--------------------------------------------------------------------------- National Grid PLC 2007-2008

**To Our Stakeholders**

“We, at National Grid, will be the foremost international electricity and gas company, delivering unparalleled efficiency, reliability and safety, vital to the well-being of our customers and communities.

“We are committed to being an innovative leader in energy management and to safeguarding our global environment for future generations.”

This is National Grid’s vision – what we aspire to be and how we would like to be perceived by the world. I’ve begun with our vision, because everything you’re going to read in this report about National Grid stems from

this and every step we take is with the view that it will bring us closer to fulfilling this vision.

I hope our vision gives you a feel for the scope of what we’re trying to achieve and how we believe we will create value for all of our stakeholders. Yes, we want to be efficient, reliable and safe … but we also want to be innovative, and we are firmly committed to providing for the ‘well-being of our customers and communities and to safeguarding our global environment’.

These are integral parts of our company’s corporate responsibility … and we intend to keep these important commitments at the forefront of all our plans and actions, now and in the future.

**So, how will we get there?**

National Grid took a major step on its growth journey when we acquired KeySpan in August 2007. And we are focused on making sure we continue to strengthen our commitment to corporate responsibility across our global operations as our company continues to grow:

◆ We have a **strategy** where we are focused on our core electricity and gas businesses in the UK and US. We’re integrated across global

lines of business. And we’re taking a disciplined approach to how we do our jobs, plan our finances and invest our money.

◆ We’re guided by our core values: respect others and value their diversity; take ownership for driving performance; demonstrate integrity and openness in all relationships; and work as one team, one National Grid.

◆ We’re **transforming** our business so we operate in the most efficient, cost effective and environmentally sound ways. We’re looking, wherever possible, to do things in a consistent way, so customers, employees and shareholders in the UK and US enjoy the same positive experience of National Grid. This means we’re focused on identifying and implementing best practice, company wide.

◆ We continue to work under our **framework for responsible business** where we seek to achieve sustainable growth, profits with

responsibility and solid investments in the future.

◆ We have a new brand position that revolves around the power of action. The power

of action means we’re about more than words; we’re taking action to continuously improve our safety performance, protect the environment, delight our customers and care for our communities. We’re also committed to

becoming more inclusive and diverse, providing energy solutions and, of course, acting on

our vision

◆ And ... we have also agreed on a new **community impact framework** focusing on areas that are core to our business: energy and environment, and education and skills. This

will be implemented across our UK and US businesses and there will be a strong focus on employee volunteering, very much demonstrating the power of action.

**How did we do in 2007/08?**

As you’ll see in this report – National Grid’s seventh global Corporate Responsibility Report – we have taken several positive steps in the past year:

◆ Established a climate change initiative with ambitious emission reduction targets and carbon budgets across our lines of business

◆ Expanded other environmental efforts in our continuous efforts to help save the environment … and save money

◆ Continued to develop our employees’ talent to empower and equip them to meet our stringent operating standards

◆ Strategically refocused and strengthened our commitment to local communities.

National Grid is also once again working cooperatively with a host of community, environmental, regulatory, government and energy industry partners, in both the UK and US, towards mutual goals.

So read on to find out more about National Grid’s journey towards sustainable growth. It’s a journey that will

position us appropriately for the future. Most importantly, it’s a journey where we will build an even stronger, more responsible company that’s working to better serve

our employees, customers, suppliers, shareholders, communities, you.

Sincerely,

Steve Holliday, Chief Executive

--------------------------------------------------------------------------- National Grid PLC 2009-2010

**Sustainable futures**

**National Grid lies at the heart of delivering energy in the UK and in the northeastern part of the US. We ensure that safe, reliable and affordable energy is available to maintain the wellbeing** **of our customers and communities.**

**We do this through not only maintaining our infrastructure, but also through designing and building the next generation energy networks. As we deliver these essential networks, we** **are committed to being a responsible and sustainable business by owning and positively inﬂuencing the social, environmental and economic effects of our business activities.**

We are very proud of our 2009/10 performance. This year, we achieved a 40% improvement in our employee safety, as our lost time injury frequency rate declined from 0.25 to 0.15. We also achieved our reliability targets across all our business, both UK and US, for the first time ever. We did this whilst continuing to achieve the trajectory needed to meet our climate change objective of 80% reduction of our greenhouse gas emissions by 2050.

National Grid committed to taking a leading position, alongside governments and regulators, in shaping and delivering the future energy landscape. The energy sector is at an historic turning point with climate change targets, the concern for energy security and the need for affordable energy driving changes in the sourcing and provision of energy to the end user. In the UK there is broad consensus that about 25% of electricity generation will close in the next decade and the decline in gas production is well known.

We plan to invest £22 billion over the next five years to help the UK meet all of these objectives. Our essential investment will reinforce our gas and electricity networks to allow new generation (including renewables) to be connected and enable gas to flow from new sources. Last year we had requests to connect more than 33 GW of generation to our UK transmission network and signed contracts to connect 22 GW of those requests. This investment will also allow us the opportunity to further our corporate responsibility by investing in new, environmentally responsible technology, such as pipelines needed to carry CO2 to enable carbon capture and storage. In the US we continue to maintain our networks and build assets to meet customers’ needs within the regulatory framework. All of this investment is made whilst meeting our corporate responsibility Framework values.

We are proud of our top-tier status in the Business in the Community Corporate Responsibility Index for the eighth consecutive year.

We continue to make progress as a responsible business; last year we listened to our stakeholders and updated our Framework for Responsible Business. It now provides a clearer line of sight from our vision to how we manage our business, strengthening its value as a blueprint for our corporate responsibility activities. Looking forward, we will continue to focus on improving our stakeholders’ experience by enhancing our approach to community relations and customer service.

As we engage with our stakeholders, we are working hard to make sure they understand the overall value that National Grid delivers and will continue to deliver. This report will help to give our stakeholders a clearer picture of what we stand for, what we do

and how it affects their lives. We will continue to work to become a trusted and innovative partner in meeting the changing needs of our customers and local communities.

I hope you find this summary review engaging and useful. You can find the full report on our website, with many more details about our progress and commitments. We very much welcome any comments you may have.

**Steve Holliday** Chief Executive

--------------------------------------------------------------------------- National Grid PLC 2011-2012

**I am delighted to present National Grid's 2011/12 corporate responsibility (CR) report, our eleventh global annual online report.**

We remain at the heart of one of the greatest challenges facing our society; connecting new sustainable energy solutions for the future, and the development of modern energy networks fit for the 21st century.

The trust and confidence of our stakeholders remains critical as we continue to increase our investment in our networks.  We can only retain our right to operate by working to the highest standards, by trusting our employees to do the right thing and by running our company sustainably.

Before previewing some of areas covered in this online CR report, I want to take a moment to reflect first on safety at National Grid.

While our employee lost time injury frequency rate was 0.18, the same as 2010/11, this year we have seen accidents leading to the deaths of two members of the public in the US and one contractor in the UK. Any fatality in any way associated with our business, whether an employee, contractor or member of the public, is deeply regrettable.

Safety is a top priority and it will remain at the forefront of our objectives. The Board’s governance arrangements for the oversight of safety are being strengthened and I am personally leading a new drive to improve further our safety performance. We will always be exposed to high-risk working environments on a daily basis and embedding safety procedures and principles in our people is a key part of improving our performance. We are determined to foster the belief across our businesses that all accidents can be avoided.

**Investing in our people**

National Grid remains committed to developing all of our people to the best of their abilities.

National Grid employs over 25,000 people in the UK and US, many with vocational qualifications, to design, build, operate and maintain the nation’s gas & electricity infrastructure, connecting people to the energy they use.

Over the next nine years in the UK alone, we are looking to recruit in the region of 2500 engineers, a mixture of experienced engineers and development programme trainees.  We endeavour to improve continually the quality of our new talent development. Our graduate scheme is well regarded and we have continued to be an employer of choice. In 2012, we were ranked 84 in the Times Top 100 graduate employers, an improvement on 2011 when we entered the Top 100 for the first time. Our graduate retention levels are good, standing at 86%.

In the US, we have completed major renovations at our Millbury learning centre in Massachusetts. The facility has become a centralised cutting-edge learning centre for all New England technical training. In the UK, we completed work on our new electricity transmission switchgear training centre and accommodation facilities at Eakring and work on a similar gas transmission training centre will soon start. In total, this will represent an investment of over £12 million.

I am also please to continue with our wider work in investing in People.  In November 2011, the Young Offender Programme celebrated the 2000th graduate through the Programme.  The Programme has expanded to over 80 companies in diverse industries and from 4 prisons to 22 prisons and now covers all of the UK.

Connecting new sustainable energy solutions for the future and modern energy networks fit for the 21st century are scientific and engineering challenges. Society needs people with the awareness, enthusiasm, skills and ability to meet these challenges. At National Grid, we are also actively working with schools to bring alive for young people the opportunities which exist for them via the different routes into industry.

**Environmental responsibility**

We have continued with our climate change and energy efficiency programmes in order to achieve our targets of a 45% reduction in Scope 1 and 2 greenhouse gas (GHG) emissions by 2020 and 80% by 2050. Our emissions for 2011/12 were 8.7 million tonnes carbon dioxide equivalent. This represents a 55% reduction on our 1990 base line.

In the US, we are investing in oil to gas conversions in customer premises and installing gas infrastructure and services to support new construction. Over the last three years, we have connected over 120,000 new gas heating customers. And we recently installed 32 new electric vehicle charging stations in Massachusetts under the Coulomb Technologies’ ChargePoint America programme. Through programmes such as these, we offer our customers more sustainable energy options that help to protect the environment.

**Working with communities**

We believe that helping local businesses is one of the best ways to help the communities we serve.

In the US, since 2003, our economic development grants have totalled $53 million and have helped create or retain more than 19,000 jobs. In December 2011, we provided $1 million to Albany, New York for use in their State Street revitalisation. The grant will help build new footpaths, underground conduits, decorative lighting and other amenities. This revitalisation programme is expected to help the city’s economic growth by attracting more businesses, residents and visitors to the area.

In the UK, we remain at the heart of one of the greatest challenges facing our society; connecting new sustainable energy solutions for the future - and the development of modern energy networks fit for the 21st century.  As a result, we will be investing £31bn in our UK regulated networks.

This year has marked a major landmark for us with the opening of our first energy education centre in Willesden, London, which has been developed in parallel with our London power tunnels project. The education centre is designed to help local schools and other visitors understand the future energy challenge; how can we balance affordability with sustainability and the role we will play in making sure we have energy security in the future. New interactive tools, specially designed games and on site experts are hopefully able to inspire today’s school children to choose  science and engineering courses, helping to ensure we have the specialist skills needed to operate our energy system in the future.

These are just a few of the highlights from 2011/12. I invite you to explore this online report to find out more.

I would welcome your feedback on our commitment, actions and performance – do please write to me or contact us at [**csrinfo@ngrid.com**](mailto:csrinfo@ngrid.com) .

Steve Holliday  
Chief Executive