Governance report

Chair's message

On behalf of the Board, I am delighted to introduce our governance report for the financial year ended 31 March 2026. This report explains how we have discharged our responsibilities as a Board in overseeing the strategy and performance of National Gas, as well as supporting the long-term sustainable success of the Company.

Your Board

This is my first governance report as Chair of the Board, having succeeded Dr Phil Nolan when he stepped down at the end of December 2025. On behalf of the Board, I would like to thank Phil for his invaluable contribution to the Board and to the Company as a whole.

I am looking forward to leading the Board through the next stage of our journey. This will include overseeing the execution of the next regulatory price control period RIIO-GT3, and the delivery of our wider three-molecule strategy. Together with my fellow Board members, we will ensure that we continue to build on our strong foundations, making sure that there are the right resources and appropriate risk-management and internal controls in place to ensure long-term sustainable growth for the benefit of all of our stakeholders.

Our governance

Our governance framework provides the foundation on which the Board guides and appropriately challenges the Executive in delivering our short- and long-term priorities. It is designed to be dynamic, flexible and resilient and, during the year, we made a number of changes to committee terms of reference to reflect the continuing evolution of the business and the environment in which we are operating. We established an additional informal working group, the Capex Steering Group, to provide strategic oversight of the planning and delivery of the Company's regulatory capital investment programmes. In addition, we also created a Board Emergency Committee, with delegated powers from the Board to make decisions in the event of a Company-wide emergency incident.

As Chair, I am responsible for ensuring the Board's effectiveness, for fostering an open and inclusive culture, and enabling every director to contribute fully so that we benefit from the breadth of skills and experience of the Board.

During the year, an independent external performance review of the Board and its committees was undertaken. The review concluded that the Board and its committees are operating effectively, while also identifying opportunities to further strengthen the Board's overall effectiveness and the governance framework. I will work closely with the Board and the Executive to implement the agreed recommendations, further details of which are set out on pages 72-73.

Board activities

In December 2025, we received the Final Determination from Ofgem for the next five-year regulatory period, our RIIO-GT3 business plan. We carefully considered the Final Determination, including the deliverability of the plan within the total expenditure allowance and the potential opportunities for additional funding through uncertainty mechanisms to deliver major programmes that will improve the resilience of our operations and network, and the supply of energy to the UK. The Board concluded that accepting the Final Determination as published by Ofgem would most likely promote the long-term success of the Company for the benefit of all stakeholders.

Throughout the year, we continued to provide constructive challenge and support in the execution of our three-molecule strategy. In March, at the Board strategy day, we considered our overall strategy in the context of longer-term macroeconomic and geopolitical factors that could affect our medium- to long-term strategic priorities.

We have continued to pay close attention to meeting our core responsibility in overseeing financial and operational performance, corporate controls and risk management, and the strengthening of our corporate culture. Our Safety, Security and Sustainability Committee maintains an unwavering focus on the safety and wellbeing of our people and the risks associated with our operations and assets. During the year, we agreed to expand this committee's remit to include oversight of cyber and physical security, reflecting our continued focus on the safe, secure and sustainable operation of the Company.

Looking forward

The Board places significant importance on the culture of the organisation. We were very pleased that our annual employee engagement survey demonstrated the continuing progress we are making in our cultural ambition to be a performance-driven, purpose-led and caring organisation. In the year ahead, I will be looking to embed further opportunities for my fellow Board members and I to further connect with our people.

As we begin RIIO-GT3, the scale of required investment and the volume of work to be delivered will increase significantly. I am encouraged by the resilience and adaptability demonstrated across the business to date, and by the progress already made in delivering against the commitments set out in our business plan. On behalf of the Board, I would like to sincerely thank everyone across the business for everything achieved during the year, your hard work and continued commitment to National Gas.

I also want to thank all our stakeholders, including our customers, investors, regulators, suppliers and communities for their continued engagement and contribution to our business.

Mark Russell
Chair

Group structure

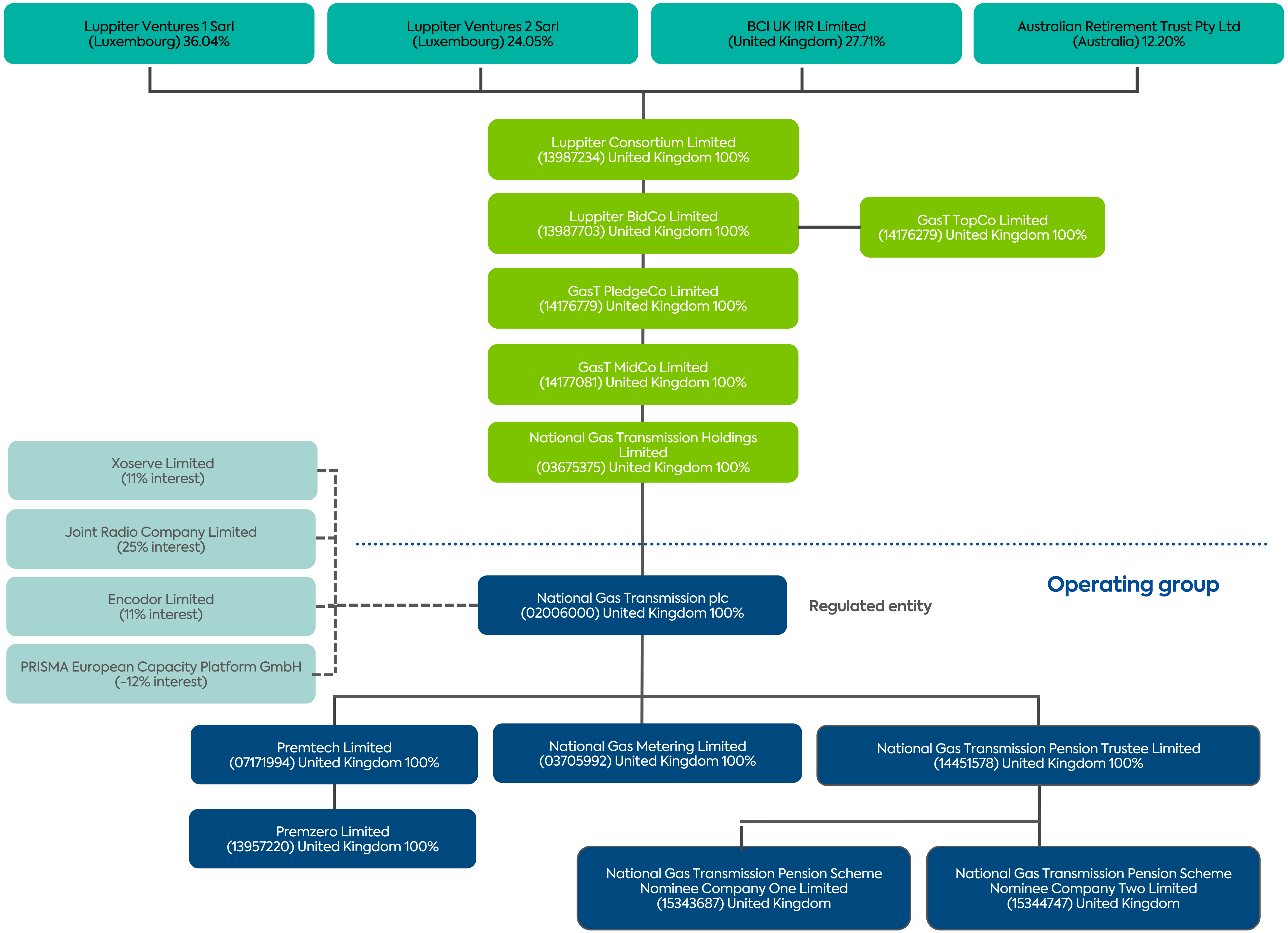
The parent company of the National Gas Group is Luppiter Consortium Limited, and the chart opposite sets out the structure of the National Gas group of companies as at 31 March 2026. During the year, GasT TopCo Limited was placed into members' voluntary liquidation (MVL).

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 investments in the Luppiter Venture entities), 27.71% by British Columbia Investment Management Corporation, with the remaining 12.20% of 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) and each of the Group entities, 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 Board of Luppiter Consortium Limited and shareholders, respectively. These matters include areas such as the 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 2026, 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 72–78.

Wates principles

1. **Purpose and leadership**
   See page 72
2. **Board composition**
   See page 73
3. **Director responsibility**
   See page 75
4. **Opportunity and risk**
   See page 77
5. **Remuneration**
   See page 78
6. **Stakeholder relationships**
   See page 78

Board of Directors

Our Board is currently made up of two Sufficiently Independent Directors (SIDs), one of whom is the Chair, five Shareholder Nominated Directors and two Executive Directors. From a governance perspective, the Sufficiently Independent Directors and the Shareholder Nominated Directors are non-executive directors. The Board has also determined that Robin Watson is an independent non-executive director, notwithstanding that he is appointed by a significant shareholder, see page 73 for more detail.

Executive Committee

The Executive Committee comprises our leadership team, established and led by our Chief Executive (the Executives). They are collectively responsible for the day-to-day management of the Company and leading the execution of our strategic priorities. The team provides regular updates to the Board and maintains a regular dialogue with individual members of the Board. See page 71 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 2026. Further details can be found from page 79.

The Board is also supported by two informal steering groups, which do not have any delegated authorities but provide strategic oversight of areas within their respective remits.

During the year, the Board also established an ad-hoc committee, the Board Emergency Committee, with delegated powers from the Board to make decisions in the event of a Company-wide emergency incident.

Committee structure

Board of Directors
The role of the Board is to promote the long-term success of National Gas by setting the Company's purpose, strategy and values and monitoring its implementation by the Executives, and ensuring that the Company maintains an effective system of risk management and internal control. The Board delegates certain matters to its four principal committees, which report to the Board at every meeting.

Audit and Risk Committee
Assists the Board in reviewing the integrity of the Company's financial reporting, financial and regulatory compliance, the systems of internal control and risk management, and the external and internal audit processes.
From page 89

Remuneration and Nominations Committee
Assists the Board by determining the Company's remuneration policy for Executive Directors, other members of the Executive Committee and the Sufficiently Independent Directors. Reviews and makes recommendations in relation to Board appointments and Executive Director succession planning.
From page 93

Safety, Security and Sustainability Committee
Assists the Board in providing assurance that the Company meets its legal, regulatory and moral obligations in respect of safety, security and sustainability.
From page 96

Regulation Committee
Assists the Board by overseeing the Company's compliance with its licence and other regulatory obligations. Oversees the development of new regulatory obligations and progress against the Company's hydrogen and carbon capture strategies.
From page 98

Chief Executive
The Chief Executive is responsible for the day-to-day management of the Company and for the implementation of the National Gas strategy, as agreed by the Board. He has established an Executive Committee to support him with the operational management of the business and delivery of the long-term strategy, with each Executive having clearly defined accountabilities and responsibilities.

Steering Groups
The Board is supported by two informal steering groups, the Finance and Treasury Steering Group and the Capex Steering Group.
The Finance and Treasury Steering Group provides oversight of the financial position across the Group and develops proposals in relation to financial and treasury activities.

The Capex Steering Group provides strategic oversight of the planning and delivery of the Company's regulatory capital investment programmes.

Management committees/groups
The Executive Committee is in turn assisted by a number of management committees and groups.

Our Board

as of 15 July 2026

Mark Russell CBE

Chair and Sufficiently Independent Director

Appointment

Joined in July 2024 and was appointed Chair as of 1 January 2026.

Committee membership

Remuneration and Nominations Committee and
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, London Continental Railways and Great British Nuclear. Mark was also Chair of Defence Equipment and Support, the procurement organisation of the Ministry of Defence.

Other appointments

Mark is the Chair of Angel Trains Group and non-executive member on the Executive Committee of the Army Board.

Jon Butterworth

Chief Executive Officer

Appointment

Joined in May 2021

Skills and experience

Jon has over 47 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 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.

Other appointments

Cathryn was a non-executive director of the Institute of Customer Service between 2020 and 2022. She was also the inaugural chair of the Regulatory Horizons Council, an independent committee established by the Department for Business, Energy and Industrial Strategy (BEIS).

Our Board continued

as of 15 July 2026

Liam Auer

Shareholder Nominated Director

Appointment

Joined in January 2025

Committee membership

Chair of the Remuneration and Nominations Committee and member of the Regulation 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.

Howard Higgins

Shareholder Nominated Director

Appointment

Joined in January 2023

Committee membership

Chair of the Safety, Security 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 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

Chair of the 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. He 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.

* Robin is considered an independent non-executive director, notwithstanding that he is appointed by a significant shareholder. See page 72 for more details.

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 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 sits on a number of company boards within BCI's investment portfolio, including Pacific National and GasNet.

Our Board continued

as of 15 July 2026

Jenny Lyn Dela Cruz

Shareholder Nominated Director

Appointment

Joined in March 2025

Committee memberships

Safety, Security 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 seven 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.

Directors who served part of the year or have stepped down from the Board since 31 March 2026

Dr Phil Nolan

Chair and Sufficiently Independent Director

Phil stepped down as Chair of the Board on 31 December 2025, having served as the Chair and Sufficiently Independent Director since 31 January 2023.

Mark Mathieson

Shareholder Nominated Director

Mark stepped down as a Shareholder Nominated Director on 15 May 2026, having served as a Director since 31 January 2023.

Will Price

Shareholder Nominated Director

Will stepped down as a Shareholder Nominated Director on 15 May 2026, having served as a Director since 31 January 2023.

Our 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

Governance principles

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 purpose is to secure Britain's energy – for today and tomorrow. To achieve that we maintain and deliver a resilient network that enables the safe, secure and reliable transportation of gas across Great Britain, while developing the infrastructure needed to support the transition to a sustainable, net-zero energy future.

The Board's role in agreeing the Company's strategic priorities and overseeing the long-term success of National Gas is guided by our strategic model, the 'three-molecule strategy'. This strategy informs the Company's direction over the short, medium and long term, helping to create sustainable value for all stakeholder groups, now and in the future.

The Board reviewed progress against the strategy throughout the year, supported by an annual strategy review day. Maintaining a reliable gas transmission network and safeguarding security of supply remain key priorities, alongside enabling the transport of hydrogen as a long-term alternative to natural gas and supporting the transportation of carbon dioxide for safe storage. Together, these priorities underpin our ambition to provide a transportation system fit for the energy transition.

When considering the strategic direction and opportunities, the Board acknowledge that the external environment in which the Company operates presents complexity and challenge. The review of the 'three-molecule strategy' is therefore informed by updates on many factors, including macroeconomic and geopolitical, which could impact the strategy. This allows the Board to continuously develop the strategy to promote the long-term success of National Gas.

During the year, the Board spent considerable time reviewing and overseeing the strategy for responding to Ofgem's RIIO-GT3 Draft and Final Determinations, recognising the critical link between securing a successful RIIO-GT3 outcome and delivering long-term, sustainable value.

READ MORE: about our strategy in our 'Strategic direction' from page 20.

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 2025/26 employee culture and engagement survey remained positive, albeit with a slight reduction in scores compared to last year.

The Board demonstrates and encourages values-driven behaviour, setting the 'tone from the top' to support a healthy and inclusive culture. The Chair has recently introduced Board listening sessions, allowing Board members to hear directly from employees across the business.

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 Executive Committee, provide the opportunity for all employees to engage with leadership and ask questions on key developments throughout the business.

Throughout the year, the town hall events have been held at various sites across the UK to improve visibility for all colleagues. 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 regional site visits for directors also provide opportunities for our directors to engage with 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. Three years ago, we launched our National Gas 'Safe Every Day' ambition, part of which is the successful Company-wide 'Seven Deadly Risks' campaign. Throughout this year, we have also continued to promote and deliver a consistent and coherent safety strategy through a bi-annual safety survey, improvements to the Incident Management System and a refresh of the Process Safety Performance group.

READ MORE: about safety in our 'Safe every day' section from page 32.

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 47. The Remuneration and Nominations Committee monitors the 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.

Governance principles continued

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 our Gas Transporter licence and affords the necessary skillset required to meet the strategic needs and challenges of the business. It ensures that the Board is also not overly large, thereby retaining the agility required to enable effective decision-making.

In December 2025, Dr Phil Nolan stepped down as the Chair of the Board, with Mark Russell succeeding him from 1 January 2026.

At the date of publishing this report, our Board is made up of two Sufficiently Independent Directors (SIDs), one of whom is the Chair, five 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 the Executives, while providing constructive challenge and rigour. The directors collectively bring a wide range of experience, skills and perspectives to the Board and Board Committee deliberations. They also lend 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.

Robin Watson assumed the role of Chair of the Audit and Risk Committee in January 2026. The Board has determined that Robin is an independent non-executive director, notwithstanding that he is appointed by a significant shareholder. The Board is satisfied that Robin acts with independence of character and judgement, as evidenced by the way in which he is discharging his duties as a director. The Board is therefore satisfied that the Company is compliant with the FCA's Disclosure Guidance and Transparency Rule (DTR) 7.1.

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 culture is one of openness and collaboration. The Chair ensures that all directors have an opportunity to contribute to discussions. The biographies of the Board members can be found on page 68.

Chair

Mark Russell was appointed as a SID in July 2024 and subsequently assumed the role of Chair in January 2026. He is responsible for the leadership of the Board and ensuring its effectiveness. He is assisted by the General Counsel and Company Secretary in ensuring adherence to high standards of corporate governance, setting the Board's agenda and encouraging constructive debate and effective decision-making.

The Chair 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 he 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 and, together with Mark Russell, provides independent challenge and input into decision-making processes. Their letters of appointment set out their duties and our SIDs confirmed that they were able to devote sufficient time to their role upon appointment.

Shareholder Nominated Directors

Under the Shareholders' Agreement, the shareholders have the right to nominate directors to the Board. Our Board currently comprises five Shareholder Nominated Directors, representing members of the consortium of investors in Luppiter Consortium Limited. As per the Shareholders' Agreement, each Shareholder Nominated Director can appoint an Alternate Director to participate in meetings in the event of their absence.

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.

Neither the Shareholder Nominated Directors, nor 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 play a key role in overall Board effectiveness. On joining the Board, each director completes a bespoke induction programme, building on the particular skill set, attributes and background of the individual. In addition, every induction covers a range of topics, and includes a series of meetings with fellow Board members and the Executives, as well as site visits.

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. The Company is therefore committed to offering tailored ongoing training to provide each director with the necessary resources to refresh, update and enhance their skills, knowledge and capabilities. A number of teach-in sessions and deep dives from the Executive team are provided throughout the year. This is in addition to individual meetings with Executives and other senior managers, as well as regular scheduled site visits.

Board effectiveness review

In line with best practice, the Board held its first externally facilitated Board performance review during the year. The evaluation was undertaken by an independent external facilitator, Alison Gill of Bvalco Ltd. Alison held a series of one-to-one conversations with each director, the Executives and the Company Secretary, as well as shadowing a number of the Board and Committee meetings.

The Board reviewed the findings from the review, noting that the overall feedback reflected a high-calibre and well-performing Board that is supported effectively by the secretariat. Following the initial Board session, the Chair followed up individually with the directors to discuss their reflections.

Governance principles continued

The Board agreed that while it continues to operate well, there are a number of areas that can further strengthen the effectiveness of the Board and the governance framework. These include:

- Strengthening the Board's agenda and forward-looking roadmap to ensure topics are aligned with the Board's agreed strategic priorities and opportunities, with more regular horizon-scanning.
- Enhancing the oversight of strategic execution, including more regular deep dives on the progress of specific strategic initiatives.
- Enhancing the relationships between the Board and the Executives, and between members of the Board itself.
- Improving the openness in discussions, including allocating additional time for substantive debate and constructive challenge.
- Enhancing the flow of constructive feedback to the Executives in relation to Board and Committee papers, to ensure the directors are presented with high-quality and relevant information to inform their decision-making.
- Improving succession planning and the talent pipeline for the Executive Directors and the wider Executive team.
- Appointing an additional Sufficiently Independent Director, subject to approval by the shareholders of Luppiter Consortium Limited.
- Revising the remit of the Regulation Committee, focusing more on key regulatory matters and anticipated regulatory policy changes and/or trends, whilst maintaining oversight of preparations for regulatory price controls.

Governance principles continued

Wates principle 3: Director responsibility

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 the Executives in delivering our strategy. The roles and responsibilities of Mark Russell, as our Chair, and Jon Butterworth, as our Chief Executive, are separate. The Chair is responsible for the leadership of the Board and the Chief Executive 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 day-to-day operational performance and delivery of the agreed strategy. Their role is also to provide strategic guidance, advice and support.

The Board delegates all day-to-day operational matters to the Chief Executive. However, there are matters set out in the Shareholders' Agreement that are specifically reserved to the Board of Luppiter Consortium Limited, the ultimate parent company of the Group, or matters that 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 the 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, that 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 to the organisation with lower limits.

Conflicts of interest

Under the Companies Act 2006, the directors have a statutory duty to avoid conflicts of interest with the Company. The Company's Articles of Association allow the Board to authorise conflicts of interests where considered appropriate. 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. Each year, the directors review their external appointments and any potential conflicts of interest and provide an annual confirmation of their independence.

Our governance processes

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.

All directors have access to the advice and services of the Company Secretariat to support them in fulfilling their duties and ensuring they adhere to best governance practice.

Policy oversight

The Shareholders' Agreement governs the policies which the Board, or its Committees, are responsible for reviewing and approving. These include health and safety, ESG, financial, anti-bribery and corruption and whistleblowing policies, alongside the Company's Code of Ethics. 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. To support it discharging its responsibilities, the Board has delegated certain responsibilities to a number of our Committees.

The governance framework was introduced in January 2023, and we believe that it underpins good governance practices and supports the Board in exercising effective stewardship of the Company. The remit of each Committee is approved by the Board. During the year, the remits of each Committee were reviewed and updated to ensure that the delegated authorities remain appropriate, effective and aligned with the business's strategic goals.

Each Committee reports to the Board on matters discussed, decisions taken and makes recommendations to the Board where Board approval is required.

During the year, the Board established the Capex Steering Group and the Board Emergency Committee. Further details about each of the Board Committees can be found from page 79.

Integrity of information

It is important that the Board receives accurate, clear and high-quality information. This allows the Board members to monitor and provide feedback on matters of importance, as well as to make informed decisions. Board and Committee members are provided with comprehensive papers and presentations.

In consultation with the Chair and the Chief Executive, the Company Secretary manages the provision of information to the Board, via a secure online board portal. The Company Secretary also ensures the timely and comprehensive follow-up on actions agreed by the Board or its Committees.

Each scheduled Board meeting includes a report from the Chief Executive, which covers performance and activity against our strategic priorities. The Board also considers a report from the Chief Financial Officer which covers all financial performance and other Group finance and treasury activities. During the year, the Board also introduced regular reporting from the Chief Operating Officer, which provides an overview of delivery of our capex programme and operational priorities.

At the start of each Board meeting, a 'safety or security moment' is presented to reinforce the safety and security 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 Executives also keep the Board apprised of business developments through regular updates outside of the formal meeting cadence.

The Chair and the Chairs of each Committee separately engage with the Executives and other staff relevant to their roles, as well as meeting with relevant external advisers between meetings, when required.

Additionally, Board members devote time to their roles outside of scheduled meetings and meet with the 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.

Governance principles continued

Board activities

The Board held six scheduled meetings during the year, as well as a dedicated strategy day to consider the strategic direction of the Company for the short, medium and long term. Additional ad-hoc meetings were held throughout the year, primarily to provide oversight and guidance to the Company's response to RIIO-GT3 Draft and Final Determinations. The Board also participated in a number of informal teach-in sessions. There was also a regular cadence of Committee meetings.

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

Strategic objectives

1	Build our foundations
2	Deliver and close RIIO-T2
3	Secure and prepare for RIIO-GT3
4	Earn a seat at the table
5	Shape the future

Board activities 2025/26

MAY

Approved
- Strategic risks

Discussed
- Business continuity arrangements
- Results from the annual culture and engagement survey
- Progress update on the RIIO-GT3 business plan submission

Deep dives
- Market insight
- Delivery of RIIO-T2 business plan
- Security of supply and energy resilience

1 2 3 4 5

JULY

Approved
- Annual Report and Accounts
- Ofgem compliance items
- Digital strategy

Discussed
- RIIO-GT3 Draft Determination
- Network performance and resilience

1 3 4

AUGUST

Approved
- Response to the RIIO-GT3 Draft Determination

Discussed
- Business developments

1 3 4 5

OCTOBER

Approved
- Business development projects
- Deregulation of the Metering business
- Defined benefit pension scheme

Discussed
- Update on the RIIO-GT3 Draft Determination

Deep dive
- Market insight

1 3 4 5

DECEMBER

Approved
- Strategic options for the Metering business
- Financing arrangements
- Updates to the Euro Medium Term Note Programme
- External audit tender

Discussed
- RIIO-GT3 Final Determination
- RIIO-GT3 People Strategy
- Security of supply and energy resilience

1 3 4

JANUARY

Discussed
- RIIO-GT3 Final Determination

1 3

FEBRUARY

Approved
- Approach to the RIIO-GT3 Final Determination

Discussed
- 5-year business plan
- Security of supply and energy resilience
- External Board effectiveness review

1 3 4 5

MARCH

Approved
- FY27 annual budget and 5-year business plan
- Financing strategy
- Future Metering strategy
- FEED stage for SCO_2T Connect

Deep dive
- Security of supply and energy resilience

Strategy day:
- Longer-term corporate strategy

1 3 4 5

Governance principles continued

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 has assessed and challenged how the Company creates and preserves value, approving the strategic direction of the business and ensuring that long-term value is fostered and sustained. In addition to having oversight of the delivery of the RIIO-T2 business plan, the Board has also spent considerable time engaging in the negotiation of our RIIO-GT3 business plan through Draft to Final Determinations. 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.

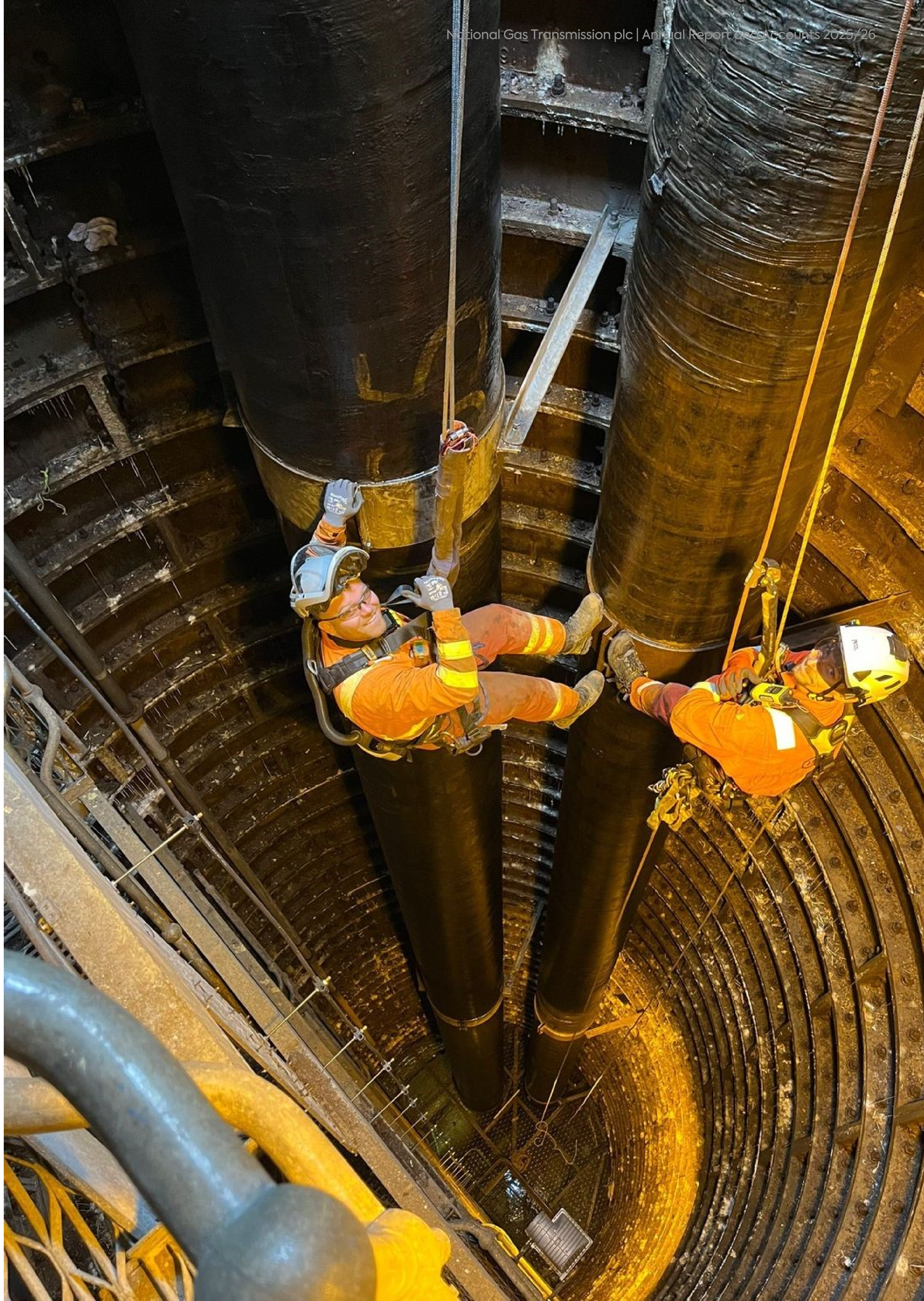
The ambition to support the transition to net zero remains a priority, and the Board will continue to closely monitor the Company's progress on its journey to do so. Further information on the business model and strategy is outlined from page 13 and an overview of our key hydrogen projects is detailed on page 22. 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

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 51.

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 79.



Governance principles continued

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 oversees appointments to the Board and to Executive Committee roles, ensuring there is a formal, rigorous and transparent procedure in place for these appointments. The Committee also seeks to ensure that there is a pipeline of talent and appropriate succession plans in place for senior roles. Further details can be found from page 83.

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 Board 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 28 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 55.

Workforce

As part of the Board's role in agreeing and overseeing the implementation of the Company's long-term strategy and the delivery of the day-to-day business, it's vital that the Board understands employees' perspective on the strategy, performance and culture. During the year, the Board's approach to employee engagement included direct engagement with employees through site visits and sessions between Board members and employees. The Chair has recently introduced Board listening sessions, allowing Board members to hear directly from employees across the business.

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 29.

Audit and Risk Committee

Robin Watson
Chair of the Audit and Risk Committee

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 and is chaired by Robin Watson. Together, the Committee members bring a wide range of financial experience across various industries and have the competence relevant to their remit. The Board is also satisfied that Robin Watson, notwithstanding his representation of a significant shareholder, discharges his responsibilities with independence of character and judgement. Other directors also regularly attend and contribute to meetings. The Chief Financial Officer, Financial Controller, Head of Risk, Audit and Assurance, General Counsel and external auditors attend the meetings, which are scheduled around key financial audit dates. The Committee met five times during the year and regularly concluded with a short session without management.

Key focus areas

- Reviewed the 2024/25 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.
- Conducted a formal external audit tender for the statutory audit taking effect from 2027/28.
- Assessed the work of the external auditor, Deloitte, in relation to significant financial judgements made by management, and considered other findings from their 2024/25 audit.
- Considered and approved the statutory audit plan and the associated fee for 2025/26.
- Considered the key findings from completion of the 2025/26 internal audit plan and approved the plan for 2026/27.
- Reviewed the Company's process for managing risk and changes to the key strategic risks.
- Examined key areas of the Company's business integrity, including ethics, data security, and fraud and bribery.

Letter from the Chair

On behalf of the Committee, I am pleased to present my first Audit and Risk Committee report. I assumed the role as Chair of the Committee in January 2026, succeeding Mark Russell as the Chair of the Committee when he took on the role as the Chair of our Board. I would like to thank Mark for his leadership and contribution as the Committee Chair.

It was a busy year for the Committee, with particular focus on the re-tendering of the statutory audit services, and reviewing and monitoring the Company's strategic risks through a combination of risk deep dives and supplementary sessions.

Following the conclusion of a formal and comprehensive competitive tender process, the Board approved the re-appointment of Deloitte LLP as our external statutory auditor, taking effect from, and including, the financial year ending 31 March 2028. We believe that their re-appointment provides an appropriate balance between retaining knowledge of the business, its controls and risks profile, while maintaining audit quality, objectivity and overall value.

One of our core duties is to monitor the integrity of our financial reporting, overseeing management's control processes and procedures, and assessing the effectiveness of the framework of internal financial controls. We are pleased with the continued strengthening of the National Gas financial control framework and the leveraging of technology and automation to further enhance and drive greater efficiencies.

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 judgements, confirming to the Board that the 2024/25 Annual Report and Accounts met these standards.

One of the Committee's key roles is to provide oversight and to support the Board in regard to the integrity of the Company's procedure for the identification, assessment and reporting of risk. During the year, we reviewed continued improvements to risk-management processes and approved a refreshed risk framework, recognising that effective risk management is crucial to executing our strategy and safeguarding against the numerous risks our Company manages. We also supported the Board in reviewing the management of the Company's strategic risks, including deep dives into specific areas of focus, and considered the outcomes of key assurance activities in line with the risk appetite set by the Board.

Our remit also 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 included the implementation of a refreshed and bespoke mandatory culture of ethical conduct e-training, aimed at strengthening the Company's approach to delivering its business activities in a responsible and transparent manner.

The Committee has also reviewed the Company's insurance arrangements and remains confident that appropriate arrangements are in place.

Looking ahead, the Committee will support further strengthening of financial, internal control and risk-management frameworks. We continue to ensure robust, streamlined control processes enabling better ways of working while maintaining integrity.

Robin Watson
Chair of the Audit and Risk Committee

Audit and Risk Committee continued

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 auditor's 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).

Significant reporting issues	
Significant accounting judgements and estimates	The Committee reviewed the key accounting judgements and estimates applied in the preparation of the financial statements, including: • Classification of items as exceptional; • Asset lives, depreciation and impairment; • Pension assumptions; and • Provisions and contingent liabilities. The Committee considered papers from management setting out the basis for these judgements and estimates, including the key assumptions and sensitivities. It also considered reports from the external auditor on areas of significant judgement and the conclusions from its audit procedures. The Committee challenged management on the appropriateness of assumptions, consistency of accounting policy application, and the clarity of disclosures, with particular focus on areas of higher estimation uncertainty, including pension assumptions, which incorporate a range of actuarial and benefit-related judgements and estimates. In relation to asset lives, depreciation and impairment, the Committee revisited the judgement on the potential impact of the UK's net zero commitments on asset utilisation beyond 2050, an area of ongoing focus. The Committee noted that Ofgem's RIIO-GT3 Final Determinations confirm the continuation of regulatory depreciation based on a 45-year asset life, providing support for current assumptions. While this reduces estimation uncertainty, some residual risk remains given evolving decarbonisation pathways. The Committee concluded that asset life assumptions remain appropriate and will continue to be monitored. Based on this work, the Committee was satisfied that the judgements and estimates adopted were reasonable and that the related disclosures are appropriate.
Internal controls	The Committee received updates from management and the external auditor on the effectiveness of the control environment during the year, including key financial controls. As part of this oversight, a number of opportunities to enhance controls were identified, primarily relating to IT general controls. Actions to strengthen these areas have been implemented or are in progress, and the Committee continues to monitor progress as part of its ongoing review of the control framework.

External audit

The Committee oversees the relationship with external auditor, Deloitte LLP, who attend all meetings and meet privately with the Chair, and monitors their effectiveness throughout the year. The Committee members have the opportunity to meet with Deloitte after each meeting without management present, which provides an opportunity for the Committee to assess whether Deloitte appropriately challenges management and remains independent in its judgement and analysis. In assessing its independence and objectivity, the Committee also considered assurances provided by Deloitte, the level of non-audit fees and the re-tender of the audit services. The Committee was satisfied with the audit team's effectiveness, insight from its audit work and the commitment of Deloitte. In support of this, the Committee recommended Deloitte's reappointment for 2026/27 year-end audit, being satisfied of its independence and that the effectiveness of its audit process remains strong.

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

Further details on non-audit services provided by Deloitte can be found on page 105 of the financial statements. The total non-audit fees paid to Deloitte for the year were £0.2 million (2024/25: £0.1 million) and the majority of the spend was in relation to providing assurance services.

Tendering

Deloitte has been the Company's auditor since April 2017, and the forthcoming year-end audit will mark its tenth consecutive year in office as statutory auditor. In line with the best practice requiring a competitive tender process for statutory audit services every ten years, the Committee conducted an external audit tender during the year. The tender was open to all audit firms, including incumbent auditors. In December 2025, at the recommendation of the Committee, the Board approved the re-appointment of Deloitte as the auditor of the Company and the Group from 1 April 2027.

Audit tender process

July 2025	July and August 2025	September and October 2025	November 2025	December 2025
The invitation to tender was opened to all audit firms to participate in the external audit tender. Request for Information (RFI) was issued to audit firms.	RFI responses were received in August. The Committee and management reviewed the RFI responses and shortlisted a number of firms.	A request for Proposal (RFP) was issued to the shortlisted firms. Evaluation of Request for Proposal (RFP) submissions by management. RFP responses and management scorecards submitted to Audit and Risk Committee.	Committee members attended the final presentations and interviews with shortlisted firms. The Committee considered the RFP responses and presentations against decisioning criteria, providing a ranking of the final preferred firm.	The Committee evaluated the final presentations using a scoring matrix and concluded the external audit tender process, and recommended to the Board the appointment of Deloitte as the Group's external auditor for the financial year commencing 1 April 2027.

Audit and Risk Committee continued

Audit Committee oversight

In conducting the audit tender process, the Committee complied with Audit Committees and the External Audit: Minimum Standard, issued by the UK Financial Reporting Council (FRC). The Committee used existing and ad-hoc meetings to approve all key decisions in the process. This included:

- The overall project plan.
- The communication plan, both internally and externally.
- Invitations to firms to tender.
- Release of a Request for Information (RFI) and key decisioning criteria.
- Release of a Request for Proposal (RFP) and key decisioning criteria.
- Review of feedback from firms' meetings with management.
- Down-selection of firms throughout the process.
- Presentations by firms to the full Committee.
- Recommendation to the Board.

Evaluation criteria

Both the RFI and RFP documents submitted by firms had clearly articulated decisioning criteria approved by the Committee. Submissions were analysed with a key focus on:

- Strength and experience of the team, particularly regulated utility experience.
- Understanding of our business and our industry.
- Audit approach.
- Communication and reporting.
- Value and insights.

Decision

The Committee members attended the presentations by firms that were accepted to the RFP stage. Having considered the presentations, and the relevant analysis of the proposals and earlier rounds in the process, the Committee recommended the re-appointment of Deloitte. Key factors in the decision included:

- Strong partner bench.
- Continuity of established business knowledge and processes.
- Proven audit quality.
- Reduced transition risk.

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 include 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

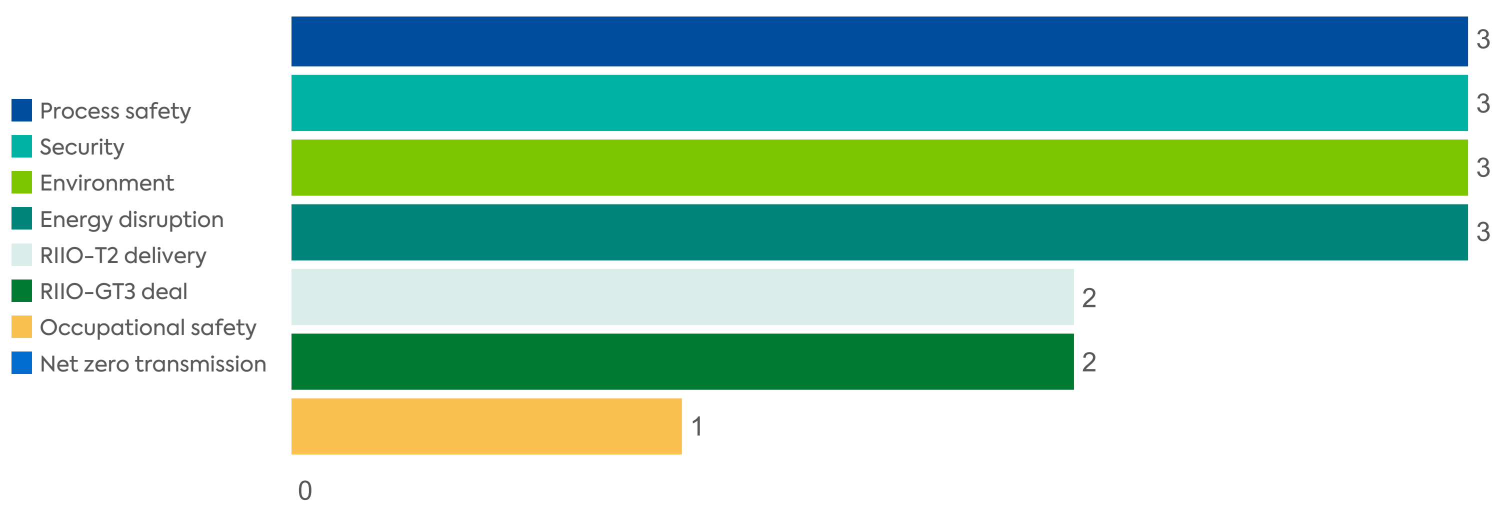
The internal audit function is a key part of the internal control and risk-management framework, providing independent assurance on risk management, controls and governance. It encourages continuous improvements and promotes enhancements to the Company's governance, risk-management and internal control 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 Global Internal Audit Standards (GIAS). The Committee keeps under review the function's independence and effectiveness, and has reviewed the results from the annual internal audit quality assessment. The Committee is satisfied that the internal function is operating effectively.

The internal audit plan is structured to align with the Company's strategy, risk profile, control environment and the assurance arrangements, and is set on a rolling six-month basis to ensure that it is sufficiently flexible to respond to changes and emerging risks. The Committee has overall responsibility for the delivery of the plan, but reporting of the findings of the audit reviews is split between the Committee and the Security, 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 coordinated with other assurance activities across the business.

The audit plan for 2025/26 included audits in relation to assurance of the RIIO-T2 close out, regionalisation, payroll, IT governance processes and cyber security. The Committee considered the internal audit plan on a rolling six-month basis, which included updates on the delivery of the plan as well as the progress and closure of actions resulting from the audits. The chart below outlines the numbers of audits undertaken in relation to the eight strategic risks tracked throughout FY26.

Number of audits mapped by strategic risk



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 endorsed a refreshed risk framework during the year and also considered 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 51.

Audit and Risk Committee continued

Assurance reviews

In addition to the internal audit function, the Committee receives assurance from other internal and external sources to supplement its assessment of internal control and compliance processes to manage risk. 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. This includes the outcomes from the second-line business assurance function, findings from the external audits of the Company's management systems, and outputs from the annual compliance declaration process. Where any failings or weaknesses are identified from this assurance activity, the completion of corrective actions is 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.

Remuneration and Nominations Committee

Liam Auer
Chair of the Remuneration and Nominations Committee

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 (SIDs), the Executive Board Directors and members of the Executive Committee (the Executives). 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. The other member is the Chair of the Board, who is also a SID. During the year, the Committee was chaired by William Price, one of our Shareholder Nominated Directors. Liam Auer took over as the chair of the Committee in May 2026. The Chief People Officer and the Chief Executive attend meetings (except when their own remuneration is being discussed) with regular presentations also received from the Chief Financial Officer. During the year, the Committee met three times.

Key focus areas

Remuneration-related items

- Commissioned a benchmarking exercise and reviewed the Executives' salaries and the fees for the Chair and Sufficiently Independent Directors.
- Approved the outturns of the 2025/26 short-term incentive plan (STIP) and the 2023/26 long-term incentive plan (LTIP).
- Approved the structure and performance metrics for the 2026/27 STIP, including the Executives' personal objectives, and the 2026/29 LTIP awards.

Nominations-related items

- Agreed the process for recruiting an additional Sufficiently Independent Director.
- Considered the outcome of an external assessment of the Executive Committee members.
- Executive succession planning.

Letter from the Chair

I am pleased to present the Remuneration and Nominations Committee (the Committee) report for the year ended 31 March 2026. This report provides an overview of the remuneration principles and details the key remuneration decisions taken in respect of the year. It also explains how the principles will be applied in the year ahead.

During the year, the Committee maintained oversight of, and provided support for, the development of the Executives and reviewed the succession and talent pipeline to ensure that the Company continues to have the capabilities and expertise required to lead the business effectively in the future.

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 be benchmarked against 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.

The principles are designed to attract and retain high-calibre executives and to reward performance through short- and long-term variable pay arrangements. The Committee remains satisfied that the remuneration principles continue to appropriately reward and motivate our Executives by incentivising contributions to both the short- and long-term success of the Company, and in doing so support the creation of 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 conditions and their associated measures each year, and make adjustments as required to ensure that they remain appropriately challenging and align with our immediate business priorities.

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 and their associated measures are based on longer-term business priorities and strategy.

In exceptional circumstances, malus and clawback provisions apply to both plans. The Committee also has discretion to exercise its 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.

Incentive outcomes for 2025/26

2025/26 STIP

We assessed the achievement of the various performance conditions and measures agreed for the 2025/26 STIP awards, including performance of the personal objectives for each of the Executives.

75% of the total maximum outturn of 80% of the business-related performance conditions were achieved, reflecting another year of strong operational performance across financial and operational measures and customer satisfaction, as well as progress against the net zero transition targets.

Remuneration and Nominations Committee continued

Whilst the lost time injury frequency rate (LTIFR) stretch measure was met, the Committee exercised discretion and reduced the safety-related element to reflect improvements identified in respect of oversight of process safety.

Financial	Underlying EBITA	●
	Operational RoE	●
Customer	Customer satisfaction	●
Safety	Lost Time Injury Frequency Rate	●
Net Zero	Emissions target	●
	RIIO-GT3 and net zero transition	●

● 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 142.5% (of a maximum of 150% of salary) for Jon Butterworth and 114% for Nick Hooper (of a maximum of 120% of salary).

2023/26 LTIP

The three-year LTIP award granted to Jon Butterworth and Nick Hooper in 2023 was subject to performance conditions measured over the financial years from 1 April 2023 to 31 March 2026. The vesting of the award was subject to financial, asset and safety measures, as well as a number of strategic targets, including securing a positive outcome for the RIIO-GT3 business plan and net zero transmission-related initiatives.

National Gas performance in respect of safety and emissions was strong throughout the three-year performance period. Financial performance was also strong during the first two financial years, but the average across the three-year period was slightly below the maximum target.

The biggest impact on the outcome of the award was in relation to the hydrogen-related performance conditions. National policy developments have progressed more slowly than anticipated, which has adversely affected the Company's ability to advance certain hydrogen initiatives.

Notwithstanding this, the Committee exercised discretion when determining the final outcome of the award, recognising the significant achievement in securing additional funding to strengthen the reliability and resilience of the network. Consistent with its approach to STIP vesting outcome, the Committee exercised discretion and reduced the safety-related element.

Based on the performance conditions set at the start of the performance period and discretion exercised by the Committee, the LTIP award vested at 85.5% of the total maximum measures of 100%.

Financial	Operational RoE	●
Asset	NARMs (£m)	●
Safety	Lost Time Injury Frequency Rate	●
	Generative Safety Maturity Curve survey	●
Net Zero	Emissions targets	●
Strategy	Hydrogen targets	●

● Stretch target achieved
● Achieved between target and stretch
● Below target performance

This resulted in payouts equal to 171% of salary in 2023 (of a maximum of 200%) for Jon Butterworth and 128.25% of salary in 2023 for Nick Hooper (of a maximum of 150%).

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

Looking ahead to 2026/27

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 market trends, data against two comparator groups and that of the wider workforce. We also considered delivery expectations of the business entering the first year of the next regulatory price control period, RIIO-GT3.

Following this exercise, we decided that our Chief Executive, Jon Butterworth, will receive a base salary increase of approximately 3.73%, increasing his annual salary to £695,000.

We also agreed that our Chief Financial Officer, Nick Hooper, will receive a base salary increase of approximately 6%, increasing his annual salary to £425,000, recognising that his salary level is below the market median for an individual of his experience and track record in similar organisations.

A large proportion of our employees' pay is negotiated under local collective bargaining agreements, and as a Committee we take this into consideration when considering Executive pay.

In respect of the remuneration of the Chair and the SID, taking into account external benchmarking data, the Committee concluded that the current fee of £270,000 for the Chair and the fee of £71,000 per annum for our other Sufficiently Independent Director remains appropriate. The Committee therefore agreed not to adjust their remuneration arrangements.

Incentive plans

We reviewed and agreed that the structure of the 2026/27 STIP and 2026/2029 LTIP remains appropriate, but that the performance conditions attached to the awards should be amended to ensure continued alignment between Company performance and the longer-term strategy.

For the STIP awards, we agreed to increase the weighting for the financial measures to put more emphasis on the overall financial performance. The customer satisfaction measure has been removed, but the weighting and measures for safety, net zero transmission targets and the strategic initiatives remain as in the previous year. As a Committee, we believe that these incentives and measures appropriately incentivise the Executives to deliver strong in-year performance, including delivery against key priorities for the first year of the RIIO-GT3 regulatory period.

The individual performance element remains the same, with the total weighting amounting to a maximum of 20% of the award, and the Committee reviewed and approved each Executive's individual objectives .

We decided to change the focus of some of the performance conditions for the three-year LTIP award, which will vest in 2029. The measures and associated targets continue to emphasise operational excellence, whilst supporting long-term sustainability of our asset reliability and resilience, and a continuing focus on safety and net zero transition.

30% of the award is also subject to the achievement of certain strategic initiatives that support delivery of key aspects of the RIIO-GT3 business plan and our three-molecule strategy. Performance against these measures will be based on target and maximum opportunities as a percentage of base pay.

Other areas of focus

During the year, the Committee considered employee diversity and approved the publication of our Gender Pay Gap report. The Committee was pleased that our mean pay gap continues to remain below the UK average.

The Committee reviewed progress being made to improve and strengthen our pipeline of women across the business through managed career paths, improved access to opportunities and removal of barriers for progression through our new women's development programme 'Ascend'.

We received an update on our 'Belonging' (DEI) strategy and initiatives targeted at ensuring the Company continues to recruit, retain and support the progression of diverse colleagues, recognising the positive impact a diverse workforce has on a business.

Although we did not review the appointment of our independent external remuneration adviser, Ellason LLP, we are satisfied that they continue to provide independent support to the Committee and ensure that the Company's remuneration practices remain 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.

Remuneration and Nominations Committee continued

Board changes

During the year, Dr Phil Nolan retired as the Chair of the Board and as a Sufficiently Independent Director (SID). Mark Russell assumed the role as the Chair of the Board on 1 January 2026 and, with Cathryn Ross, they are the two current SIDs.

Following the external Board review, the Board agreed that it would benefit from a third SID, alongside the Chair and Cathryn Ross, and the Committee authorised the Chair of the Board to lead on the recruitment of a new SID during 2026/27.

Executive development and succession

Throughout the year, we continued our oversight of the Executives to ensure they have the skills, experience and attributes to lead the business today and in the longer term. To support this, we commissioned an externally led development review of the Executives' individual strengths and development areas, which was carried out by Georgina Cavaliere from GCLA. The Committee considered the recommendations from her review, which identified development opportunities to support the individual growth of each of the Executives, as well as collectively as a leadership team, to ensure they have the attributes to lead the business through the next price control period and beyond.

We reviewed the approach to Executive Committee member succession planning, including the succession planning process, which involves external benchmarking and assessments to ensure that the business has a strong and diverse pipeline of high-calibre individuals capable of discharging executive-level responsibilities. This process enables us to monitor and evaluate the strength of the talent pipeline, its composition and diversity, and the training and development needs within the senior leadership teams.

Looking ahead

We will continue to review Executive remuneration trends to ensure that our remuneration principles continue to drive the right behaviours, strive for operational excellence and reward performance. Board and Executive development and succession planning will also continue to be a priority for the Committee in the coming year.

Liam Auer
Chair of the Remuneration and Nominations Committee

Safety, Security and Sustainability Committee

Howard Higgins
Chair of the Safety, Security and Sustainability Committee

Role of the Committee

The role of the Safety, Security and Sustainability Committee (the Committee) is to assist the Board by overseeing safety, physical security, cyber security and sustainability performance and risks, alongside providing assurance that the Company is effectively managing its legal, regulatory and moral obligations in relation to these areas.

Membership

The Committee comprises two members, both of whom are non-executive Shareholder Nominated Directors, including the Chair, Howard Higgins. Other directors also regularly attend and contribute to meetings. The Chief Executive, Chief Financial Officer, Engineering and Asset Management Director, Head of Safety, Health and Wellbeing, and the General Counsel are in attendance at meetings, with regular presentations also received from the Chief Information Officer, Head of Risk, Audit and Assurance, and the Heads of Policy for Environment, Sustainability and Engineering. The Committee met three times during the year.

Key focus areas

- Safety and health performance and progress in delivering the Company's safety strategy – our ambition to be 'Safe Every Day'.
- Safety and health performance (Lost Time Injury Frequency Rate and High Potential Controllable Events).
- The current external threat landscape and the Company's initiatives to strengthen physical and cyber security.
- Relevant strategic and operational risks.
- Delivery of the RIIO-T2 Environmental Action Plan (EAP) commitments.
- The approach to the delivery of the RIIO-GT3 EAP commitments.
- Delivery of the Company's net zero decarbonisation strategy.
- Key findings from relevant 2025/26 internal audit reviews.
- Proposed audit reviews to be included in the 2026/27 internal audit plan.
- Key findings and actions arising from the third-party infringement investigation.
- Key findings from the annual assurance plan.
- Proposed updates to the process safety and environmental sustainability policies.

Letter from the Chair

I am pleased to present the report from the Safety, Security and Sustainability Committee for the year ended 31 March 2026. During the year, the remit of the Committee was extended to include oversight of the implementation of our physical security and cyber security strategies. As a Committee, we welcomed this change and I believe that the expanded remit appropriately captures priorities for the continued safe, secure and sustainable operation of the Company.

Safety performance

At National Gas, the safety, health and wellbeing of our workforce, supply chain partners and the public, alongside the safe utilisation and security of our assets, is a priority. Safety is a golden thread woven into all aspects of our business and operations, and this is reflected in the Committee's overarching focus on safety performance, as well as in management's approach to embedding a proactive safety culture throughout the Company.

The Committee's agenda has a standing item at each meeting, which provides an overview of performance in respect of key safety metrics and highlights any areas of concern, should they arise. I am pleased to report that during the reporting period, there have been no public safety injuries attributable to the Company and no catastrophic or serious process safety events.

Throughout the reporting period, the number of high potential controllable events (HPCEs) occurring has consistently remained within our tolerated levels. As a Committee, we are reassured by the willingness of individuals to report near-miss incidents, especially those with the potential to have serious consequences, and this is testament to the positive safety culture embedded throughout the Company. Timely reporting of HPCEs allows a thorough investigation to commence promptly and any immediate enhancements to processes to be implemented to avoid similar incidents reoccurring. We maintain oversight of all such incidents, including the root causes, results of investigations and the actions taken to prevent reoccurrence.

Whilst the lost time injury frequency rate (LTIFR) during the year increased slightly to 0.44 per 1,000,000 hours worked towards the end of the period, action was taken to mitigate further risk and the Committee was kept informed of the outcome of investigative work.

This year has seen the successful delivery of year four of our safety ambition: 'Safe Every Day', with the Committee overseeing four key priorities that align with our Company values. These are: managing our assets, pipelines and processes; demonstrating safe behaviours every day; supporting health and wellbeing every day; and continually improving ways of working to ensure everyone goes home safe every day. Earlier in the year, the Committee also guided the development of the Safety and Health Plan for the year, with four key priorities namely: delivery of core safety initiatives, enhancing systems and processes, strengthening quality and supply chain management, and promoting health and wellbeing. Delivery against these areas ensures we are maintaining momentum towards continually strengthening our approach to safety in every aspect of our operations.

Good progress has been made this year in two key areas identified as part of a review of our management systems undertaken by ARUP, an independent external consultancy firm. The first focuses on the introduction of an electronic permit to work system and the second on the development of a system to enhance our drawings assurance processes. These workstreams will continue into next year and we will continue to monitor the implementation of these systems.

Safety, Security and Sustainability Committee continued

Environmental Action Plan and net zero ambitions

As a Company, we recognise the importance of protecting the environment and acting sustainably every day. This year saw the delivery and close out of our Environmental Action Plan (EAP) commitments under the RIIO-T2 price control period and planning for the 14 new targets set by Ofgem for RIIO-GT3. The EAP sets out how we will work together with our employees and stakeholders to decarbonise our network and reduce the impact of our activities on the environment. As such, the EAP commitments aim to mitigate and improve the environmental impact of our network, with the Committee receiving a report on progress against our targets at every meeting. As a Committee, we are pleased with the strong performance against our RIIO-T2 commitments reported during the year. We expect similar performance levels will be achieved during RIIO-GT3.

Over the year, progress has continued to be made in reducing controllable Scope 1 and 2 emissions from the use of our assets. We are pleased to report that total emissions performance was significantly below the 443 ktCO_2e target at 358.9 ktCO_2e. The Committee continued to oversee initiatives to decarbonise compressor combustion by 2050, including the deployment and testing of pipeline recompression units. These units have the potential to significantly reduce pipeline venting emissions and support the Company's pathway to net zero.

Physical and cyber security

We recognise that the external geopolitical environment is currently a volatile one and, as such, it is key that our approach to managing security threats is proactive and agile. At each Committee meeting, we receive a detailed overview of the current external threat landscape and the initiatives underway to enhance our response to these threats, including the use of new and innovative technologies. A summary of individual incidents and the actions arising from these are presented for discussion at each meeting, with security also defined as one of our strategic risks. As such, the Committee also considers security in terms of our controls framework, tolerance levels and management approach.

Increasingly sophisticated threats from cyber attacks are also a key focus for us as a Committee. Included within our RIIO-GT3 business plan is a comprehensive programme of cyber security initiatives, oversight of which will be provided by the Committee during the year ahead.

Environmental, Social and Governance (ESG)

At each meeting, we receive a summary of performance against our ESG targets as part of our wider ESG strategy. Performance has been consistently strong in this area, with 21 out of 22 targets met by the end of the reporting period and an action plan in place to address the one off-track target.

For the second consecutive year, in October we also took part in the annual Global Real Estate Sustainability Benchmark (GRESB) Infrastructure Asset Assessment. I am pleased to report that our results this year marked a significant improvement from our previous submission. With improvements demonstrated across nearly all categories, we saw particular success in leadership, health and safety, energy and air pollution, scoring 100% in these areas – with a score of 90% or over also achieved for policies, reporting, stakeholder engagement and employees.

Internal audit

The Committee is responsible for recommending to the Audit and Risk Committee the internal audit reviews that relate to our remit, and overseeing the findings from these reviews. Throughout the year, we considered the findings from the audit reviews relating to cyber and physical security, third-party infringement and Dangerous Substances and Explosive Atmospheres Regulations (DSEAR). We also monitored the completion of the agreed actions to improve internal controls and mitigations in these areas. We requested follow-up action plans in respect of two previous years' audit reviews: Corrosion Management and Asset Health and Preventative Maintenance, with the Committee monitoring the implementation of those actions.

Internal control and assurance

At each meeting, we consider the findings from assurance reviews relating to our remit. The business operates under the three lines of defence assurance model, where assurance sits within the second-line and supports the Company in meeting its legal and regulatory obligations and ultimately in delivering its key business priorities. In addition to considering the individual findings, overall themes and actions arising from these reviews, we also evaluated the effectiveness of the assurance model's implementation and delivery, to ensure it remains a robust means of maintaining our compliance and supporting our proactive approach to safety across the Company.

Risk and assurance

As a Committee, we are responsible for the oversight of risks that relate to our remit, with our main focus being on three of the Company's strategic risks: process safety, occupational safety (and health) and environmental protection. At each meeting, consideration is given to an update on the current status of each risk and the initiatives underway to enhance their management and control. We conducted a number of risk deep dives into these areas and maintained oversight of the implementation of any actions to further strengthen the controls in place to manage the risks. We also reviewed the security strategic risk, once added to the Committee's remit.

During the year, the Committee oversaw the Company's response to two improvement notices received from HSE in relation to a third-party interference incident and the TD1 pipeline validation process. This included reviewing progress in addressing the actions agreed with HSE and a wider review to strengthen compliance oversight, improve reporting and develop an integrated assurance framework.

Looking forward

Looking ahead to the next 12 months, the Committee will continue to receive regular reports from across the key areas of its remit and ensure that safety, security and sustainability remain a priority for the Company as a whole. With the business entering the RIIO-GT3 price control period and the associated increase in investments, it will become more important than ever for us to maintain the high standards of safety, security and sustainability we have in place for our workforce, supply chain partners, the public and our assets. We will provide guidance and challenge in areas that can be improved, and oversee the implementation of new initiatives and processes to further strengthen our safety, security and sustainability position.

Howard Higgins
Chair of the Safety, Security and Sustainability Committee

Regulation Committee

Cathryn Ross
Chair of the Regulation Committee

Role of the Committee

The role of the Regulation Committee (the 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 and the development of the plan for the next regulatory framework. During the year, the Committee also supported the Board in overseeing progress against its hydrogen and carbon capture strategies.

Membership

The Committee consists of three non-executive directors, one of whom is a Sufficiently Independent Director (SID) and Chair of the Committee, Cathryn Ross. The other two Committee members are Shareholder Nominated Directors. Other directors also regularly attend and contribute to meetings.

The Chief Executive, Chief Financial Officer, General Counsel, Chief Strategy and Regulation Officer, and Chief Commercial Officer are also in attendance at meetings. During the year, the Committee met three times.

Key focus areas

- Oversight of the RIIO-GT3 business plan process, including the development of the Company's responses to Ofgem's Draft and Final Determinations.
- Delivery against the RIIO-T2 business plan.
- Engagement activities with Ofgem and DESNZ.
- Business development updates, including progress on Project Union, the Humber Hydrogen and SCO_2T Connect projects.
- Update on innovation activities (including FutureGrid).

Letter from the Chair

I am pleased to present the report from the Regulation Committee for the year ended 31 March 2026.

This year has been a significant one for the Company, with the closeout of the RIIO-T2 price control period and the work leading up to Ofgem's Final Determination on our RIIO-GT3 business plan. As a Committee, we played a key role in overseeing the journey from Ofgem's Draft Determination on our plan through to Final Determination, which was received in December 2025. Through the Committee's support and strategic guidance, and the management team's dedication and expertise, we achieved a final outcome with a baseline funding of £3.2 billion, with scope for significant further allowances to be granted within the regulatory period.

We considered regulatory assessments of the delivery of our RIIO-T2 business plan, with a focus on risks, the submissions of uncertainty mechanisms under the RIIO-T2 licence, and enhanced assurance processes in relation to our Price Control Deliverables.

Throughout the year, the Committee received regular updates on the progress of our key strategic and innovative programmes of work. Project Union is one such programme that has seen progress over the past year, with funding having been secured from Ofgem to deliver Front End Engineering Design (FEED) studies and early planning and consenting activities for the project's first three phases.

Earlier in the year, the Committee oversaw the associated carbon dioxide strategy refresh, including plans for regional strategic engagement and the pursuit of broader funding opportunities to ensure the success of our carbon dioxide portfolio. The Committee also provided oversight of the strategy to secure development funding for the project.

At each meeting, an overview of any new and developing strategic business opportunities are presented, with these opportunities considered in terms of the Company's risk appetite and tolerance, making recommendations to the Board as required.

Looking forward to the year ahead, we will continue to focus on regulatory matters and provide oversight of regulatory price control submissions.

Cathryn Ross
Chair of the Regulation Committee

Directors' Report

The Directors present their report together with the audited consolidated financial statements and the Company financial statements for the year ended 31 March 2026.

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:

Section / topic	Page reference
Diversity	47
Employee engagement and involvement	29, 47
Greenhouse gas emissions and energy consumption	37
Financial risk management	From page 122
Future business developments	From page 20
Principal activities and business review	6, 14 onwards
Strategic risks and uncertainties	From page 51
Relationship with customers and stakeholders	From page 28

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, from page 64.
Research and development	Expenditure on research and development was £19 million during the year (2024/25: £15 million).

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
Mark Russell	Sufficiently Independent Director	1 July 2024
Liam Auer	Shareholder Nominated Director	6 January 2025
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
Cathryn Ross	Sufficiently Independent Director	21 June 2019
Robin Watson	Shareholder Nominated Director	5 February 2025
Abdul Moiz Qureshi	Alternate Director	21 July 2023

Former Directors	Position	Resignation date
Dr Phil Nolan	Chair and Sufficiently Independent Director	31 December 2025
Mark Mathieson	Shareholder Nominated Director	15 May 2026
William Price	Shareholder Nominated Director	15 May 2026

* Jenny Lyn Dela Cruz was an Alternate Director up to her appointment as a Shareholder Nominated Director.

Directors' Report continued

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 qualifying expenditure of £0 (2024/25: £0) as part of these engagements.

Dividends

During the year, the Company paid ordinary dividends totalling £488 million (2024/25: £623 million). Of the dividend paid, £174 million (2024/25: £201.8 million) was to enable its parent company, National Gas Transmission Holdings Limited (NGTH), to pay the Company interest due on an inter-company loan from the Company to NGTH. This amount was immediately returned to the Company as an interest payment and therefore has no cash or profit impact on the Company. Total dividends paid to GasT Midco Limited (being the holding company of NGTH) therefore amounted to £314 million.

Share capital

As at 31 March 2026, the Company's issued share capital comprised 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 2026, the Company's share capital was held by NGTH. 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 National Gas 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 Group closely monitors and manages impacts of changes in the regulatory, macroeconomic and geopolitical environment and the impact of these factors on the Group.

In establishing the going concern for the Company, the going concern position for the other entities within the Group has been taken into consideration and as to the Company's position to meet its liabilities are dependent on distributions made throughout the Group. The Group is bound by certain financial covenants with regards to its debt agreements and banking facilities.

The directors have assessed the principal cash flow and covenant risks through modelling both a base case and a reasonable worst-case scenario. The main impacts identified in the reasonable worst-case scenario that could affect the Group's liquidity and covenant position are:

a. adverse impact 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.

Having considered the reasonable worst-case scenario and further liquidity levers available to the Company, the directors concluded that the Company continues 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.

Post balance sheet events

On 15 July 2026, the Company declared an interim dividend amounting to £593 million, payable to its parent company, NGTH, on 20 July 2026. Of the £593 million dividend payment, £505 million will be returned to National Gas, comprising repayment of £380 million of principal and £125 million of accrued interest relating to the intercompany loan between the two entities. As this transaction occurred after the reporting date, it has been assessed as a non-adjusting event in accordance with IAS 10, Events after the Reporting Period and has therefore not been reflected in the financial statements as at the reporting date.

The Directors' Report was approved by the Board on 15 July 2026 and signed on its behalf by:

Nick Hooper
Chief Financial Officer
15 July 2026

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 group 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"). The directors have also chosen to prepare the parent company financial statements under United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 101 'Reduced disclosure Framework'. 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 UK Accounting Standards have been followed for the 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 of the financial reporting framework 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.

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

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, 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, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

The Directors' report was approved by the Board on 15 July 2026 and signed on its behalf by:

Nick Hooper
Chief Financial Officer
15 July 2026