result in revisions to reported data going forward, meaning that such data may not be reconcilable or comparable year-on-year. We expect industry guidance, market practice, and regulations in this field to continue to change. There are also challenges faced in relation to the ability to access data on a timely basis and the lack of consistency and comparability between data that is available. This means the ESG-related forward-looking statements and ESG metrics discussed in this document carry an additional degree of inherent risk and uncertainty.

In the light of uncertainty as to the nature of future policy and market response to climate change, including between regions, and the effectiveness of any such response, National Grid may have to re-evaluate its progress towards its ESG ambitions, commitments and targets in the future, update the methodologies it uses or alter its approach to ESG and climate analysis and may be required to amend, update and recalculate its ESG disclosures and assessments in the future, as market practice and data quality and availability develops rapidly. In addition, the methodologies National Grid uses may develop over time in line with market practice, regulation and/or developments in science, where applicable. Such developments could result in revisions to reported data and lack of reconcilability or comparability.

For further details regarding these and other assumptions, risks and uncertainties that may affect National Grid, please read the Strategic Report and the risk factors on pages 226 to 232 of this document. In addition, new factors emerge from time to time, and we cannot assess the potential impact of any such factor on our activities or the extent to which any factor, or combination of factors, may cause actual future results to differ materially from those contained in any forward-looking statement. Except as may be required by law or regulation, the Company undertakes no obligation to update any of its forward-looking statements, which speak only as of the date of this document.

The contents of any website references in this document do not form part of this document.



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Further Information

Share ownership

At 1 June 2026, the latest practicable date, none of the directors had an individual beneficial interest amounting to greater than 1% of the Company's shares.

Material interests in shares

The following summarises significant changes in the percentage ownership held by our major shareholders since 1 April 2025. The disclosure of certain major and significant shareholdings in the share capital of the company is governed by applicable legal requirements. The following disclosure is derived from notifications made under the Companies Act 2006, the UK Financial Conduct Authority's Disclosure Guidance, Transparency Rules (DTR) and, where more timely, the US Securities Exchange Act of 1934.

BlackRock, Inc. held 8.5% of our outstanding share capital as at 1 April 2025. Such holdings decreased to 8.17% as at 25 November 2025. As noted on page 253 of the Annual Report, such holdings remained unchanged as at 31 March 2026. Such holdings increased to 8.42% as at 25 May 2026 and remained unchanged as at 1 June 2026.

Bank of America corporation held 5.60% of our outstanding share capital as at 1 April 2025. On 30 May 2025, we received notification that such holdings decreased below 3.00% of our outstanding share capital, and we have not received any notification that such holding has changed since that date.

Since 31 March 2026, we have not been notified of any other significant change in the percentage ownership held by our major shareholders.

Material interest in American Depositary Shares

As at 1 June 2026, we had 10,191 registered holders of our American Depositary Shares (ADSs) representing ownership of 8.63% of our issued and outstanding share capital, excluding ordinary shares held in treasury. As at 1 June 2026, based on information available to us, we believe that approximately 8.63% of our issued and outstanding share capital (whether in the form of shares or ADSs), excluding shares held in treasury, was held beneficially in the United States.

Insider Trading Policy

We have adopted insider trading policies and procedures governing the purchase, sale, and other dispositions of our securities by directors, senior management, and employees, which policies and procedures are reasonably designed to promote compliance with applicable insider trading laws, rules and regulations, and any listing standards applicable to us. A copy of the policy is filed as Exhibit 11(b) to this Annual Report.

Subsequent Events

NONE

Representations and Warranties in the Exhibits

Pursuant to the rules and regulations of the SEC, the Company has filed certain agreements as exhibits to this Annual Report on Form 20-F. These agreements may contain representations and warranties by the parties to them. These representations and warranties have been made solely for the benefit of the other party or parties to such agreement and (i) may be intended not as statements of fact, but rather as a way of allocating the risk to one of the parties to such agreements if those statements turn out to be inaccurate, (ii) may have been qualified by disclosures that were made to such other party or parties and that either have been reflected in the company's filings or are not required to be disclosed in those filings, (iii) may apply materiality standards different from what may be viewed as material to investors and (iv) were made only as of the date of such agreements or such other date or dates as may be specified in such agreements.

In accordance with the instructions to Item 2(b)(i) of the Instructions to Exhibits to the Form 20-F, National Grid agrees to furnish to the SEC, upon request, a copy of any instrument relating to long-term debt that does not exceed 10 percent of the total assets of National Grid and its subsidiaries on a consolidated basis.

Reports of Independent Registered Public Accounting Firms—Audit opinions for Form 20-F

In addition to the financial information set forth on the pages referenced under Item 18 in the Form 20-F Cross Reference Table on page vii, the reports of Deloitte LLP (PCAOB ID 1147), Independent Registered Public Accounting Firm, are presented below:

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of National Grid plc

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of National Grid plc and its subsidiaries (together the “Group”) as at 31 March 2026 and 2025, the related consolidated statements of income, comprehensive income, changes in equity, and cash flows, for each of the three years in the period ended 31 March 2026, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Group as at 31 March 2026 and 2025, and the results of its operations and its cash flows for each of the three years in the period ended 31 March 2026, in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”).

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Group’s internal control over financial reporting as at 31 March 2026, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated 13 May 2026, expressed an unqualified opinion on the Group’s internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Group’s management. Our responsibility is to express an opinion on the Group’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Group in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the Audit and Risk Committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

US environmental provisions – Refer to notes 1F, 26 and 35 to the financial statements

Critical Audit Matter Description

At 31 March 2026, the Group has £2,011 million of environmental provisions in the United States (“US”) relating to a number of sites owned and managed by the Group, together with certain sites which are no longer owned.

We have identified the US environmental provisioning at certain sites as a key audit matter due to the complexities in estimating the future cost of remediation.

The sites with the highest level of estimation uncertainty were identified as those with significant

contamination (“Superfund” sites) and certain other legacy Manufactured Gas Plant (“MGP”) sites based on factors including the presence of regulatory correspondence in the year and the level of change in the provision amount.

Environmental provisions are calculated based on management’s best estimate of the cash flows that will be required to settle the obligation, discounted at a real discount rate, calculated based on the US government bond yield curve and the weighted average life of the provisions.

The audit procedures required to evaluate the reasonableness of management's estimates and assumptions required a high degree of auditor judgement and an increased extent of effort. Key estimates and assumptions included:

- the impact of changes in regulation or the environmental agencies' interpretation and implementation of the regulations;
- the extent of contamination identified and modelled from ongoing exploratory and remediation works;
- the form, timing, extent, and associated cost of remediation needed; and
- the allocation of responsibility for remediation.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the forecasts of future cash flows of the Superfund and certain legacy MGP sites for US environmental provisions included the following, among others:

- We tested the effectiveness of controls over management's compilation of its forecast cash flows.
- We completed public domain searches on federal databases across all Group subsidiaries' sites to determine whether any relevant costs or applicable sites were omitted. We further checked for the latest regulatory changes at the federal and local level, and precedent from remediation plans recently agreed with the environmental agencies, to determine any indication of changing requirements;
- We evaluated the results of ongoing environmental testing for potential non-compliance or evidence that the existing or planned remediation activities would require revision or enhancement; and
- We performed additional procedures regarding the uncertainty over the allocation of responsibilities between the Potentially Responsible Parties ("PRPs");
 - We made enquiries of the US internal legal counsel and obtained analysis directly from external legal counsel to understand potential changes to previously determined PRP positions, including shifts in liability, new legal interpretations, or ongoing negotiations that could impact the Group's share of responsibility;
 - We evaluated settlements reached in the current period with PRPs and analysed compliance with funding contributions requests, comparing the terms and outcomes to the Group's assumed shares of responsibility;
 - We evaluated publicly available financial statement information and disclosures for a selection of PRPs to identify contradictory evidence regarding their assumed share percentages and to assess their financial viability, which could impact their ability to fulfil their allocated responsibilities; and
 - We assessed the extent to which the evidence obtained demonstrated that the allocations will be substantially followed by all parties.
- We worked with our environmental specialists to assist us in evaluating the associated cost of remediation. Procedures included:
 - Agreeing the proposed remediation activities to technical engineering studies agreed with the environmental agencies;
 - Considering the latest correspondence with the environmental agencies where remediation plans are yet to be agreed; and
 - Agreeing costings to third-party contracts and estimates where available.

/s/ Deloitte LLP

London, United Kingdom 13 May 2026

We have served as the Group's auditor since 2018.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of National Grid plc

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of National Grid plc and subsidiaries (together the “Group”) as of 31 March 2026, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Group maintained, in all material respects, effective internal control over financial reporting as of 31 March 2026, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended 31 March 2026, of the Group and our report dated 13 May 2026, expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Group’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying management's report on internal control over financial reporting. Our responsibility is to express an opinion on the Group’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Group in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte LLP

London, United Kingdom
13 May 2026

Description

<u>1.1</u>	<u>Articles of Association of National Grid plc as amended by Special Resolution passed on 26 July 2021. (Exhibit 1.1 to National Grid plc Form 20-F dated 7 June 2022 File No. 1-14958)</u>	Incorporated by reference
<u>2(a)</u>	<u>Amended and restated Deposit Agreement dated as of 23 May 2013 among National Grid plc and The Bank of New York Mellon, as Depository, and all Owners and Holders from time to time of American Depositary Shares issued thereunder. (Exhibit 1 to National Grid plc Form F-6 dated 15 May 2013 File No. 333-178045)</u>	Incorporated by reference
<u>2(b).1</u>	<u>Amended and Restated Trust Deed dated 2 August 2011 among National Grid plc, National Grid Electricity Transmission plc and the Law Debenture Trust Corporation p.l.c. relating to a €15,000,000,000 Euro Medium Term Note Programme. (Exhibit 2(b).5 to National Grid plc Form 20-F dated 12 June 2012 File No. 1-14958)</u>	Incorporated by reference
<u>2(b).2</u>	<u>Amended and Restated Trust Deed dated 10 September 2012 among National Grid plc, National Grid Electricity Transmission plc and the Law Debenture Trust Corporation p.l.c. relating to a €15,000,000,000 Euro Medium Term Note Programme. (Exhibit 2(b).6 to National Grid plc Form 20-F dated 10 June 2013 File No. 1-14958)</u>	Incorporated by reference
<u>2(b).3</u>	<u>Amended and Restated Trust Deed relating to National Grid North America Inc.'s €8,000,000,000 Euro Medium Term Note Programme arranged by HSBC Bank plc dated 21 August 2025 between National Grid North America Inc. and the Law Debenture Trust Corporation p.l.c.</u>	Filed herewith
<u>2(b).4</u>	<u>Amended and Restated Trust Deed relating to National Grid Electricity Transmission plc €20,000,000,000 Euro Medium Term Note Programme arranged by HSBC Bank plc dated 19 August 2025 among National Grid plc, National Grid Electricity Transmission plc and the Law Debenture Trust Corporation p.l.c.</u>	Filed herewith
<u>2(b).5</u>	<u>Amended and Restated Trust Deed dated 21 September 2015 among National Grid plc, National Grid Electricity Transmission plc and the Law Debenture Trust Corporation p.l.c. relating to National Grid plc and National Grid Electricity Transmission plc €15,000,000,000 Euro Medium Term Note Programme. (Exhibit 2(b).13 to National Grid plc Form 20-F dated 7 June 2016 File No. 1-14958)</u>	Incorporated by reference
<u>2(b).6</u>	<u>Amended and Restated Trust Deed dated 9 December 2015 among National Grid USA, National Grid North America Inc. and the Law Debenture Trust Corporation p.l.c. relating to National Grid USA €4,000,000,000 Euro Medium Term Note Programme. (Exhibit 2(b).14 to National Grid plc Form 20-F dated 7 June 2016 File No. 1-14958)</u>	Incorporated by reference
<u>2(b).7</u>	<u>Amended and Restated Trust Deed dated 30 July 2019 among National Grid plc, National Grid Electricity Transmission plc and the Law Debenture Trust Corporation p.l.c. relating to National Grid plc and National Grid Electricity Transmission plc €15,000,000,000 Euro Medium Term Note Programme. (Exhibit 2(b).8 to National Grid plc Form 20-F dated 25 June 2020 File No. 1-14958)</u>	Incorporated by reference
<u>2(b).8</u>	<u>Amended and Restated Trust Deed dated 30 July 2019 among National Grid Gas plc and the Law Debenture Trust Corporation p.l.c. relating to a €10,000,000,000 Euro Medium Term Note Programme. (Exhibit 2(b).9 to National Grid plc Form 20-F dated 25 June 2020 File No. 1-14958)</u>	Incorporated by reference
<u>2(b).9</u>	<u>Trust Deed dated 5 September 2019 among NGG Finance plc, National Grid plc and the Law Debenture Trust Corporation p.l.c. relating to a €500,000,000 Fixed Rate Resettable Capital Securities due 2079. (Exhibit 2(b).9 to National Grid plc Form 20-F dated 25 June 2020 File No. 1-14958)</u>	Incorporated by reference

<u>2(b).10</u>	<u>Trust Deed dated 5 September 2019 among NGG Finance plc, National Grid plc and the Law Debenture Trust Corporation p.l.c. relating to a €750,000,000 Fixed Rate Resetable Capital Securities due 2082. (Exhibit 2(b).9 to National Grid plc Form 20-F dated 25 June 2020 File No. 1-14958)</u>	Incorporated by reference
<u>2(b).11</u>	<u>Trust Deed dated 7 August 2020 among National Grid plc, National Grid Electricity Transmission plc and the Law Debenture Trust Corporation p.l.c. relating to a €15,000,000,000 Euro Medium Term Note Programme. (Exhibit 2(b). to National Grid plc Form 20-F dated 8 June 2021 File No. 1-14958)</u>	Incorporated by reference
<u>2(b).12</u>	<u>Amended and Restated Trust Deed dated 16 August 2021 among National Grid plc, National Grid Electricity Transmission plc and the Law Debenture Trust Corporation p.l.c. relating to a €15,000,000,000 Euro Medium Term Note Programme. (Exhibit 2(b).14. to National Grid plc Form 20-F dated 7 June 2022 File No. 1-14958)</u>	Incorporated by reference
<u>2(b).13</u>	<u>Amended and Restated Trust Deed dated 22 October 2021 between National Grid North America and the Law Debenture Trust Corporation p.l.c. relating to a €8,000,000,000 Euro Medium Term Note Programme (Exhibit 2(b).15. to National Grid plc Form 20-F dated 7 June 2022 File No. 1-14958)</u>	Incorporated by reference
<u>2(b).14</u>	<u>Amended and Restated Trust Deed dated 11 August 2022 between National Grid plc, National Grid Electricity Transmission plc and the Law Debenture Trust Corporation p.l.c. relating to a €20,000,000,000 Euro Medium Term Note Programme. (Exhibit 2(b).16 to National Grid plc Form 20-f dated 6 June 2023 File No. 1-14958)</u>	Incorporated by reference
<u>2(b).15</u>	<u>Amended and Restated Trust Deed dated 24 August 2022 among Western Power Distribution (East Midlands) plc, Western Power Distribution (South Wales) plc, Western Power Distribution (West Midlands) plc and HSBC Corporate Trustee Company (UK) Limited relating to a €6,000,000,000 Euro Medium Term Note Programme. (Exhibit 2(b).17 to National Grid plc Form 20-f dated 6 June 2023 File No. 1-14958)</u>	Incorporated by reference
<u>2(b).16</u>	<u>Amended and Restated Trust Deed dated 4 August 2023 between National Grid North America Inc. and The Law Debenture Trust Corporation p.l.c. relating to a €8,000,000,000 Euro Medium Term Note Programme.</u>	Incorporated by reference
<u>2(b).17</u>	<u>Amended and Restated Trust Deed dated 10 August 2023 among National Grid Electricity Distribution (East Midlands) plc, National Grid Electricity Distribution (South Wales) plc, National Grid Electricity Distribution (South West) plc, National Grid Electricity Distribution (West Midlands) plc and HSBC Corporate Trustee Company (UK) Limited relating to a €6,000,000,000 Euro Medium Term Note Programme.</u>	Incorporated by reference
<u>2(c)</u>	<u>Description of Securities Registered Under Section 12 of the Exchange Act</u>	Incorporated by Reference
<u>4(a).1*</u>	<u>Underwriting Agreement dated as of 23 May 2024 among National Grid plc and the underwriting banks named therein.</u>	Incorporated by reference
<u>4(c).2</u>	<u>Service Agreement among National Grid Electricity Transmission plc and John Mark Pettigrew dated 2 November 2014. (Exhibit 4(c).5 to National Grid plc Form 20-F dated 5 June 2014 File No. 1-14958)</u>	Incorporated by reference
<u>4(c).3</u>	<u>Amendment to Service Agreement among National Grid Electricity Transmission plc and John Mark Pettigrew dated 2 November 2015. (Exhibit 4(c).4 to National Grid plc Form 20-F dated 5 June 2014 File No. 1-14958)</u>	Incorporated by reference
<u>4(c).4</u>	<u>Service Agreement among National Grid Electricity Transmission plc and Nicola Shaw dated 23 March 2016. (Exhibit 4(c).4 to National Grid plc Form 20-F dated 6 June 2017 File No. 1-14958)</u>	Incorporated by reference

<u>4(c).5</u>	<u>Service Agreement among National Grid plc and Andrew Agg dated 21 December 2018. (Exhibit 4(c).5 to National Grid plc Form 20-F dated 4 June 2019 File No. 1-14958)</u>	Incorporated by reference
<u>4(c).6</u>	<u>Service Agreement among National Grid plc and Zoë Yujnovich dated 1 May 2025</u>	Filed herewith
<u>4(c).7</u>	<u>Letter of Appointment—Jacqui Ferguson (Exhibit 4(c).6 to National Grid plc Form 20-F dated 29 May 2025 File No. 1-14958)</u>	Incorporated by reference
<u>4(c).8</u>	<u>Letter of Appointment—Earl Shipp. (Exhibit 4(c).15 to National Grid plc Form 20-F dated 4 June 2019 File No. 1-14958)</u>	Incorporated by reference
<u>4(c).9</u>	<u>Letter of Appointment—Jonathan Silver. (Exhibit 4(c).15 to National Grid plc Form 20-F dated 25 June 2020 File No. 1-14958)</u>	Incorporated by reference
<u>4(c).10</u>	<u>Letter of Appointment—Elizabeth (Liz) Hewitt. (Exhibit 4(c).16 to National Grid plc Form 20-F dated 25 June 2020 File No. 1-14958)</u>	Incorporated by reference
<u>4(c).11</u>	<u>Letter of Appointment—Paula Rospot Reynolds. (Exhibit 4(c).17 to National Grid plc Form 20-F dated 8 June 2021 File No. 1-14958)</u>	Incorporated by reference
<u>4(c).12</u>	<u>Letter of Appointment—Lord Ian Livingston. (Exhibit 4(c).18 to National Grid plc Form 20-F dated 7 June 2022 File No. 1-14958)</u>	Incorporated by reference
<u>4(c).13</u>	<u>Letter of Appointment—Anne Robinson. (Exhibit 4(c).19 to National Grid plc Form 20-F dated 7 June 2022 File No. 1-14958)</u>	Incorporated by reference
<u>4(c).14</u>	<u>Letter of Appointment—Tony Wood. (Exhibit 4(c).20 to National Grid plc Form 20-F dated 7 June 2022 File No. 1-14958)</u>	Incorporated by reference
<u>4(c).15</u>	<u>Letter of Appointment—Martha Wyrsh (Exhibit 4(c).21 to National Grid plc Form 20-F dated 7 June 2022 File No. 1-14958)</u>	Incorporated by reference
<u>4(c).16</u>	<u>Letter of Appointment —Iain Mackay (exhibit 4(c).17 to National Grid plc Form 20-F dated 6 June 2023 File No. 1-14958)</u>	Incorporated by reference
<u>4(c).17</u>	<u>National Grid plc Deferred Share Plan. (Exhibit 4.2 to National Grid plc S-8 dated 28 July 2011 File No. 333-175852)</u>	Incorporated by reference
<u>4(c).23</u>	<u>National Grid USA Companies’ Defined Contribution Supplemental Executive Retirement Plan. (Exhibit 4.2 to National Grid plc S-8 dated 23 October 2012 File No. 333-184558)</u>	Incorporated by reference
8	List of subsidiaries - The list of the Company’s significant subsidiaries as of 31 March 2026 is incorporated by reference to “Financial Statements—Notes to the consolidated financial statements—34. Subsidiary undertakings, joint venture and associates—Subsidiary undertakings” on pages 206-209 included in the Annual Report on Form 20-F for the financial year ended 31 March 2025. This list excludes subsidiaries that do not, in aggregate, constitute a “significant subsidiary” as defined in Rule 1-02(w) of Regulation S-X as at 31 March 2026.	Filed herewith
<u>11(b)</u>	<u>Share Dealing Policy (Exhibit 11(b) to National Grid plc Form 20-F dated 29 May 2026 File No. 1-14958)</u>	Incorporated by reference
<u>12.1</u>	<u>Certification of Zoë Yujnovich pursuant to Rule 13a-14(a) of the Exchange Act.</u>	Filed herewith

<u>12.2</u>	<u>Certification of Andrew Agg pursuant to Rule 13a-14(a) of the Exchange Act.</u>	Filed herewith
<u>13.1</u>	<u>Certifications of Zoë Yujnovich and Andrew Agg furnished pursuant to Rule 13a-14(b) of the Exchange Act (such certifications are not deemed filed for purpose of Section 18 of the Exchange Act and not incorporated by reference in any filing under the Securities Act).</u>	Filed herewith
<u>15.1</u>	<u>Consent of Deloitte LLP, independent registered public accounting firm to National Grid plc.</u>	Filed herewith
<u>17.1</u>	<u>Subsidiary guarantors and issuers of guaranteed securities</u>	Incorporated by reference
<u>97.1</u>	<u>US Clawback Policy</u>	Incorporated by reference

* Portions of this exhibit have been **redacted** in compliance with [Regulation S-K](#) Item [601\(b\)\(10\)](#).

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorised the undersigned to sign this annual report on its behalf.

NATIONAL GRID PLC

By: /s/ Andrew Agg
Andrew Agg
Chief Financial Officer

London, England
3 June 2026