

Stakeholder Engagement

Why is this important?

Successful regulatory and commercial outcomes demand that we focus on the needs of our **stakeholders** in everything we do. Stakeholders are active and empowered in the markets we operate in and their expectations are set by comparisons to peer utilities, other companies and organisations that they deal with, and their own expectations.

We must engage more effectively with stakeholders to become more commercial and deliver on their expectations. Failure to meet their requirements will limit our ability to operate and grow in existing markets and could risk existing stakeholders disengaging from us.

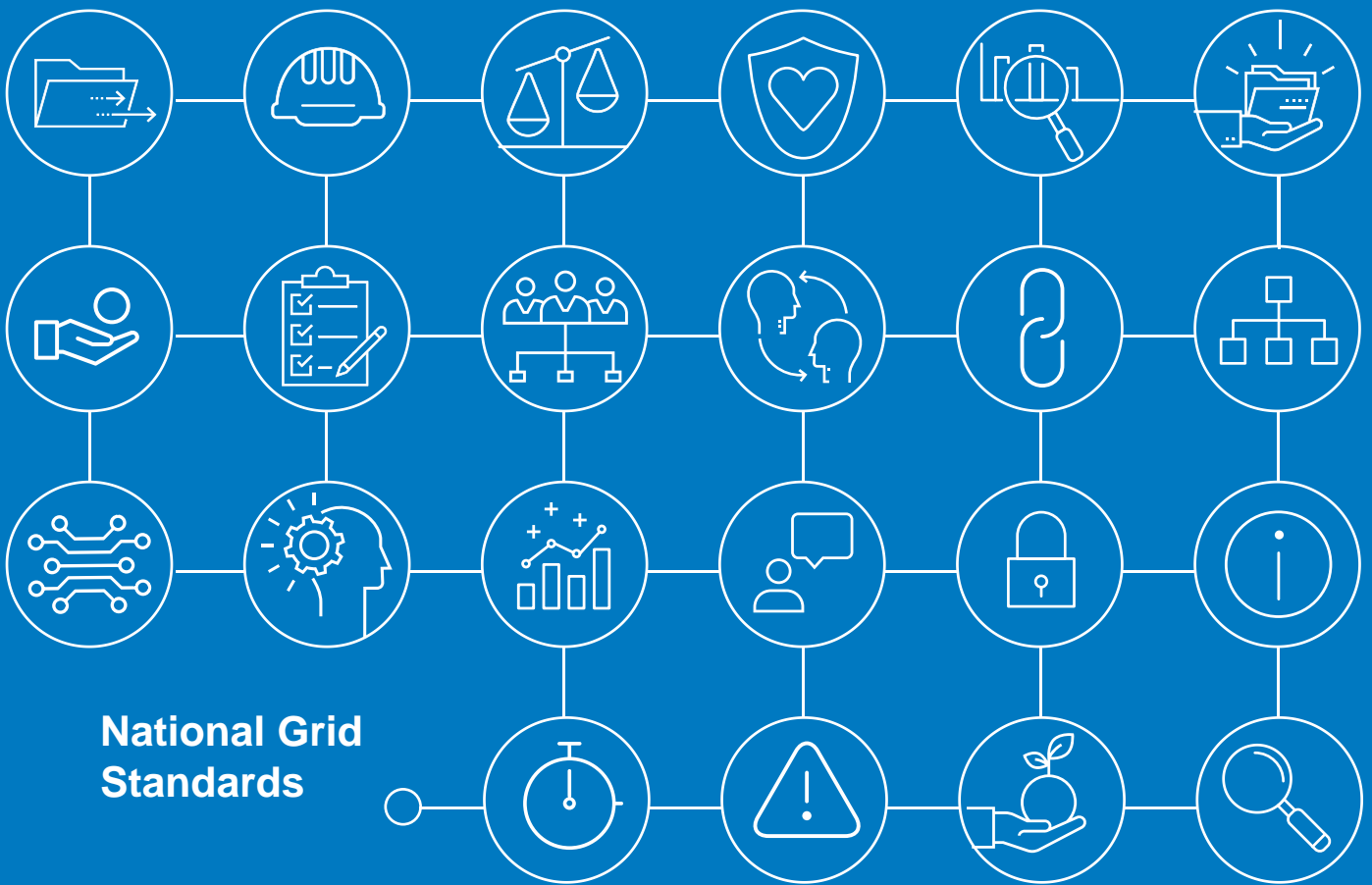
To ensure our **stakeholder engagement** activities are systematically aligned to National Grid's long-term strategy, **Policy Review Groups** have been established to link businesses' stakeholder engagement priorities to key policy issues that will be used to help shape the debate.

While Corporate Affairs will take the lead with shaping the debate on major external stakeholder issues, businesses will also need to engage with stakeholders on a daily basis in order to deliver on their priorities. This standard supports those undertaking these activities by clarifying the requirements for successful external stakeholder engagement.

Although there are clear linkages between how we need to engage our **customers** and our stakeholders, there are also differences in how we need to manage these groups. A separate customer management standard can be referenced for guidance on this.

Who must comply with this document?

This standard will apply to all National Grid lines of business involved in both physical and digital external stakeholder engagement. The standard will be owned by the Group Corporate Affairs Director.



As an organisation we have clear values that demonstrate what we stand for: ‘Do the right thing, Find a better way’. But do we always know what we mean by ‘right’? Or if we improve, what ‘good’ looks like? It is important we provide clear guidance on what we should consistently manage within our business.

This will be in the form of our internal National Grid Standards, to set out what is important to us and what good looks like... they will focus on the areas of greatest value or highest risk. The standards will effectively become the National Grid way and bring together good practice from across National Grid.



Stakeholder Engagement



Enable a common and consistent approach to stakeholders.

Scope

This standard aims to establish minimum performance requirements for digital and physical external stakeholder engagements that are applicable across National Grid. It will enable a common and consistent approach, focusing efforts towards addressing the most important stakeholder issues and opportunities.

The requirements in this document only describe what is required across all National Grid businesses to drive value and mitigate risk. It is recognised that in order to successfully deliver stakeholder engagement it will be necessary to adopt additional requirements to meet local legislation, regulatory demands, associated policy, and customer or commercial needs.

Core principles

National Grid is committed to creating and maintaining a proper balance between business performance and observing policies and procedures to ensure we are able to meet our legal and regulatory obligations.

A key component of this balance is our commitment to ethical business conduct.

Our values: Do the Right Thing and Find a Better Way, guide what we believe and how we behave.

The Stakeholder Engagement Standard requires compliance with 'Our Code of Ethical Business Conduct' which provides mandatory guidance on how we conduct our stakeholder interactions.

Supported by this, review of stakeholder engagement best practice has allowed us to develop three core principles that stakeholders can expect from us.

Principle 1: Stakeholder engagement is integral to our governance and will add value to National Grid and its stakeholders by focusing on material issues.

Principle 2: Stakeholder engagement must have a clearly defined scope that creates

opportunities for transparent dialogues leading to an agreed decision-making process.

Principle 3: The stakeholder engagement process must be appropriate to the stakeholder and performed in a timely, flexible and responsive manner.

Our promises are that we will

- listen to our stakeholders' views so we can understand what they need and expect
- proactively engage and build trust through close working relationships based on openness and honesty
- help them understand our business by clearly explaining our perspectives and how these may influence our overall decision-making
- work together to find innovative ways of building a network for the future
- take responsibility for delivering what we say we'll deliver and do even better wherever we can
- act on feedback.

The performance requirements within this standard ensure we embed ethical business conduct, these principles and our promises in our long-term plans and business planning cycle.

The standard supports 'Finding a better way' by using the 'Plan, Do, Check, Act' phases of the continuous improvement process.

1. Strategy

Before we undertake stakeholder engagement, it is critical we identify, prioritise and plan key activities and outcomes to support both National Grid's strategy and its stakeholders' needs. Therefore each business shall...

Ref	Performance requirement
1.1	Understand and identify annually its stakeholders' priorities based on value at stake .
1.2	Incorporate these priorities into the annual business planning process with desired outcomes for each.
1.3	As part of the business planning process, ensure adequate resource is allocated to support stakeholder priorities.
1.4	Submit stakeholder priorities to the Policy Review Group to enable regional campaign priorities to be defined.

2. Plan

The first step to improving the way we interact with our stakeholders is to have a consistent approach to planning our engagement activity. Therefore, at National Grid we shall...

Ref	Performance requirement
2.1	Ensure the purpose of the engagement is clear before any engagement commences.
2.2	Define the expected outcomes of any engagement in order to agree the scope, which includes: engagement owner, purpose, objectives and timeframes.
2.3	Ensure the required engagement is carried out by a role which fulfils the required level of capability.
2.4	Ensure the person fulfilling the role has the necessary capability.
2.5	Complete a stakeholder map before the start of any planned engagement.
2.6	Establish when we will engage with each stakeholder.
2.7	Establish what information will be shared with each stakeholder.
2.8	Develop an engagement plan that identifies milestones for delivering the required engagement outcomes.
2.9	Establish agreed metrics (including value at stake) to determine whether the engagement has been successful.

3. Do

Once we have planned the way we intend to interact with our stakeholders, we then need to implement our plans. Therefore, at National Grid we shall...

Ref	Performance requirement
3.1	Ensure identified resources are released to support the engagement plan.
3.2	Inform stakeholder(s) of engagement topics prior to engagement.
3.3	Ensure our stakeholder(s) have the opportunity to participate throughout the engagement.
3.4	Ensure we make it straightforward for our stakeholders to engage with us.
3.5	Engage with our stakeholders as per the engagement plan.
3.6	Ensure all stakeholder engagement complies with 'Our Code of Ethical Business Conduct'.
3.7	Update our stakeholder(s) on how we have used their feedback in our decision-making.

4. Check

As we engage, we need to measure our progress against objectives, and identify any potential threats or opportunities to a successful outcome. Therefore, at National Grid we shall...

Ref	Performance requirement
4.1	Report on our stakeholder engagement through the agreed metrics.
4.2	Create a record of each engagement and its outputs.
4.3	Proactively and consistently share insights/intelligence obtained from stakeholder engagements across the business.
4.4	Continuously review and update our engagement activities as a result of our stakeholder feedback.
4.5	Communicate through established governance the engagement outcome against its objectives.
4.6	Ensure all areas of the business have undertaken an annual assessment of their organisation's capability requirements against the stakeholder capability framework.

5. Act

Any identified threats or opportunities must then be incorporated in the next iteration of the stakeholder engagement plan phase. Therefore, at National Grid we shall...

Ref	Performance requirement
5.1	Identify further risks and opportunities and continuously update the stakeholder engagement plan.
5.2	Establish and maintain an action plan which addresses all identified risks and opportunities.
5.3	Update metrics and plans in line with stakeholder feedback to ensure continuous improvement.

Glossary

Term	Definition
Stakeholder	A person, group or organisation that either has influence over our licence to operate or has an interest or concern in our activities.
Stakeholder Engagement	Stakeholder engagement is the process used by an organisation to engage relevant stakeholders to achieve agreed outcomes.
Policy Review Groups	<p>As an outcome of Shaping Our Future, UK and US Executive Directors are accountable for regional stakeholder relationships. We have regional Policy Review Groups (PRGs) aligned with this: the UK Policy Review Group (UKPRG) meeting quarterly and the US Policy Review Group (USPRG) meeting monthly.</p> <p>The PRGs select Shape The Debate priorities and monitor campaign progress. They also own our policy positions and, where there are conflicting views on policy within the business, the PRGs are empowered to resolve them.</p>
Customer	People or entities who pay us for the products and/or services they receive from National Grid.
Value at stake	The potential value that can be created or lost based on the financial or reputational impact of a stakeholder engagement activity.
Stakeholder Map	A business tool that allows you to see a visual representation of your various stakeholders (individual and groups), their level of interest in the engagement topic and their importance to the engagement topic.



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Revision history

Version:	Date:	Description of revision
1.0	12/12/2017	Version for approval
1.1	20/02/2018	Approved version

