



Securing Britain's energy. Unlocking a net zero future.

National Gas Transmission plc
Annual Report and Accounts 2024/25
Company number 02006000





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About this report
This report has been produced in landscape format to optimise the reading experience online. The information contained in this report is relevant for the Company's reporting period which is from 1 April 2024 to 31 March 2025.

<https://www.nationalgas.com/ngt-annual-report-2025>

 [See National Gas Annual Report online](#) →




Look out for these
 Links to an external website
 Links to a place in this report

The National Gas app
Our app provides near real-time insight into Britain's gas network. Scan the QR to download the app on iOS and Android devices.




Business highlights 2024/25




~26%

UK electricity generated from gas




~36%

UK primary energy demand from gas




99%

Gas used in Great Britain transported by the NTS




100%

Network reliability across the NTS




c.5.4 million

Number of gas meters managed by National Gas Metering




0.02

Lost Time Injury Frequency Rate (LTIFR) per 100,000 hours



1.6%

Mean gender pay gap, lower than the UK average



£7.95

Contribution to consumer energy bill (less than 1% of the average annual dual fuel bill)

Financial highlights 2024/25



£1,551m

Revenue



£654m

Operating profit
(before exceptionals)



£7,612m

Regulated asset value





£576m

Capital investment

Financial performance	2025	2024
	£m	£m
Revenue	1,551	1,778
Operating profit before exceptional items	654	895
Exceptional items*	(59)	(42)
Total operating profit	595	853
Profit before tax	710	839
Cash generated from operations	950	1,188
Capital expenditure	576	479
Regulated asset value	7,612	7,304

*Refer to the exceptional items note 5 in the financial section, for further details

-  [Read more: Our business at a glance →](#)
-  [Read more: Financial statements →](#)

Governance report

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Introduction to the governance report

The following pages describe our governance arrangements and introduce our Board of Directors and the activities they have undertaken during the year.

An engaged Board drives good governance and contributes to the success of our business.



Our strong governance framework is essential for the Board to carry out its role and underpins the delivery of our strategic objectives, embedding accountability and integrity in all that we do.

Dr Phil Nolan
Chair

On behalf of the Board, I am delighted to introduce our Governance Report for 2024/25. This report explains how we have ensured that effective corporate governance supports our oversight of the Group’s strategy and the long-term sustainable success of the Company.

Our governance

The composition of our Board is of high quality and with the support of its four Committees (Audit and Risk Committee, Remuneration and Nominations Committee, Regulation and Strategy Committee and Safety and Sustainability Committee) it provides strong and effective leadership to the business.

Following the completion of the sale of the final stake in the National Gas business, we said farewell to the representatives from National Grid and welcomed a number of new Directors to the Board. I would like to thank my fellow Directors for their contribution and valuable insight to the Board and the Board Committees, both inside and outside the Board room.

As Chair, I am responsible for ensuring the effectiveness of the Board, that it operates with openness and inclusivity and that each Board member contributes such that we benefit from the diversity of skills and experience that they bring. We carried out an internal review of the Board’s performance this year and the results were overall very positive. The review confirmed that the Board operates effectively and has an appropriate balance of skills, experience and knowledge to encourage challenge and debate. A few areas of improvement were identified and these are being implemented to further strengthen the effectiveness of the Board.

Board activities

A key focus for the Board this year was the development and assurance of our RIIO-GT3 business plan and as a Board we are confident that it is appropriately ambitious, efficient and affordable and will deliver value to our customers, consumers and stakeholders today and for the future. Other key areas that we considered during the year included the monitoring of the delivery of our RIIO-T2 commitments, cyber activities and resilience risks, energy security and preparations to ensure operational readiness for RIIO-GT3. We also reviewed the completion of the

separation plan from National Grid, a massive undertaking which was completed on time and on budget. We continued to constructively challenge and support the executives in executing our three-molecule strategy and we had a number of strategy sessions where we considered our overall strategy in light of changes in the energy landscape. We have done this whilst meeting our core responsibility in overseeing financial and operational performance, corporate controls and risk management, and the strengthening of our corporate culture.

We were very pleased that our annual employee engagement survey presented a further improvement in results, demonstrating the progress we are making in our cultural ambition to be a results-orientated, purpose-led and caring organisation. The positive results show the progress we are making in embedding our desired culture across the business.

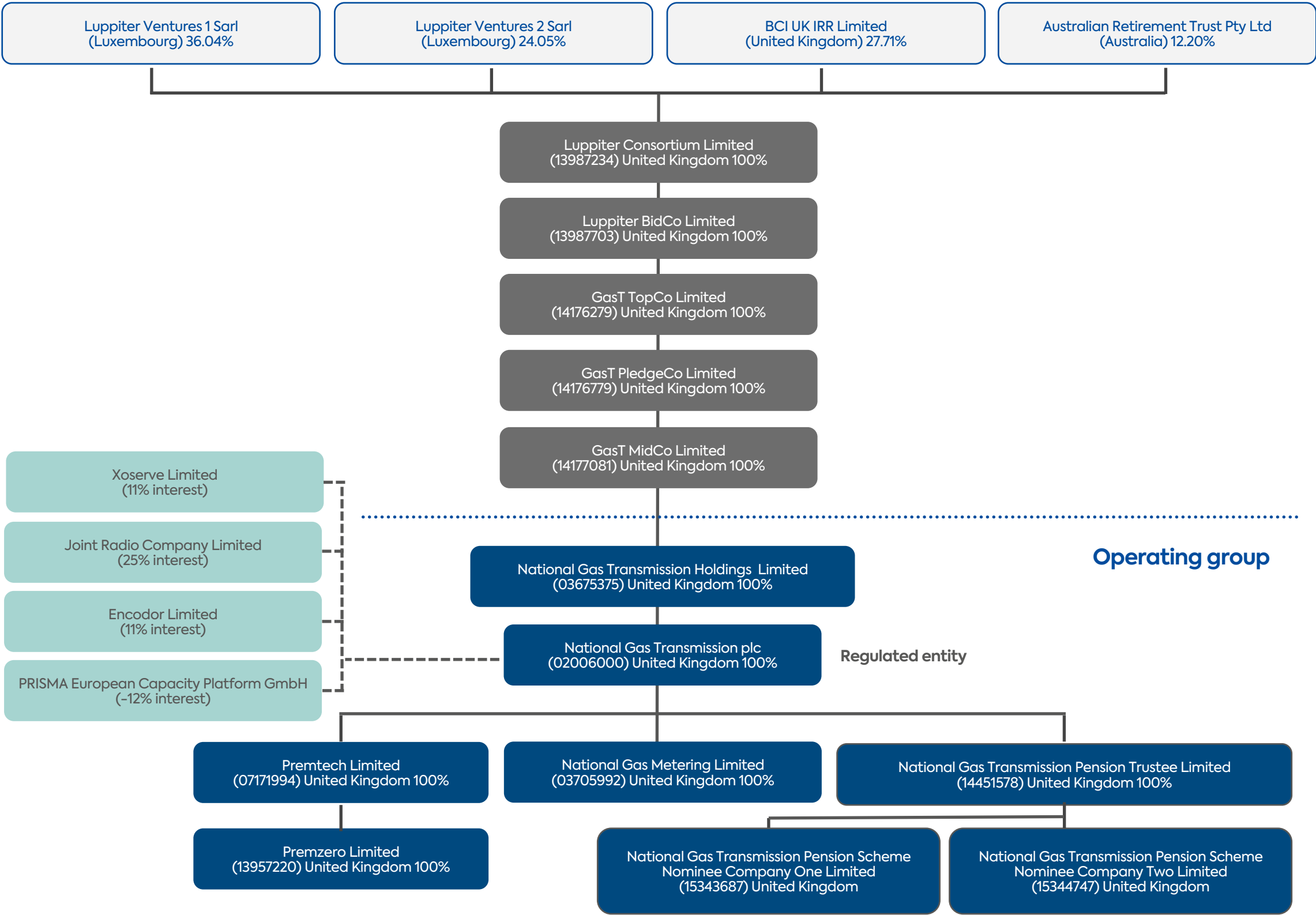
Our Safety and Sustainability Committee has an unwavering focus on the health and safety of our people and the risks associated with our operations and work. Although our safety performance remains very strong, we remain committed to improving and strengthening our performance and culture across our workforce, wherever possible.

Thank you

As I mentioned in my Chair’s foreword, I am stepping down as Chair at the end of the year and I will ensure that the transition to Mark Russell as the new Chair is as seamless as possible. I want to thank everyone involved this year – all our stakeholders including our customers, investors, regulators, suppliers and communities. But, above all, thank you to our colleagues for their work to ensure that we are ready to deliver the next regulatory period and for their commitment to completing the final year of RIIO-T2 strongly.

Dr Phil Nolan
Chair

Group structure and ownership



The parent company of the National Gas group is Luppiter Consortium Limited, and the chart opposite sets out the structure of the National Gas group of companies as at 31 March 2025.

The National Gas group is owned by the shareholders of Luppiter Consortium Limited, 60.09% of which is owned by a consortium of investors led by Macquarie Asset Management (through its investments in the Luppiter Venture entities), 27.71% by British Columbia Investment Management Corporation, with the remaining 12.20% of the shares held by Australian Retirement Trust.

Shareholders' Agreement
National Gas is party to a private agreement between the shareholders of Luppiter Consortium Limited (the Shareholders' Agreement), which governs how the shareholders manage their investment in the National Gas business. This includes a schedule of matters reserved for final decision by the Luppiter Consortium Limited Board of Directors and shareholders, respectively. These matter includes areas such annual business plan and budget, financial and treasury related transactions and substantial changes to the business and the Group.

Governance framework

As a large private company, we are guided in our approach to corporate governance by the application of the **Wates Corporate Governance Principles for Large Private Companies (the Wates Principles)**. For the year ended 31 March 2025, the Board is satisfied that it considered and effectively applied the six Wates Principles throughout its business and conduct. An overview of the Wates Principles is provided below, with further detail on how the Board aligned to these principles on pages 82–88.

Wates principles

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Purpose and leadership→
See page 82

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Board composition→
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Director responsibility→
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Opportunity and risk→
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Remuneration→
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Stakeholder relationships and engagement→
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Board of Directors

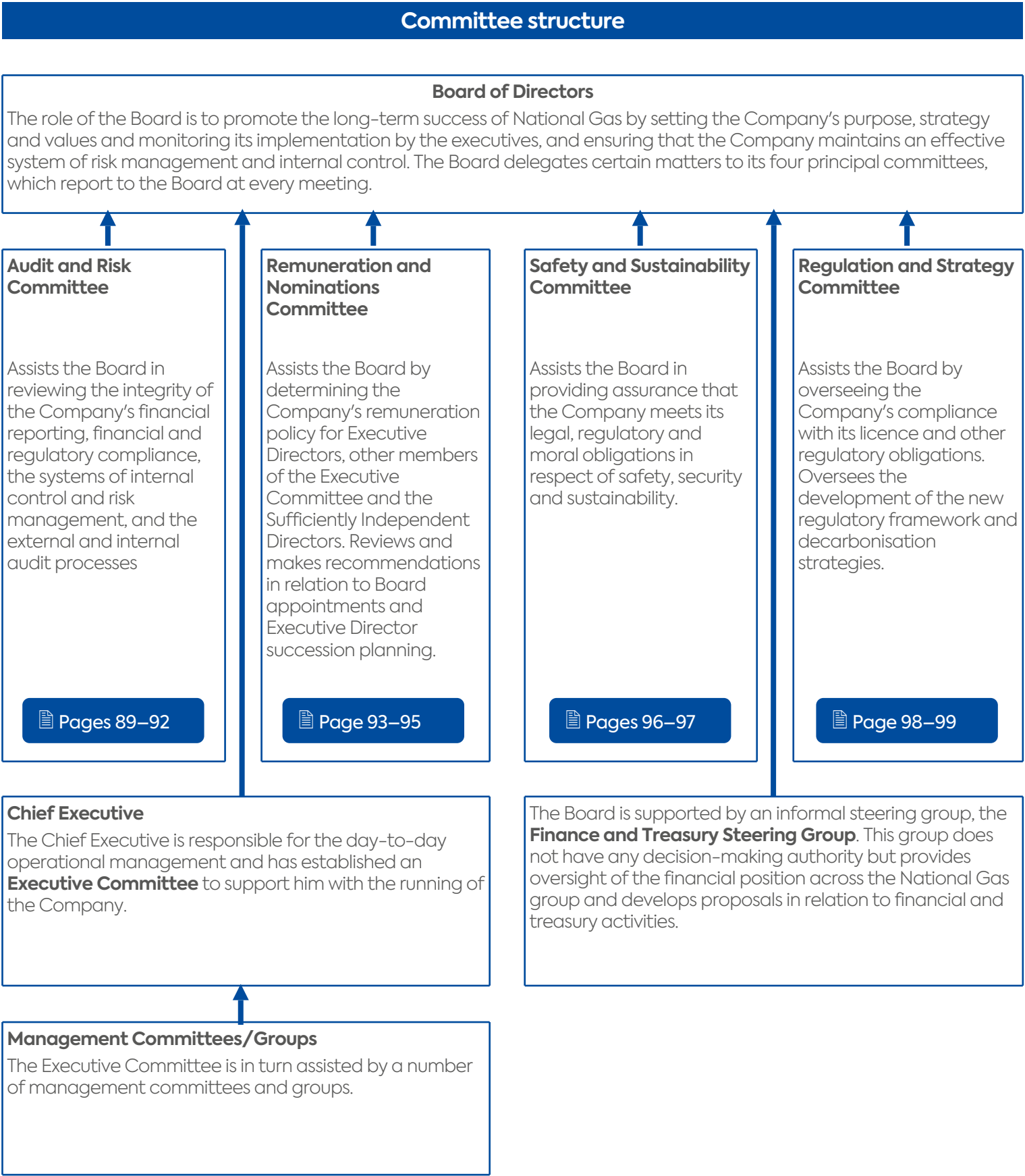
Our Board is made up of three Sufficiently Independent Directors (SIDs), one of whom is the Chair, seven Shareholder Nominated Directors and two Executive Directors. From a governance perspective, the Sufficiently Independent Directors and the Shareholder Nominated Directors are non-executive directors.

Executive Committee

The Executive Committee comprises our leadership team, established and led by our Chief Executive. They are collectively responsible for the day-to-day management of the Company and executing our strategy. The team provides regular updates to the Board and maintains a regular dialogue with individual members of the Board. See page 81 for further details on the composition of the Executive team as of the date of this report. Their biographies are available on the corporate website.

Committee structure

The Board has delegated certain responsibilities to its committees and the diagram opposite outlines our governance framework as of 31 March 2025. Further details can be found from page 89.





Dr Phil Nolan

Chair and Sufficiently Independent Director

Appointment

Joined in January 2023

Committee membership

Remuneration and Nominations Committee

Skills and experience

Phil has served on the board of many public and private companies, both in an executive and non-executive capacity. He has industry experience and was an executive director of BG Group plc and Chief Executive of Transco. As Transco Chief Executive from 1998, he led the demerger of Transco from BG Group in 2000. Previous roles include Chair of Associated British Ports, John Laing, Ulster Bank Limited, Sepura plc and Affinity Water. He was a non-executive director of Encyclis PLC between 2007 and 2010. He was the chair of Infinis, a then privately-held, leading renewable energy generator. He was also the Chief Executive of Eircom, Ireland’s national telecommunications supplier from 2002 to 2006.

Other appointments

Phil is currently a non-executive director of KKR Infrastructure Conglomerate LLC.



Jon Butterworth

Chief Executive Officer

Appointment

Joined in May 2021

Skills and experience

Jon has over 45 years’ experience in the gas and electricity industry and a strong track record of building successful businesses in regulated and competitive energy markets across the UK, Europe and the US. He was previously the Chief Executive of National Grid Ventures, leading, amongst other things, the construction of the electricity interconnector fleet across the North Sea – connecting enough carbon-free energy from Europe to power 7.8 million homes in the UK. Jon was awarded the MBE in 2009 for services to Britain’s gas industry.

Other appointments

Jon is a Fellow of the Institute of Directors, and a Companion of the Institute of Gas Engineers and Managers (IGEM), and was previously President of the Pipeline Industries Guild. He is a non-executive director of Pennon Group and chairs the Pennon Health & Safety Committee.



Nick Hooper

Chief Financial Officer

Appointment

Joined in August 2021

Skills and experience

Nick joined National Grid in 2014. He was the Chief Financial Officer for National Grid Ventures before taking on the role of Chief Finance Officer for the National Gas and Metering business in August 2021. Nick became ACA qualified with Ernst & Young. Throughout his career, he has held a number of senior finance roles, including eight years in finance director roles at Capita plc.



Cathryn Ross

Sufficiently Independent Director

Appointment

Joined in June 2019

Committee membership

Chair of the Regulation and Strategy Committee

Skills and experience

Cathryn is the Strategy and External Affairs Director at Thames Water. She is an experienced regulatory and competition economist, having worked in both the public and private sectors including at BT Group plc, Ofwat, the Office of Rail Regulation (now the Office of Rail and Road) and the Competition Commission (now the Competition and Markets Authority). She has a proven background in advising on economic, regulatory and competition issues across a number of sectors. Cathryn was a non-executive director of the Institute of Customer Service between 2020 and 2022, and was the inaugural chair of the Regulatory Horizons Council, an independent committee established by BEIS.



Mark Russell CBE

Sufficiently Independent Director

Appointment

Joined in July 2024

Committee membership

Chair of the Audit and Risk Committee

Skills and experience

Mark has an extensive background in corporate finance and in government. He was a partner in the corporate finance departments of KPMG London and KPMG Frankfurt, and worked at PwC Corporate Finance and Robert Fleming & Co., Lazard Brothers and A.T. Kearney. Most recently, Mark was CEO of UK Government Investments. Previous non-executive director roles include that of the Submarine Delivery Agency, Eurostar International Limited, DP World and LCR.

Other appointments

Mark is the chair of Defence Equipment and Support, the procurement organisation of the Ministry of Defence, and Angel Trains.



Will Price

Shareholder Nominated Director

Appointment

Joined in January 2023

Committee membership

Chair of the Remuneration and Nominations Committee

Skills and experience

Will joined Macquarie in 2007 and is the Head of European Utilities for Macquarie Asset Management. He has over 10 years of experience in infrastructure investment and management, primarily in the utilities and energy sector across the UK and Europe. He has extensive experience in key asset management initiatives, including regulatory resets and re-financings, and he has been involved in several utilities acquisitions, including Wales & West Utilities, Thyssengas, Czech Grid Holding, EP Infrastructure, Viesgo, CEZ Romania and Southern Water.

Other appointments

Will sits on several company boards within Macquarie Asset Management’s investment portfolio.



Mark Mathieson

Shareholder Nominated Director

Appointment

Joined in January 2023

Skills and experience

Mark has been the Managing Director for Macquarie Asset Management since October 2018. He has over 30 years of experience in the energy utility sector at both executive and non-executive director level, including Smart DCC and as chair of the Energy Networks Association and EA Technology. Mark spent 26 years at SSE, including 10 years as the Managing Director for its electricity network businesses, and subsequently he was Chief Executive at Green Highlands Renewables, the UK’s leading developer of run-of-river hydro-electric schemes.

Other appointments

Mark holds a number of different board positions for companies, including Cadent Gas Networks and Nortegas Energia Grupo.



Howard Higgins

Shareholder Nominated Director

Appointment

Joined in January 2023

Committee membership

Chair of the Safety and Sustainability Committee

Skills and experience

Howard is a Senior Advisor at Macquarie Infrastructure and Real Assets and has played a key role in global energy and utility transactions and transitions undertaken by Macquarie Asset Management since he joined in 2003. He also provides specialist support on the acquisition, transition and management of energy and utility businesses. Previous roles include CEO of BG Storage, Operations Director of Transco and Director of Cadent Gas Networks.

Other appointments

Howard sits on several company boards within Macquarie Asset Management’s investment portfolio.



Liam Auer

Shareholder Nominated Director

Appointment

Joined in January 2025

Committee membership

Regulation and Strategy Committee

Skills and experience

Liam is a Managing Director for the Diversified Utilities Team at Macquarie Asset Management. He has considerable investment experience, having been involved in the acquisitions of Cadent Gas, Elenia Oy, Viesgo, E-Redes, Reden Solar and Last Mile Infrastructure, as well as the strategic review of Macquarie Infrastructure Corporation. He joined Macquarie’s Sydney office in 2012 and worked on the unlisted Global Infrastructure Funds and Macquarie Special Situations Fund, and transferred to the London office in 2014.

Other appointments

Liam sits on a number of company boards within Macquarie Asset Management’s investment portfolio.



Robin Watson CBE

Shareholder Nominated Director

Appointment

Joined in February 2025

Committee membership

Audit and Risk Committee

Skills and experience

Robin has more than 35 years of business, industry and engineering experience, and over 20 years in executive and non-executive positions across a variety of market sectors around the globe. Robin has extensive experience of several government and industry bodies, most recently as a board member of the UK government’s Investment Council, and on the board of the Institute of Directors (IoD). Has previously served as Chief Executive of Wood plc, prior to which he held a number of senior positions at Petrofac, having started his professional career at ExxonMobil.

Other appointments

Robin is a non-executive director of Honeywell Inc., the non-executive chair of Forth Ports Ltd, a senior advisor to McKinsey & Company and chair of Edinburgh Business School’s international advisory board. He is also a Visiting Professor at the University of Strathclyde.



Jerry Divoky

Shareholder Nominated Director

Appointment

Joined in January 2023

Committee memberships

Regulation and Strategy Committee and Remuneration and Nominations Committee

Skills and experience

Jerry is the Senior Managing Director of British Columbia Investment Management Corporation’s (BCI) Global Infrastructure & Renewable Resources group, with investments across 30 countries and all major infrastructure sectors. He joined BCI in 2004 and is responsible for sourcing, executing and managing private direct investments in infrastructure with a focus on utilities, transportation and energy. He has experience in acquisitions, including 10 years in energy and banking. Prior board appointments include Transelec, Dalrymple Bay Coal Terminal, Isagen, NTS, Arteris, Endeavour Energy and GCT Global Container Terminals Inc.

Other appointments

Jerry holds different board positions for companies within BCI’s investment portfolio, including Pacific National and GasNet.



Jenny Lyn Dela Cruz

Shareholder Nominated Director

Appointment

Joined in March 2025

Committee memberships

Safety and Sustainability Committee and Audit and Risk Committee

Skills and experience

Jenny Lyn is a Principal in British Columbia Investment Management Corporation’s (BCI) Infrastructure & Renewable Resources group. She has spent the last six years covering the infrastructure sector. Based in London, she is responsible for sourcing, executing, and managing private direct investments across equity and credit in Europe. Jenny Lyn is a Chartered Professional Accountant (CPA) in Canada and worked in Financial Audit prior to joining BCI.

Executive team



Jon Butterworth
Chief Executive Officer



Nick Hooper
Chief Financial Officer



Matt Steele
Chief Operating Officer



Ian Radley
Chief Commercial Officer



Emily Clark
Chief Strategy and Regulation Officer



Richard Murphy
Chief Information Officer



Sarah Stanton
Chief People Officer



David Byrne
General Counsel

Wates principle 1: Purpose and leadership

Principle 1: An effective Board develops and promotes the purpose of a company and ensures that its values, strategy and culture align with that purpose.

Purpose and strategy

Our network is the backbone of the nation’s energy supply and underpins our core purpose, which is to lead a clean energy future for everyone. Our purpose recognises our critical role in the UK’s path to net zero, and that we will help drive the way forward and not be a passive contributor. It’s inclusive and refers to ‘everyone’ because we want everyone to have access to the energy and heat they need, when they need it, with nobody left behind.

Our purpose highlights the important role that our gas transmission system serves today, whilst recognising the need to support the decarbonisation of the energy system for the future. Our strategy is therefore supported by five priorities which ensure that our gas transmission network remains reliable and maintains security of gas supply. It underpins the role we want to play in shaping the future by providing a transportation system ready for energy transition and supporting the UK’s path to net zero. Through collaboration and innovation, we are adopting a flexible approach to ensure our network and assets continue to deliver for our end consumers, customers and investors over the coming decades.

 [Read more: Strategic direction→](#)

The Board’s key strategic activities during the year included the development of our next price control submission, our RIIO–GT3 business plan. Through both Board and Regulation and Strategy Committee meetings, and additional informal sessions, we were actively engaged in the development of our plan and the assurance framework established to support its development. In reviewing and scrutinising the development of the plan, we considered both the Company’s immediate priorities as well as our longer-term strategy. We believe that the plan ensures our network will continue to serve the UK’s needs for the foreseeable future

whilst enabling the transition to a net zero energy system in the longer term. We challenged the content and integrity of the plan and it underwent extensive stakeholder scrutiny. Collectively we worked hard to ensure that our plan is of the highest integrity, is financeable and deliverable, and we are confident that it will deliver value to our customers, consumers and stakeholders.

Part of our longer-term strategy is our ambition to deliver a core hydrogen network. The Board plays a key role in providing oversight as the decarbonisation strategy is developed and implemented, approving key decisions, determining the risk appetite and investment in the specific projects underpinning its delivery. The collective skillset of our directors affords significant insight into the appropriate strategic and financial approach required to ensure the sustainable success of the Company.

Values and culture

The Board continues to monitor the values and culture of the Company. Our values of simplicity, ownership and progress support and articulate the qualities we wish all employees to demonstrate as we work collectively towards achieving our business objectives and longer-term strategic ambitions. A variety of methods are used to assess and monitor the Company’s overarching culture, including the use of an annual employee survey. The results from the latest employee culture and engagement survey demonstrate the positive cultural shift that the business is making and the progress being made in our values being ‘lived’ by everyone across the business.

The Board demonstrates and encourages value-driven behaviour, setting the ‘tone from the top’ to support a healthy and inclusive culture. The Anti-Bribery and Corruption Policy and Code of Ethics set out the expected ethical standards of our employees, with our Speak-Up Policy also in place to encourage open reporting of any concerns. Our Executives are responsible for ensuring that these policies and behaviours set at Board level are communicated and implemented effectively throughout the workforce.

Regular town hall events led by the Chief Executive Officer and Executive staff provide the opportunity for employees to engage with leadership and ask questions on key developments throughout the business. Weekly newsletters to share business updates are also circulated to all employees and are an important method of disseminating information and embedding our expected culture and values. Regular site visits for directors also provide the opportunity to engage with our employees across the UK.

A strong safety culture is an important part of any organisation. At National Gas, a robust culture of proactively ensuring that our colleagues are safe every day is paramount. In October 2024, a National Gas Safety Culture Survey was completed and presented to the Board at its February 2025 meeting. The outcome of the survey demonstrated strong progress in our approach to safety. These results are testament to the hard work we have undertaken over the past year, including the development and delivery of a consistent and coherent safety strategy, the launch of our Company-wide ‘Seven Deadly Risks’ campaign and the ongoing simplification of our safety management system.

 [Read more: Safe every day→](#)

Another key aspect of the development of a positive, inclusive working culture at National Gas is ensuring that a demonstrable commitment to diversity, equity and inclusion (DEI) is embedded throughout the Company. More on our approach to diversity and inclusion can be found on page [57](#). The Remuneration and Nominations Committee monitors diversity of the workforce, including reviewing gender pay gap reporting and overseeing remuneration arrangements for the wider workforce to ensure they are aligned with our purpose, values and strategy.

 [Read more: DEI→](#)

Wates principle 2: Board composition

Principle 2: Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company.

Size and structure

The composition of the Board is essential to its success in providing strong and effective leadership. The size and structure of the Board is determined by the Shareholders’ Agreement and affords the necessary skillset required to meet the strategic needs and challenges of the organisation. It ensures that the Board is also not overly large, thereby retaining the agility required to enable effective decision-making.

During the year, there have been a number of changes to the composition of the Board, largely due to the completion of the sale of the final 20% of the business to the consortium of investors. Notwithstanding the changes that have taken place throughout the year, our directors at any one time collectively brought a wide range of experience, skills and perspectives to the Board and Board Committee deliberations.

At the date of publishing this report, our Board is made up of three Sufficiently Independent Directors (SIDs), one of whom is the Chair, seven Shareholder Nominated Directors and two executive directors. From a governance perspective, the Sufficiently Independent Directors and the Shareholder Nominated Directors are non-executive directors. Together their roles are to support executives, while providing constructive challenge and rigour. They bring sound judgement and objectivity to the Board’s and the Board Committees’ decision-making processes. The Chief Executive Officer and the Chief Financial Officer are the executive directors on the Board.

The Chair and non-executive directors provide oversight and constructive challenge to the executives, where

appropriate. The strong mix of experience and knowledge amongst our Board members and the clear division of responsibilities between executive and non-executive roles provides accountability and outside perspective. The Board and Board Committee culture is one of openness and collaboration and the Chair ensures that all directors have an opportunity to contribute to discussions. The biographies of the Board members can be found on page [78](#).

 [Read more: Our Board](#)→

Chair

Dr Phil Nolan was appointed non-executive Chair and a Sufficiently Independent Director on 31 January 2023. He is responsible for the effective running and management of our Board and is assisted by the General Counsel and Company Secretary in ensuring adherence to high standards of corporate governance. Phil was viewed as independent upon his appointment. He is not a director of, nor otherwise involved in, any other company within the National Gas group, and the Board is satisfied that Phil remains independent in his role as Chair.

Sufficiently Independent Directors (SIDs)

Our Gas Transporter Licence requires us to have at least two SIDs. Cathryn Ross was appointed in June 2019, Dr Phil Nolan, our Chair, was appointed in January 2023 and, in July 2024, Mark Russell joined the Board as our third SID. Together they provide independent challenge and input into decision-making processes. Their letter of appointment sets out their duties and each of our SIDs confirmed that they are able to devote sufficient time to their role.

Shareholder Nominated Directors

Under the Shareholders’ Agreement, the shareholders have the right to nominate directors to the Board. Our Board currently comprises seven Shareholder Nominated Directors, representing members of the consortium of investors in Luppiter Consortium Limited. The Shareholder

Nominated Directors have the same powers, duties and liabilities as the other directors to act in accordance with the directors’ duties and promote the long-term success of the business as per the Companies Act 2006.

As per the Shareholders’ Agreement, each Shareholder Nominated Director can appoint an Alternate Director to participate in meetings in the event of their absence.

Neither the Shareholder Nominated Directors, or their alternates, are remunerated for their services to the Board, or any of the other group entity Boards of which they are a member.

Balance and diversity

The composition of the Board is determined by the Shareholders’ Agreement. Whilst the Board recognises the importance of diversity, and the investors and the Board are encouraged to consider diversity when nominating directors to the Board, the Board has not adopted a formal Board Diversity Policy.

The composition of the Board is such that the directors collectively bring a wealth of experience, knowledge and expertise from a broad range of backgrounds, including from the energy sector and related industries. This depth and breadth of experience enables the Board to engage in constructive and challenging discussions, ensures a collective high-level understanding relevant to the business, and considers not only the interests of the shareholders but also those of the wider stakeholders.

Effectiveness

Development and training

The Board believes that continuous training and development plays a key role in overall Board effectiveness. A comprehensive induction programme is provided for all new directors, and the Company is committed to offering tailored ongoing training to provide each director with the necessary resources to refresh, update and enhance their skills, knowledge and capabilities. With the ever-evolving regulatory external landscape in which the Company operates, it is critical that the Board remains abreast of developments that may impact the business. Individual meetings with executives and other senior managers are combined with site visits scheduled at the request of the individual directors. A number of business briefings and deep dives from the Chief Executive Officer and his team were also provided throughout the year. The directors are invited to identify areas in which they would like additional information or training, which are then either addressed through individual briefings or teach-ins offered to all Board members.

Board effectiveness review

A review of our Board effectiveness is undertaken on an annual basis and, given the number of changes to the Board composition during the year, the Board agreed to postpone an externally conducted review until next year. The Board effectiveness evaluation was conducted in January 2025, with a comprehensive questionnaire accompanied by the opportunity for directors to discuss their feedback and any other aspects they wished to raise in a one-to-one meeting with our Chair.

The overall feedback was positive, recognising that the Board comprises high-quality members, is functioning effectively and is well supported by the secretariat. It was acknowledged that good progress has been made to address recommendations from the previous year’s review. A number of areas for further enhancement emerged, including optimised discussion of key matters as well as greater opportunity for directors to provide input, thereby making full and effective use of the broad range of skills and experience across the Board. Board members acknowledged that as a collective the Board has come a long way in the last year, but that there is now a need to drive further improvement. This includes an increased focus on strategic discussions, informal sessions and the inclusion

of ‘checkpoint’ meetings to ensure any emerging issues or developments are incorporated into Board discussions.

The Board also reviewed the effectiveness of its Board Committees and is satisfied that these are performing well and that their respective remits are appropriate. Minor suggested improvements to further enhance the effectiveness of the committees were identified and will be implemented accordingly.

The review also concluded that meetings are well chaired, and that the Chair promotes effective and efficient meetings, encouraging involvement by all members as well as facilitating open and constructive discussions and deliberations.

The directors have demonstrated a strong commitment to their roles on the Board and, where applicable, our committees. The Board is satisfied that each director can devote sufficient time to the Company’s business to discharge their responsibilities effectively. The non-executive directors offer strategic guidance to the Board’s deliberations, they support independent decision-making and engage with executives outside of the Boardroom.



Wates principle 3: Director responsibilities

Principle 3: The board and individual directors should have a clear understanding of their accountability and responsibilities. The board’s policies and procedures should support effective decision-making and independent challenge.

Accountability

Board responsibilities

Our governance framework and clear delineation of Board roles enables the Chair, SIDs and Shareholder Nominated Directors to provide oversight and appropriate constructive challenge and support to management in delivering our strategy. The roles and responsibilities of Dr Phil Nolan, as our Chair, and Jon Butterworth, as our Chief Executive, are separate. Phil is responsible for the leadership of the Board and Jon is responsible for the day-to-day management of the business.

The Shareholder Nominated Directors are appointed in accordance with the Shareholders’ Agreement and their role is that of a non-executive director. They, together with the SIDs, are responsible for assisting in the development of the strategy, for providing constructive challenge and holding the executives to account for their performance in the delivery of the agreed strategy. Their role is also to provide strategic guidance and specialist advice and support.

The Board delegates all day-to-day operational matters to the Chief Executive, except for matters set out in the Shareholders’ Agreement that are specifically reserved to the Board of Luppiter Consortium Limited or require approval by the shareholders of Luppiter Consortium Limited. Jon is also responsible for overseeing the development of business strategies for approval by the Board, and achieving timely and effective implementation of the approved strategies.

The Board is supported by the General Counsel and Company Secretary, who provide advice on legal and corporate governance matters.

Internal governance

The Board has a ‘Matters reserved for the boards’ schedule, which outlines the matters which are required to be approved by the Board, the Luppiter Consortium Board or shareholders of Luppiter Consortium. The Board has also approved a Delegation of Authority, which is the document through which the Board delegates the day-to-day running of the Company to the executives up to certain financial limits, and through which the executives further delegate down the organisation with lower limits.

Conflicts of interest

With a number of Shareholder Nominated Directors on the Board, there are times when conflicts of interest, whether matter-specific or situational, arise and there are processes and procedures in place for all directors to identify and declare any such conflicts. The directors are aware of their statutory duties in relation to conflicts of interest and their duty to declare any situations which may create a conflict of interest. The General Counsel and Company Secretary maintain a register of directors’ interests and the Board and Board Committee members are asked to declare any interests, direct or indirect, before the start of each meeting.

Our governance processes

All directors have access to the advice and services of the Company Secretariat team to support them in fulfilling their duties and ensuring they observe best governance practice. The Company Secretariat, together with the Chair, is responsible for reviewing governance processes to ensure they remain fit for purpose, implementing any new processes that strengthen the overall governance of the Company as and when required.

Policy oversight

The Shareholders’ Agreement governs the policies for which the Board, or its Committees, are responsible for reviewing and approving. These include Health and Safety, ESG, the Code of Ethics, Anti-Bribery and Corruption and the Whistleblowing policies. The Executive Committee is responsible for overseeing and approving other policies which govern Company practice across key business areas.

Committees

The Board has overall responsibility for ensuring the long-term success of the business. Collectively, the Board is responsible for its governance and providing effective oversight of the performance of the business, the implementation of the strategy and ensuring compliance with its obligations under its Gas Transporter Licence and other legal and regulatory obligations. In its rigorous oversight of the business, the Board ensures that appropriate systems and processes are in place to monitor and manage the strategic risks and the internal controls. To support it discharging its responsibilities, the Board has delegated certain responsibilities to a number of Board Committees .

The governance framework was introduced in January 2023, and we believe that it underpins good governance practices and enables the Board to provide effective stewardship of the Company. The remit of each committee has been approved by the Board and each committee reports to the Board on matters discussed, decisions taken and makes recommendations to the Board on matters requiring Board approval. With the successful conclusion of the separation from National Grid, the Board agreed in January 2025 to disband the Transition and Separation Steering Group, the informal group which had supported management in overseeing the delivery of the separation and transition plan. Further details about each of the committees can be found from page [89](#)

 **Read more: Governance framework**→

Integrity of information

It is important that the Board receives accurate, clear and high-quality information to enable it to discharge its duties. The Board and the Board Committee members are provided with comprehensive papers via a secure online Board portal in a timely manner, to support them in their leadership and decision-making. In consultation with the Chair and the Chief Executive, the Company Secretary manages the provision of information to the Board and implements a comprehensive follow-up procedure to enable actions to be addressed as agreed by the Board.

Each scheduled Board meeting includes a report from the Chief Executive and Chief Financial Officer which covers all areas of operation and overall business and financial performance. They also keep the Board apprised of business developments through regular updates outside of the formal meeting cadence.

At the start of each Board meeting, a ‘safety moment’ is presented to reinforce the safety culture that permeates everything the Company does. The Board and its committees are also regularly kept abreast of meetings and discussions with the Company’s key stakeholders.

The Chair and the chairs of each committee separately engage with executives and other staff relevant to their roles, as well as meeting with relevant external advisers between meetings, as appropriate and when required.

Additionally, Board members devote time to their roles outside of scheduled meetings and meet with executives to discuss and support areas which are then formally considered at the Board or Board Committee meetings.

The next page provides an overview of the key items considered by the Board throughout the year.

Board activities

The Board had six scheduled meetings during the year, which included two longer strategy sessions. A number of informal deep dive sessions were also held, focusing mainly on the RIIO-GT3 assurance framework and the development of the business plan submission. In addition, there is a regular cadence of Committee meetings.

This page provides an overview of the key items discussed and decisions made this year.

Strategic objectives:

- 

1 Operate safely, reliably and flexibly
- 

2 Deliver sustainable value for customers and stakeholders
- 

3 Drive positive environmental and community impact
- 

4 Invest in our people, grow our capability and value everyone's contribution
- 

5 Shape the energy markets of the future

Board activities 2024/25				
April	May	June	July	August
<div>Deep dive:</div> <div><ul style="list-style-type: none">Hydrogen strategy</div> <div>2345</div>	<div>Approved:</div> <div><ul style="list-style-type: none">SCO₂T Connect project</div> <div>Discussed:</div> <div><ul style="list-style-type: none">Results from the employee engagement surveyEnergy securityDevelopment of the RIIO-GT3 business planMarket updateStrategic risks</div> <div>12345</div>	<div>Deep dive:</div> <div><ul style="list-style-type: none">Development of the RIIO-GT3 business plan</div> <div>125</div>	<div>Approved:</div> <div><ul style="list-style-type: none">Annual Report and AccountsThe submission of the RIIO-GT3 business plan data tablesOfgem compliance items</div> <div>Discussed:</div> <div><ul style="list-style-type: none">Delivery of the RIIO-T2 business planCyber security and regulatory cyber compliance</div> <div>125</div>	<div>Deep dive:</div> <div><ul style="list-style-type: none">Development of the RIIO-GT3 business plan</div> <div>125</div>
September	October	December	February	March
<div>Deep dive:</div> <div><ul style="list-style-type: none">Development of the RIIO-GT3 business plan</div> <div>Approved:</div> <div><ul style="list-style-type: none">Matters relating to the disposal of the final 20% equity interest from National Grid</div> <div>125</div>	<div>Discussed:</div> <div><ul style="list-style-type: none">Development of the RIIO-GT3 business planCorporate strategyDelivery of the RIIO-T2 business planCyber security</div> <div>12345</div>	<div>Approved:</div> <div><ul style="list-style-type: none">Submission of the RIIO-GT3 business planUpdates to the Euro Medium Term Note ProgrammeInflation hedgingProject spend relating to hydrogen and CCS business opportunities</div> <div>Strategy Session:</div> <div><ul style="list-style-type: none">Corporate strategyFinancing restructuring</div> <div>12345</div>	<div>Discussed:</div> <div><ul style="list-style-type: none">Delivery of the RIIO-T2 business planUpdate on the RIIO-GT3 business plan submissionResults from the safety culture surveyNetwork performance and resilience</div> <div>1245</div>	<div>Approved:</div> <div><ul style="list-style-type: none">Financing strategyFinancing plan for the remainder of RIIO-T2 and budgetUpdated Treasury Policy and financing planBoard effectiveness review</div> <div>Discussed:</div> <div><ul style="list-style-type: none">National Gas defined benefit pension schemeCyber securityUpdate on the RIIO-GT3 business plan submissionMergers and Acquisitions strategy</div> <div>12345</div>

Wates principle 4: Opportunity and risk

Principle 4: A board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value, and establishing oversight for the identification and mitigation of risks.

Opportunity

Throughout the year, the Board assesses and challenges how the Company creates and preserves value, approving the strategic direction of the business and ensuring that long-term value is fostered and sustained. The Board has oversight of the delivery of the RIIO-T2 business plan and throughout the year we spent considerable time engaging in the development and submission of our RIIO-GT3 business plan. Both plans are key to ensuring energy security today and the delivery of longer-term value. Alongside these, a number of regional and national projects supporting our mission to lead the UK towards a clean energy future were considered.

The ambition to support the transition to net zero remains a priority and the Board will continue to closely monitor the Company’s progress on its journey to do so. Further information on the business model and strategy is outlined from page 13 and an overview of our key hydrogen projects is detailed on page 24. Whilst the Board recognises that it needs to be future-focused, it also acknowledges its responsibilities today to ensure that the National Transmission System remains resilient and reliable, thereby ensuring best value for our customers, regulators and wider group of stakeholders.

The Board revisits the Company’s longer-term priorities each year to satisfy themselves that our strategic priorities are still appropriate and allow for the identification and pursuit of new opportunities, as and when they may arise.

Risk and responsibilities

The Board has the overall responsibility for the management and oversight of the Company’s risks. This includes determining risk appetite and ensuring that effective risk management and internal control frameworks are in place, with key roles and responsibilities clearly defined. The alignment of our strategic risks with the risk appetite informs Board deliberations, and the Board considers financial and non-financial risks, including reputational risks, when making decisions. More about our principal risks, their management, and emerging risks are detailed on page 59.

 [Read more: Risk management→](#)

The Board has delegated the responsibility for oversight of the risk management and internal control frameworks to the Audit and Risk Committee, more information on which can be found on page 89.

 [Read more: Audit and Risk Committee→](#)



Wates principle 5: Remuneration

Principle 5: A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.

Remuneration and succession

The Remuneration and Nominations Committee is responsible for deciding Board and executive remuneration and has established remuneration practices that are designed to support our strategy and promote the long-term sustainable success of National Gas. Executive remuneration is aligned to our purpose and values, and is linked to the successful delivery of our business plan and longer-term strategy.

The Committee also oversees appointments to the Board and senior executives, ensuring there is a formal, rigorous and transparent procedure in place for these appointments and that there is a pipeline of talent and appropriate succession plans in place. Further details can be found from page [93](#).

 [Read more: Remuneration and Nominations](#)→

Wates principle 6: Stakeholder relationships

Principle 6: Directors should foster effective stakeholder relationships aligned to the company’s purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.

Stakeholder engagement

Our directors foster effective relationships with our stakeholders that are aligned to the Company’s purpose and values. The Board is responsible for overseeing meaningful engagement with our stakeholders, and considers their views when making decisions.

Stakeholder engagement enables the Board to better understand what matters to each stakeholder group. In determining the Company’s strategic direction, the Board is conscious of its collective responsibilities to all stakeholders. Their views and different perspectives are taken into account as part of Board and committee discussions and decisions. The Board also ensures that the corporate and management structures in place are such that stakeholder views feed in to the execution of day-to-day operations and practices: see from page [30](#) for further details. An overview of how the Board has engaged with key stakeholders and considered their responsibilities and duties under Section 172 of the Companies Act can be found on page [64](#).

 [Read more: Section 172](#)→

Workforce

There are a number of channels through which management regularly engages with our employees and keeps them informed of important business developments. Further details can be found on page [55](#).

Role of the Committee

The Audit and Risk Committee plays a crucial role in ensuring there is a robust and transparent control environment in place at National Gas. It independently reviews and monitors the integrity of the Company’s financial reporting, including significant policies and judgements, and oversees the relationship with external auditors to maintain their independence and effectiveness. Additionally, the Committee reviews the effectiveness of risk management and internal control systems to ensure they align with the Company’s business needs.

Membership

The Committee consists of three non-executive directors. The Committee is chaired by Mark Russell, who is one of the Sufficiently Independent Directors. The Board is satisfied that the members bring a wide range of financial experience across various industries and have the competence relevant to the Committee’s remit.

The Chief Financial Officer, Financial Controller, Head of Internal Audit, General Counsel and external auditors attend the meetings, which are scheduled around key financial audit dates. The Committee met four times during the year and regularly concluded with a short session without management.

Key areas of focus 2024/25

- Reviewed the 2023/24 Annual Report and Accounts, ensuring that the information was fair, balanced and understandable.
- Examined the year-end financial statements, including key judgements, estimates and assumptions
- Oversaw the migration and separation of finance systems from National Grid, together with the associated financial control environment.
- Assessed the work of the external auditors, Deloitte, in relation to significant financial judgements made by management, and considered other findings from their 2023/24 audit.
- Considered and approved the statutory audit plan and the associated fee for 2024/25.
- Considered and approved the key findings from completion of the 2024/25 internal audit plan and approved the plan for 2025/26.
- Focused on continuous improvements to the risk management framework and changes to the key strategic risks.
- Conducted deep dives into data management, supply chain and IT separation risks.
- Examined key areas of the Company’s business integrity, including ethics, data security, and fraud and bribery.



The Committee has continued to play a key role in promoting and ensuring there is a strong and transparent control environment in place at National Gas.

Mark Russell
Chair of the Audit and Risk Committee

Letter from the Chair

On behalf of the Committee, I am pleased to present my first Audit and Risk Committee report, detailing how we have fulfilled our responsibilities throughout the year. I assumed the role as Chair of the Committee at the end of July and I would like to thank Cathryn for her leadership and contribution to the Committee as Chair since National Gas became a stand-alone business.

One of our core duties is to ensure the integrity of our financial reporting and to support this we oversee the framework of internal financial controls. I am delighted to report that in July 2024, management completed the migration and separation of our financial systems from National Grid, with over 700 financial controls transferred as part of this process. This was a substantial task, and we thank management and their teams for their dedication in completing this on time. We continue to strengthen the National Gas financial control framework, streamlining and automating processes to ensure the controls are effective in preventing and detecting material errors or misstatements in our financial reporting.

The Committee provides assurance that our financial reporting is fair, balanced and understandable, accurately reflecting the Company’s financial affairs. We reviewed significant accounting matters and management’s judgements, confirming to the Board that the 2024 Annual Report and Accounts met these standards.

A robust risk management framework is crucial for executing our strategy and safeguarding against various risks. We reviewed the effectiveness of this framework and internal control systems throughout the year. Whilst no significant failings were identified, we consistently challenge management to integrate risk management into everyday operations. We also worked with the risk team to enhance our understanding of emerging and strategic risks and to streamline risk reporting. Proposed changes to strategic risks were submitted to the Board for approval.

Data management has been a significant focus area for the Company. Following the successful transition to the National Gas environment, the Committee supervised efforts to improve data quality and reduce management risks. Significant progress has been achieved in this area.

The Committee considered supply chain management risk in light of the disruption to worldwide supply chains. We assessed the new strategy and existing risks to ensure that proactive and agile responses are in place to meet the supply chain demands in the RIIO-GT3 period.

Following the departure of the Head of Internal Audit in October 2024, I have personally been supporting the acting Head of Internal Audit in ensuring that the function continues to be independent and effective whilst a replacement is found.

Our remit includes non-financial controls and governance related to business integrity and compliance. We received updates on adherence to the Code of Ethics, Anti-Bribery and Corruption, and Fraud and Bribery policies. The improvements made this year are fostering a culture of ethical conduct and ensuring that the Company delivers its business in a responsible and transparent manner.

The Committee has also reviewed the Company’s insurance arrangements and are confident that adequate arrangements are in place.

Looking ahead, the Committee will support further strengthening of financial, internal control and risk management frameworks. We aim to adopt agile risk management practices, enabling informed, real-time decisions through digital and data transformation. We will also oversee the statutory audit tender process.

Mark Russell
Chair of the Audit and Risk Committee



Financial reporting

Our financial statements must be fair, balanced, understandable and provide all necessary information to assess the Company’s position, performance, business model and strategy. The Committee monitors this integrity, reviews the external auditors’ work, and considers management’s significant judgements and estimates. We review these statements before proposing them to the Board.

The Committee assessed management’s evaluation of the Company’s and Group’s ability to continue as a going concern, considering risks and uncertainties. Concluding that the financial statements could be adopted on this basis, the Committee recommended them to the Board.

We evaluated whether appropriate accounting policies were adopted and if significant judgements and estimates were properly applied. Regular updates on significant accounting judgements were provided throughout the year, and the Committee is satisfied with the decisions made. (See significant reporting issues table).

External audit

The Committee oversees the relationship with external auditors, Deloitte LLP, who attend all meetings and meet with the Chair privately. Deloitte have been the auditors since April 2017, and due to Mandatory Firm Rotation rules, an audit tender process will occur in 2025 for the appointment of statutory auditors from FY27. The Committee recommends Deloitte’s reappointment for FY26, being satisfied of its independence and that the effectiveness of its audit process remains strong.

A policy governing non-audit services by Deloitte maintains its independence and objectivity. Services exceeding £50,000 require Committee approval, while permissible services below this threshold can be approved by the CFO and reported to the Committee.

Further details on non-audit services provided by Deloitte can be found on page [115](#) of the financial statements. The total non-audit fees paid to Deloitte for the year were £0.1 million (2024: £0.1 million) and the majority of the spend was in relation to providing assurance services.

Significant reporting issues	
Exceptional items	<p>The Committee considered the classification of costs associated with the sale and separation from National Grid as exceptional items in the financial statements. These costs were rephased over the transition period to reflect the planned separation timeline and were assessed against the Group’s accounting policy on exceptional items.</p> <p>The Committee also reviewed the accounting treatment following the termination of the Western Gas Network project by a customer. A portion of the project costs was recovered during the period, with the remaining balance expected to be recovered either from the customer in the future or via allowed revenues in future accounting periods. All related costs and recoveries were recognised in the income statement as exceptional items. The Committee discussed these matters in detail with management.</p> <p>Based on these discussions, the Committee was satisfied that the classification of these items as exceptional was appropriate and consistent with the Group’s accounting policies and relevant financial reporting standards.</p>
Pension	<p>On 30 September 2024, the transfer of assets and liabilities from Section B of the National Grid UK Pension scheme to the newly established National Gas Transmission Pension Scheme (“the Scheme”) was completed. This restructuring was undertaken to align the pension arrangement with the Group’s revised corporate structure. As the legal obligations of the Company in respect of the Scheme have not changed, the transfer had no direct impact on the pension-related figures disclosed in the financial statements. The directors confirmed that the continued recognition of a net pension surplus remains appropriate and is consistent with the Scheme’s rules. The Committee reviewed the accounting implications of the transfer and discussed the matter with management, and concluded that the disclosure of this event in the financial statements was appropriate and provided relevant context for users of the accounts.</p>
Impact of climate change on the financial statements	<p>The Committee considered the impact of climate-related risks and regulatory developments on the Group’s financial statements, with a particular focus on the useful economic lives (UELs) of gas transmission assets. This remains a key area of judgement, given the UK’s transition to a low-carbon economy and the evolving policy landscape.</p> <p>Management presented a detailed assessment of the financial reporting implications, including:</p> <ul style="list-style-type: none">• The potential for climate transition policies, such as the UK’s Net Zero 2050 target, to shorten asset lives.• The absence of any impairment triggers under IAS 36 during the year.• The continued appropriateness of current UELs (to circa 2070), supported by technical analysis and operational evidence.• Sensitivity disclosures in Note 10 of the financial statements, which model alternative UELs of 2050 and 2060. <p>The Committee also reviewed key regulatory developments, including Ofgem’s 2024 Sector Specific Methodology Decision, which proposed accelerated depreciation for gas networks to 2050. However, the Committee noted that Ofgem acknowledged the case for gas transmission may differ, and that further clarity is expected through Draft and Final Determinations in FY26, as well as the Hydrogen Transportation Business Model.</p> <p>The Committee took assurance from management’s strategic response to these risks, including:</p> <ul style="list-style-type: none">• Investment in hydrogen infrastructure and repurposing of existing assets through initiatives such as Project Union East Coast.• Government support for carbon capture and storage (CCS) clusters, reinforcing the long-term role of the transmission network.• The continued reliance on natural gas for energy security, particularly during periods of low renewable generation. <p>Based on this review, the Committee agreed that no changes to asset lives or depreciation policies are warranted. The Committee confirmed that the financial statements appropriately reflect the significant judgements involved and include relevant disclosures. The Committee will continue to monitor developments closely, particularly in relation to regulatory determinations and the future role of gas infrastructure.</p>

Internal control framework

The Board is responsible for the effective management of risk, determining its risk appetite and ensuring that each business area implements appropriate internal controls to manage its risks. The risk management systems are designed to support the business in actively managing risk to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has delegated responsibility for reviewing the effectiveness of the Company’s systems of internal control to the Committee, which includes financial, operational and compliance controls and risk management systems. The internal control environment in place enables a dynamic approach to our controls, policies and assurance activities, with the Committee overseeing improvement plans put in place where the strengthening of a particular area has been identified.

Internal audit

The internal audit function provides independent assurance on risk management, controls and governance. It encourages continual improvements and promotes enhancements to the Company’s governance, risk management and internal control processes. It also assesses whether all significant risks and obligations under review have been identified, managed and appropriately reported.

The internal audit function’s work is governed by an internal audit charter, which is approved by the Committee annually. The work is conducted and managed in accordance with the Internal Audit Standards, released by the International Internal Audit Standards Board (IIASB) and the Core Principles for the Professional Practice of Internal Auditing. The Committee keeps under review the function’s independence and effectiveness, and has reviewed the results from the annual internal audit quality assessment.

The annual internal audit plan is structured to align with the Company’s strategy, risk profile, control environment and the assurance arrangements. The Committee has overall responsibility for the delivery of the plan, but reporting of the outcome of the audit reviews is split between the Committee and the Safety and Sustainability Committee. External providers or internal support may be engaged to

support the delivery of some of the audit reviews, where specific skill and experience is required to be co-sourced. Assurance mapping and planning is undertaken to ensure that the work is appropriately aligned, and co-ordinated with other assurance activities across the business.

The audit plan for 2024/25 included audits in relation to assurance of the RIIO–GT3 business plan, the exit of the Transitional Service Agreement with National Grid, safety and cyber. The Committee received regular updates on the delivery of the plan, as well as the progress and closure of actions resulting from the audits.

Risk management systems

The Committee is responsible for reviewing the adequacy and effectiveness of the risk management framework, to ensure that the controls in place are effective to identify and manage the risks facing National Gas. The Committee oversaw enhancements to strengthen the risk management framework during FY25.

The Committee also considered changes to the strategic risks, as well as adjustments to the risk appetite tolerance levels, for consideration and approval by the Board. The Committee receives regular reports on significant risks and uncertainties facing the business, and assesses the overall control environment and risk mitigations in place to manage those risks. Further details can be found from [page 59](#).

Assurance reviews

The Company aims to ensure that a sound system of assurance and compliance processes is in place to support key risk areas across the business. The Committee receives regular updates on the delivery of the second line of assurance, including the annual assurance plan. Where any failings or weaknesses are identified in the course of the reviews, management puts in place robust actions to address these on a timely basis. Details of non-compliances and control weaknesses are also reported to and monitored by the Committee.

Business integrity

The Committee’s remit includes oversight of non-financial controls and governance arrangements in respect of policies and assurance processes in place for business integrity and data protection. The Committee considered policies and procedures for detecting fraud, and the systems and controls for preventing other inappropriate

behaviour. It was kept apprised on findings of investigations of cases in respect of ethical and business conduct concerns. It also considered initiatives undertaken by the Company to provide assurance on ethical business culture, including policies, training, whistleblowing arrangements and communication initiatives to strengthen awareness in these areas.

Role of committee

The primary role of the Remuneration and Nominations Committee is to approve the remuneration arrangements for the Chair, the Sufficiently Independent Directors, the Executive Board Directors and members of the Executive Committee. In doing this, it is responsible for ensuring that the Company’s remuneration arrangements support the Company’s strategy, values and purpose in a simple and transparent manner.

The Committee is also responsible for overseeing Board and Executive succession planning to ensure that there is a good balance of skills, knowledge and experience aligned to the Company’s priorities and longer-term strategic direction.

Membership

The Committee consists of three non-executive directors, two of whom are Shareholder Nominated Directors, and the Chair of the Board, who is also a Sufficiently Independent Director. The Committee is chaired by William Price, one of our Shareholder Nominated Directors.

The Chief People Officer and the Chief Executive attend meetings (except when their own remuneration is being discussed). During the year, the Committee met four times and also considered a number of items outside the formal scheduled meetings.

Key areas of focus 2024/25

Remuneration-related items – review of the year

- Reviewed the Executive remuneration framework and principles.
- Commissioned a benchmarking exercise and undertook a review of the Executive Directors’ salaries and the fees for the Chair and Sufficiently Independent Directors.
- Approved the outturns of the 2025 short-term incentive plan (STIP) and the 2024/25 two-year long-term incentive plan (LTIP).
- Approved the structure and performance metrics for the 2026 STIP, including the Executives’ personal objectives, and the 2026/28 LTIP.
- Considered and approved remuneration arrangements for new Executive Committee members, and moves within the Executive Committee.

Nominations-related items – review of the year

- Appointment of a successor to the Chair.
- Succession planning and talent development at Executive Committee level.
- Appointments of the Chief Strategy and Regulation Officer and the Chief Commercial Officer.



Our priorities for the year involved reviewing the Executive Committee structure and ensuring that the remuneration approach continues to drive a high-performance culture.

William Price
Chair of the Remuneration and Nominations Committee

Letter from the Chair

I am pleased to present a review of the activities of the Remuneration and Nominations Committee (the Committee) undertaken throughout the year.

During the year, we spent considerable time reviewing the senior leadership structure to ensure it has the right skills and expertise to lead the Company effectively in the short and long term.

We also reviewed the remuneration arrangements to ensure that they continue to appropriately reward and motivate our Executives, both in the short and long term.

Remuneration-related items

Remuneration principles

Our remuneration principles seek to strike a balance between best practice and alignment with the business plan and longer-term strategy. The principles are:

- Remuneration should include a mix of fixed and variable pay, comprising base salary and performance-related pay.
- Remuneration levels should take into account external companies of comparable size, complexity and scope, with positioning at market-competitive levels and generally around the median point.
- Performance targets should be stretching and linked to execution of the business strategy, with emphasis on providing sustainable, positive outcomes for our stakeholders.

During the year, we reviewed these principles, which are designed to attract and retain a high-calibre team of Executives and reward performance through short- and long-term variable pay schemes, and concluded that they remain appropriate.

When reviewing the principles, we also considered alignment of the remuneration arrangements with the wider workforce. We are confident that the principles incentivise contributions to both the short- term and long-term success of the business and create shareholder and stakeholder value in a sustainable and responsible manner.

Incentive plans

There was no change to the incentive framework during the year.

The STIP, being our annual cash bonus scheme, rewards delivery of annual strategic business priorities, based on performance measures relating to both Company and individual performance. We review the performance measures and their associated weightings each year, and make adjustments as required to ensure that they remain appropriate and reinforce the business strategy.

The individual performance outturn for the Chief Executive is determined by the Committee, and the individual performance elements for the Chief Financial Officer and the other Executives are determined by the Chief Executive and approved by the Committee.

Awards under our cash-based long-term incentive plan, the LTIP, are made to Executives, senior leaders and a small number of other colleagues across the business. The performance conditions are based on longer-term business performance measures.

In exceptional circumstances, malus and clawback provisions apply to both plans. We also have discretion to exercise our judgement when selecting the performance measures and metrics and in determining the outcomes, in particular the individual performance objectives for each of the Executives under the STIP.

We are satisfied that these incentive plans drive appropriate behaviours that support the delivery of our strategy, values and culture.

Executive Committee changes

Following a period of ill health, Martin Cook expressed a wish to retire from his role as the Chief Commercial Officer, and we therefore considered and approved his exit arrangements.

During the year, we approved the remuneration arrangements for Ian Radley’s appointment as the Chief Commercial Officer and Emily Clark as the Chief Strategy and Regulation Officer. Their total remuneration packages are in line with market practice and our remuneration principles.

Incentive outcomes for 2024/25

We assessed the achievement of the various measures agreed for the 2025 STIP awards, including performance of the personal objectives for each of the Executives. 74% of the total maximum of 80% of the business measures were achieved, reflecting strong performance and progress made as a business in respect of the financial performance and operational measures, customer satisfaction, safety and the net zero transition targets.

2024/25 STIP

Financial	Underlying EBITA	●
	Operational RoE	●
Customer	Customer satisfaction score	●
Safety	Lost Time Injury Frequency Rate	●
Net Zero	Emissions targets	●
	RIIO-GT3	●
	Hydrogen	●
	CCUS	●

●

 Stretch target achieved

●

 Achieved between target and stretch

●

 Below target performance

The remaining 20% relates to the achievement of individual objectives.

This resulted in a total bonus outcome of 139.5% (of a maximum of 150% of salary) for Jon Butterworth and 112.8% for Nick Hooper (of a maximum of 120% of salary).

The separation of the business from National Grid resulted in a gap in the vesting of long-term incentive awards for Executives in 2025. In order for the Executives not to be disadvantaged by the sale, we awarded a one-off two-year LTIP award and agreed that this award would vest at 67% of the target and maximum to reflect the two-year vesting period.

The two-year LTIP awards granted to Jon Butterworth and Nick Hooper in 2023 were subject to performance conditions measured over two financial years from 1 April 2023 to 31 March 2025. The vesting of the award was subject to financial, customer satisfaction, safety and transition to net zero measures, as well as the achievement of agreed targets in respect of the Company’s separation and transition from National Grid.

National Gas has delivered strong financial and operational outcomes across the business in the last two financial years. Based on the performance measures set at the start of the performance period, the outcome of the award was the achievement of 97% of the total maximum business measures.

2024/25 two-year LTIP

Financial	Operational RoE	●
Customer	Customer satisfaction score	●
Safety	Lost Time Injury Frequency Rate	●
	Outcome from safety surveys	●
Net Zero	Emissions targets	●
Separation & Transition	Hydrogen	●

●

 Stretch target achieved

●

 Achieved between target and stretch

●

 Below target performance

Pro-rated to reflect the two-year vesting, this resulted in payouts equal to 129.33% of maximum (of a maximum of 194% of salary in 2023) for Jon Butterworth and 97% of maximum for Nick Hooper (of a maximum of 145.5% of salary in 2023).

We are satisfied that the outcomes are in keeping with the overall performance of the business.

Looking ahead to 2025/26

Annual salary review

Ahead of the annual salary review, an external benchmarking exercise was carried out by the Committee’s external remuneration advisors. It took into account a range of external factors, including market data, peers, competitiveness and that of the wider workforce. We also considered delivery expectations of the business in the coming year.

Following this exercise, we decided that our Chief Executive, Jon Butterworth, will receive a base salary increase of approximately 5.3%, increasing his annual salary to £670,000. We also decided that our Chief Financial Officer, Nick Hooper, will receive a base salary increase of approximately 6.0%, increasing his annual salary to £400,000.

Remuneration and Nominations Committee continued

Taking into account external benchmarking data, we concluded that the current fee of £250,000 for the Chair should be increased to £260,000, but the fee of £71,000 per annum for the Sufficiently Independent Directors should be maintained.

Incentive plans

We reviewed and agreed that the structure of the 2026 STIP and 2026–2028 LTIP remains appropriate, but that the measures for the awards should be amended to ensure continued alignment between Company performance and the longer-term strategy.

For the STIP, we therefore agreed to reduce the weighting for the financial measures to put more emphasis on the strategic measures, these being securing the RIIO–GT3 business plan and early mobilisation of delivery for the first year of the new regulatory framework, as well as progressing the development of a hydrogen transmission network. The measures and weightings for customer satisfaction and safety remain as previous years. As a Committee, we believe that these measures appropriately incentivise the Executives to deliver in-year performance that is aligned to our longer-term three-molecule strategy. The individual performance element remains the same, with a 20% balanced scorecard linked to individual Executives’ objectives.

We decided to change the focus of some of the measures for the three-year LTIP award, with this vesting in 2028. The measures and associated targets emphasise operational excellence, whilst supporting long-term sustainability of our asset reliability and resilience, maturing our safety culture and the environment. 35% of the award is also subject to stretching strategic initiatives in respect of regulatory frameworks and our aspiration for a hydrogen transmission network. Performance against these measures will be based on target and maximum opportunities as a percentage of base pay.

Other areas of focus

The Committee considered employee diversity and inclusion and reviewed the development of, and progress against, a number of activities to improve diversity across the business, including the publication of our Gender Pay Gap report.

A large proportion of our employees’ pay is negotiated under local collective bargaining agreements, and the Committee takes this into consideration when considering Executive pay.

We considered the appointment of our independent external remuneration adviser, Ellason LLP, and are satisfied that it remains independent to support the Committee in ensuring that the Company’s remuneration practices are in line with best practice.

Nominations-related items

The Committee is responsible for overseeing the size, structure and composition of the Board and the Executive Committee, to ensure that there is a good balance of skills, knowledge and experience that are aligned to the Company’s priorities and longer-term strategic direction.

Board changes

During the year, there were a number of changes to the Board, primarily as a result of the disposal by National Grid of the final equity stake in the business. Following the conclusion of the sale, the number of directors that our shareholder investors are entitled to nominate on our Board also changed, leading to the nomination of Liam Auer and Robin Watson as Shareholder Nominated Directors (non-executive directors). To ensure that the Board comprises a wide range of skills, experience and attributes needed for a balanced Board and to support the business, the Board has agreed that an externally led review of the knowledge and experience of the Board should be carried out in FY26.

Phil Nolan will retire as the Chair and Director of the Board at the end of year, and the Committee recommended the appointment of Mark Russell, one of our current Sufficiently Independent Directors, as the new Chair from 1 January 2026. By the time Phil steps down, he will have led the Board for nearly three years. Mark joined the Board in July 2024 and has extensive experience as a chair and in leading boards, so we have full confidence in Mark’s ability to independently lead the Board and the business through the next regulatory period.

Executive changes

Throughout the year we continued our work to review the roles and responsibilities of the Executive leadership team, with a view to ensure that it has a wide range of skills, experience and attributes to lead the business. Recognising the importance of the regulation function, we agreed that a new Executive Committee level Chief Regulation and Strategy Officer role should be created, reporting directly into the Chief Executive.

An external search firm, Saxton Bamfylde, supported the Committee throughout recruitment and after an extensive process, the Committee approved the appointment of Emily Clark into the role. Emily joined us in June 2025, from BT Networks and is an experienced economist, regulatory specialist and finance professional. Emily will play a key role in the delivery of regulatory and policy outcomes to support the business, ensuring that the price control arrangements deliver for both investors and for consumers, as well as helping to facilitate the UK’s pathway to net zero.

Following Martin Cook’s retirement from his role as the Chief Commercial Officer, we also oversaw the process of his replacement. Following a review of the scope and requirements of the role going forward, Redgrave Search undertook an extensive market mapping exercise of potential external candidates to benchmark against the internal candidate, Ian Radley. Ian, who took the role on an interim basis in Martin’s absence, was benchmarked against potential external candidates and, after reviewing the output of the mapping exercise, the Committee agreed to proceed with the appointment of Ian to the role. We also agreed that Ian should be offered a robust development plan to ensure that he is appropriately supported in the transition to the role on a permanent basis. We also agreed that an external development review of all the Executive Committee members should be undertaken in FY26, to identify strength and development areas required to ensure that the senior leadership has the appropriate skills and capabilities across the team to lead the business going forward.

During the year, we also continued to consider the Executive pipeline from which future leaders of the Company are likely to emerge, focusing on the pipeline of ‘ready now’ and ‘ready later’ emerging talent.

Looking forward

The Committee will continue to develop and monitor succession both at Board and Executive level. We will keep Executive remuneration under review to ensure that it continues to drive the right behaviours and reward performance, whilst being aligned to stakeholder interests .

William Price

Chair of the Remuneration and Nominations Committee

Role of the Committee

The role of the Safety and Sustainability Committee is to assist the Board in providing assurance that the Company is effectively managing its legal, regulatory and moral obligations in relation to safety, security and sustainability. In doing so, the Committee oversees performance and approves the strategy for these areas .

Membership

The Committee consists of two members, both of whom are non-executive Shareholder Nominated Directors. The Committee is chaired by Howard Higgins, who is one of the Shareholder Nominated Directors.

The Chief Executive, the Chief Financial Officer, the Chief Operating Officer, the Director of Assets, the Head of Safety, Health and Wellbeing and the General Counsel also attend the meetings. During the year, the Committee met three times.

Key areas of focus 2024/25

- Received regular reports on safety and health performance and progress in delivering the Company’s safety strategy – our ambition to be ‘Safe every day’.
- Reviewed the delivery of the RIIO-T2 Environmental Action Plan (EAP).
- Reviewed the proposed EAP to be included in the RIIO-GT3 business plan submission.
- Received regular reports on the delivery of the Company’s net zero decarbonisation strategy.
- Reviewed the Company’s initiatives to strengthen physical security.
- Reviewed risks relating to safety and sustainability.
- Considered the key findings from the 2024/25 internal audit reviews relating to safety and sustainability.
- Considered safety and sustainability audits to be included in the 2025/26 internal audit plan.
- Received updates on the delivery of the assurance plan..



The Committee has an unwavering focus on the health and safety of our people and the risks associated with our operations and work .

Howard Higgins
Chair of the Safety and Sustainability Committee

Letter from the Chair

I am pleased to present the report from the Safety and Sustainability Committee (the Committee) for the year to 31 March 2025.

We have an important role in supporting the Board by providing oversight, challenge and guidance in respect of safety, security and sustainability performance across the business. In light of an increase in threats to operators of Critical National Infrastructure, both nationally and internationally, it was agreed that the Committee’s remit should be expanded to include oversight of physical security. In reviewing the strategy and performance in each of these areas, we also take into consideration social priorities to make sure the business continues to carry out its activities in a responsible, safe and sustainable manner.

Safety performance

The Committee is continuously focused on the safety of our workforce, supply chain partners, the public and our assets. We continue to review safety performance at every meeting to ensure our high standards are maintained and that the Company is proactively addressing any safety concerns if and when they arise. In doing so, we also consider progress being made in strengthening the safety culture across the business and ensuring that safety is embedded in everyday business activities.

We are pleased that the Company maintained its excellent safety record and we continued to promote the reporting of high potential controllable events (HPCEs) to ensure maximum learning opportunities as a business. These are incidents or near misses that could in other circumstances have resulted in serious injury or fatality. Throughout the year, we also monitored the lost time injury frequency rate (LTIFR), which at the end of FY25 was per 0.15 per 1.0 million hours. It is important that where a HPCE or incident does occur, the root cause is understood and the correct actions put in place. Alongside these lagging indicators, we also ensured leading indicators received focus.

One particular highlight brought to the Committee was the launch of the ‘Seven Deadly Risks’ campaign, which supports our ambition for everyone to go home safe every day. The results from the safety culture survey show how the business is maturing and the positive progress the

safety and health initiatives are having on driving cultural improvements.

We also continued to oversee the progress made in completing the recommendations from the ARUP assessment of our safety management system.

Net zero carbon transmission

The Company has an ambition to become a net zero carbon emission business by 2040. During the year, we continued to oversee the delivery of the RIIO-T2 Environmental Action Plan (EAP), which consists of 30 discrete commitments to mitigate and improve the environmental impact of our network. We also recommended to the Board the environmental commitments to be included with the RIIO-GT3 business plan.

The Committee oversaw the progress of the Company’s net zero decarbonisation strategy, including the strengthening of scope 1 and 2 emissions performance and reporting. The embedding of emission-reduction targets in our asset management system has enabled emissions to be considered as part of day-to-day asset management decision-making, and we welcome this change. We considered the successful outcome to the Methane Emissions Reduction Campaign re-opener, which has secured funding for initiatives including the purchase of new equipment, which will significantly reduce the amount of methane released to atmosphere when pipelines are isolated for maintenance.

We also oversaw proposed activities aimed at reducing our controllable emissions, scope 1 emissions, from the use of our assets during the next price control period. This includes projects to explore the capture and re-use of emissions from the gas turbines used to drive our compressor units and other opportunities arising from changing the operation of our existing assets. Overall, I am pleased with the progress the business is making in reducing our scope 1 and 2 emissions.

Physical security

The Committee considered the Company’s current security profile and threat levels and the potential impacts on the business should an incident materialise. We reviewed planned initiatives and investments required in order for the Company to further strengthen its preparations to respond to any threats. We considered the implementation of the stand-alone Security Operations

Centre and the Company’s operational security performance.

ESG

During the year, we reviewed our environmental, social and governance (ESG) strategy to ensure it remains aligned with our strategic priorities. The review was informed by the findings of a double materiality assessment. The outcome concluded that the strategy continues to be appropriate for the business, but that the ESG framework, although comprehensive, could be further enhanced with the inclusion of five new metrics. These changes were largely future-focused and recognised the importance of evolving and capturing new opportunities where appropriate. As such, we approved the addition of two metrics in respect of our sustainable social impact and three new environmental metrics, which will ensure better alignment with the RIIO-GT3 EAP.

Throughout the year, we also received regular reports on the delivery of the ESG targets for 2024/25.

Internal control framework

Internal audit

The Committee is responsible for recommending to the Audit and Risk Committee the internal audit reviews in respect of safety, physical security and the environment. During the year, we were provided with the key findings from the audits in these areas and monitored the completion of any audit recommendations.

We also considered internal audit reviews to be included in the 2025/26 internal audit plan, with the reviews reflecting key high-risk areas identified by the Committee.

Internal controls

The Company aims to ensure that a sound system of assurance and compliance processes is in place to support key risk areas across the business. The Committee therefore continues to receive regular updates on the delivery of the annual assurance plan. Where any failings or weaknesses are identified, we ensure that management has put in place robust actions to address them in a timely manner.

Details of non-compliances and control weaknesses are reported to, and monitored by, the Committee, which during the year included oversight to improve processes in respect of TD1 affirmation and the Dangerous Substances and Explosive Atmosphere Regulations.

Risk

We are responsible for the oversight of risks relating to safety and sustainability, with particular focus on process safety, occupational safety and health and environmental protection. In considering these risks, we regularly consider activities to strengthen the mitigations and controls in place to manage them.

During the year, we conducted risk deep dives into occupational safety, third-party interference and a number of HPCEs. We considered the outcome of the ‘bow-tie’ process undertaken to capture, validate and articulate the specific risks for each of the deep dives. This was then used to assess the effectiveness of the mitigation strategies put in place by management to reduce the risks or, in the case of HPCEs, prevent recurrence of similar events.

ARUP, an independent external consultancy firm, was appointed to carry out a two-part assessment of the Company’s approach to the management of third-party interference on the pipelines, following a risk deep dive. The Committee considered the outcome of the assessments conducted by ARUP, and the priority actions identified that would support the management and oversight of this area. Management are implementing the recommendations and the Committee will monitor their effectiveness. We also considered the risk created by encroachment, where developments occur within the vicinity of our assets. This is a risk that we will monitor closely in the coming years, with the planned increase in housing developments across Great Britain.

Looking forward

The Committee will remain focused on overseeing safety, health and security and ensuring that the associated strategies and processes for these areas encourage the right behaviours and culture. We have taken the decision to include cyber and physical security within our remit, with effect from the current financial year. Whilst cyber oversight will remain with the full Board, we feel that more detailed scrutiny at Committee level will be beneficial. We will also continue to progress the social and environmental commitments developed over the past year, in support of both the RIIO-GT3 business plan and our net zero decarbonisation strategy.

Howard Higgins

Chair of the Safety and Sustainability Committee

Role of the Committee

The role of the Regulation and Strategy Committee is to assist the Board by overseeing the Company’s performance against, and compliance with, its licence and other regulatory obligations set by Ofgem. In doing so, it oversees the Company’s relationship with Ofgem, the delivery of business plan commitments in the relevant regulatory period, and the development of the plan for the next regulatory framework. It also supports the Board in overseeing progress against its hydrogen and carbon capture strategies.

Membership

The Committee consists of three non-executive directors, two of whom are Shareholder Nominated Directors, and is chaired by Cathryn Ross, who is one of the Sufficiently Independent Directors.

The Chief Executive, the Chief Financial Officer, the Chief Commercial Officer, General Counsel and the Regulation Director also attend meetings. During the year, the Committee met three times.

Key areas of focus 2024/25

- Oversaw the development of the RIIO-GT3 business plan submission, including the accompanying Board Assurance Statement.
- Reviewed engagement activities with Ofgem and DESNZ.
- Received updates on the delivery of RIIO-T2 business plan commitments.
- Received updates on the development of National Gas hydrogen and carbon capture strategies.
- Received assurance updates on compliance activities associated with regulatory licence obligations and requirements.



The Committee played an important role in overseeing the development of our RIIO-GT3 business plan and the approach and robustness of the accompanying Board Assurance Statement.

Cathryn Ross
Chair of the Regulation and Strategy Committee

Letter from the Chair

On behalf of the Committee, I am pleased to present a review of the activities of the Regulation and Strategy Committee (the Committee) undertaken throughout the year.

During the year, we spent time supporting the Board in providing strategic oversight of the development of the RIIO–GT3 business plan. As a Committee, we worked closely in scrutinising, reviewing and challenging decisions taken in preparation of the business plan submission. In doing that, we oversaw the risks and opportunities arising from the RIIO–GT3 submission to ensure that management had considered all strategic options and scenarios that informed the development and content of the plan.

As part our oversight work, we requested a number of deep dives, which included assurance on the costing of the plan and overall deliverability. We looked at the ongoing efficiencies, including a review of the upside and downside risks of the plan, as well as reviewing specific components in light of the overall size of the plan. We also considered stakeholder engagement and assurance activities, as well as insights from external consultants on specific areas of the plan.

We are satisfied that the financial package was appropriately challenged for accuracy, ambition, efficiency and in consumers’ interests.

We received regular updates on progress against the RIIO–T2 deliverables, and submissions of uncertainty mechanisms under the RIIO–T2 licence. Consideration was also given to the ongoing relationship with Ofgem, DESNZ, NESO and other key regulatory stakeholders, as well as updates on developments in the regulatory landscape. This included developments on sector-specific consultations, such as proposed changes to the Transmission Planning Code and the government-led review of single point of failure.

We have also reviewed the progress of our hydrogen and CCS projects, Project Union and SCO₂T Connect, and received updates on policy development on a national level, including the Hydrogen Transportation Business Model.

Looking at the year ahead, we will provide support to management in developing the Company’s response to

the draft RIIO–GT3 determinations and oversee the delivery of the last year of the current regulatory period. We will also provide support to the Company’s efforts in contributing to the national net zero debate relating to natural gas, hydrogen and carbon capture.

Cathryn Ross
Chair of the Regulation and Strategy Committee



The Directors present their Annual Report and Accounts for the Company, together with the consolidated financial statement, for the year ended 31 March 2025.

National Gas Transmission plc is registered in England and Wales with company number 02006000 and registered office at Warwick Technology Park, Gallows Hill, Warwick CV34 6DA. The Company is a public limited company, however its shares are not publicly available for trading.

Where reference is made in this Directors’ Report to other sections of the Annual Report, those sections are incorporated by reference into this Directors’ Report. Certain disclosures required to be contained in the Directors’ report have been incorporated into the Annual Report, as set out below:

	Page reference
Employee engagement and involvement	56
Diversity	57–58
Financial risk management	131–137
Future business developments	14–15
Principal activities and business review	5 and 16–23
Strategic risks and uncertainties	59–63
Relationship with customers and stakeholders	30–34
Greenhouse gas emissions and energy consumption	45

Other specific disclosures on which the Directors are required to report each year:

Areas of operation	During the financial year the Company’s activities and operations were all in the UK.
Auditor	A resolution to reappoint Deloitte LLP as auditor of the Company will be proposed for shareholder approval.
Corporate governance	Corporate governance report, pages 74–99.
Research and development	Expenditure on research and development was £15 million during the year (2023/24 £15 million).
Post balance sheet events	There were no significant events after the statement of the financial position date.

Directors

The Directors of the Company, who were in office during the year and up to the date of signing the financial statements, were:

Name	Position	Appointment date
Dr Phil Nolan	Chair & Sufficiently Independent	31 January 2023
Jon Butterworth	Chief Executive	1 May 2021
Jenny Lyn Dela Cruz*	Shareholder Nominated Director	21 March 2025
Jerry Divoky	Shareholder Nominated Director	31 January 2023
Howard Higgins	Shareholder Nominated Director	31 January 2023
Nick Hooper	Chief Financial Officer	1 August 2021
Mark Mathieson	Shareholder Nominated Director	31 January 2023
William Price	Shareholder Nominated Director	31 January 2023
Cathryn Ross	Sufficiently Independent Director	21 June 2019
Mark Russell	Sufficiently Independent Director	1 July 2024
Robin Watson	Shareholder Nominated Director	5 February 2025
Abdul Moiz Qureshi	Alternate Director	21 July 2023
Former Directors		Resignation date
David Farkas**	Shareholder Nominated Director	28 February 2025
Natalie Humphries-New	Alternate Director	26 September 2024
Katerina Tsirimpa	Alternate Director	26 September 2024
Lincoln Webb	Shareholder Nominated Director	21 October 2024
Benjamin Wilson	Shareholder Nominated Director	11 March 2024

* Jenny Lyn Dela Cruz was an Alternate Director up to her appointment as a Shareholder Nominated Director.
** David Farkas was a Shareholder Nominated Director between 21 October 2024 and 28 February 2025.

Directors’ insurance and indemnities

The Company maintains Directors’ and Officers’ liability insurance for the benefit of its Directors and officers. As permitted by the Company’s Articles of Association (the Articles), and to the extent permitted by law, Luppiter Consortium Limited indemnifies each of the Directors and other officers of the Company and the National Gas Group against certain liabilities that may be incurred in connection with the execution of their duties. The indemnities were in force throughout the tenure of each Director during the financial year and are currently in force.

Directors’ conflicts of interests

The Company has procedures in place for managing conflicts of interest. In the event that a Director becomes aware that they, or any of their connected parties, have an interest in an existing or proposed transaction with the Company or any Group company, they notify the Board in writing or declare it at the next Board meeting. Internal controls are in place to ensure that any related party transactions involving Directors, or their connected parties, are conducted on an arm’s length basis. Directors have a continuing duty to update any changes to these conflicts.

Political donations and expenditure

It is the Company’s policy position that we do not support any political party and do not make what are commonly regarded as donations to any political party or other political organisations including non-UK political parties. The wider definition of donations in the Political Parties, Elections and Referendums Act 2000, however, covers activities which form part of the necessary relationship between the Company and our political stakeholders. This can include promoting the Group’s activities at political events and forums, as well as stakeholder engagement in Westminster. During the year, the Group incurred expenditure of £0 (2023/24 £124,200) as part of these engagements.

Dividends

During the year, the Company paid ordinary dividends totalling £623 million (2024: £337 million). Dividends included £292 million to enable the Company’s parent company

(National Gas Transmission Holdings Limited) to partially support the repayment of interest of £419 million of the £3,426 million upstream loan provided by the Company. See note 8 to the consolidated financial statements for further details.

Share capital

As at 31 March 2025, the Company’s issued share capital comprised of a single class of 3,944,133,594 ordinary shares of £0.01 each. See note 24 to the consolidated financial statements for further details.

Major shareholdings

As of 31 March 2025, the Company’s share capital was held by National Gas Transmission Holdings Limited. The ultimate parent company is Luppiter Consortium Limited.

Modern Slavery

In accordance with the Modern Slavery Act 2015 (section 54 part 6), the Board has adopted and approved a Statement on the prevention of slavery and human trafficking, a copy of which can be found on the external website.

Going concern

The Directors considered it appropriate to prepare the financial statements on a going concern basis, having considered the Company’s cash flow forecasts with respect to business planning, and treasury management activities. The going concern basis presumes that the Group has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements are signed.

The Directors have assessed the principal cash flow risks, including by modelling both a base case and a reasonable worst-case scenario. The main cash flow impacts identified in the reasonable worst-case scenario are:

- a. adverse impacts on our own-use gas and balancing costs of prevailing market conditions;
- b. adverse impacts of inflation on our assets and liabilities;
- c. adverse impact from actual versus forecast variations on working capital requirements; and
- d. adverse fluctuations in interest rates.

As part of their analysis, the Directors also considered the following potential levers to improve the financial and liquidity position identified by the reasonable worst-case scenario:

- adjustments to dividend plan; and
- access to £735 million of undrawn existing committed Revolving Credit Facility bank facilities.

Having considered the reasonable worst-scenario and further liquidity levers available to the Company, we continue to have headroom against the available facilities under each scenario. The Directors were able to conclude that the company is able to meet its obligations as and when they fall due for at least one year from the date the financial statements are signed.

Disclosure of information to the auditor

The Directors, who hold office at the date of the approval of this Directors’ report, confirm that, so far as they are aware, there is no relevant audit information of which the Company’s auditors is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company’s auditor is aware of that information.

The Directors’ report was approved by the Board on 17 July 2025 and signed on its behalf by:

Nick Hooper
Chief Financial Officer
17 July 2025

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year.

Under that law, the Directors are required to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the UK adopted International Financial Reporting Standards (“IFRS”).

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the 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 IFRSs (as adopted by the UK) have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. In preparing the 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 IFRSs 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.

- Make an assessment of the Company’s ability to continue as a going concern.
- The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Responsibility statement of the Director in respect of the annual financial report

- We confirm that to the best of our knowledge:
- the financial statements, prepared in accordance with the relevant UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
 - the Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
 - the Annual Report and financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company.

This responsibility statement was approved by the Board on 17 July 2025 and signed on its behalf by:

Nick Hooper
Chief Financial Officer
17 July 2025

