

**NATIONAL GRID plc
NOMINATIONS COMMITTEE
TERMS OF REFERENCE**

Reference to the “Company” shall mean National Grid plc

Reference to the “Committee” shall mean the Nominations Committee.

Reference to the “Board” shall mean the Board of Directors of the Company.

Reference to the “Group” shall mean the Company and its subsidiaries

1. Membership

- 1.1 The Committee shall be appointed by the Board and shall comprise the Chair of the Board and all Non-executive Directors of the Board.
- 1.2 A majority of the members of the Committee shall be independent Non-executive Directors, as determined by the Board after considering UK and US regulations and best practice.
- 1.3 The Board shall appoint the Chair of the Committee who shall be the Chair of the Board, except where the position of Chair of the Board is being considered. In the absence of the Chair of the Committee and/or an appointed deputy, the remaining members present shall elect 1 of their number to chair the meeting.
- 1.4 The Chief Executive and Chief Human Resources Officer and external advisors may attend meetings of the Committee, as and when considered appropriate by the Committee.

2. Secretary

- 2.1 The Group General Counsel & Company Secretary or his or her nominee shall act as the Secretary of the Committee.

3. Quorum and Voting

- 3.1 The quorum necessary for the transaction of business shall be 4. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested or exercisable by the Committee.
- 3.2 If any conflicts of interest exist with a particular member of the Committee on any particular issue then such member of the Committee shall not participate or vote on the issue that gave rise to such conflict of interest

4. Meetings

- 4.1 The Committee shall meet as required, to coincide with Board meetings of the Company, or at such other times as the Chair of the Committee or any of its members shall require.

5. Notice of Meetings

- 5.1 Meetings of the Committee shall be convened by the Secretary of the Committee at the request of the Chair of the Committee or any of its members.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and any supporting papers, shall be circulated or made available electronically to each member of the Committee, and any other person required to attend, no fewer than 4 working days prior to the date of the meeting, or otherwise as agreed between the Chair of the Committee and the Secretary, to enable proper consideration of the relevant issues.

6. Minutes of Meetings

- 6.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2 The Secretary should ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.3 Minutes of Committee meetings shall be circulated promptly to all members of the Committee. Minutes are not circulated to the Board because of the sensitive nature of the subject matter; however, if appropriate, the Board is kept advised by way of a detailed oral report from the Chair of the Committee after each meeting.

7. Shareholder Engagement

- 7.1 The Chair of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.
- 7.2 The Chair of the Committee will seek engagement with shareholders on significant matters related to this Committee's areas of responsibility, where necessary.

8. Duties:

8.1 Board Composition and performance

The Committee shall:

- a) regularly review the structure, size and composition of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- b) review on a regular basis, but no less than annually, its own performance, constitution and terms of reference to ensure it is operating at maximum

- effectiveness (the Board should also review the Committee's effectiveness annually);
- c) in association with the Chair of the Board, regularly review the performance of the Board as a whole and report to the Board as is necessary
 - d) review annually the time required to be committed from Non-executive Directors;
 - e) consider a proposed schedule of other significant commitments of the Chair of the Board which should be disclosed to the Board before appointment and any changes in commitments should be reported to the Board as they arise. This information should also be disclosed in the next annual report.
 - f) be responsible for determining the principles of which outside directorships may be accepted by Executive Directors.

8.2 Board and Senior Management Appointments

The Committee shall make recommendations to the Board:

- a) as regards membership of the Board and other committees of the Board as appropriate
- b) as regards the re-appointment of any Non-executive Director at the conclusion of his or her specified term of office, having due regard to their performance and ability to continue to contribute to the Board in the light of the age, gender, educational and professional backgrounds, skills, knowledge, experience and diversity required;
- c) concerning the re-election by shareholders of any Director under the annual re-election provisions of the UK Corporate Governance Code or under the 'retirement by rotation' provisions in the Company's Articles of Association and in accordance with relevant legislation and, where applicable, best practice, having due regard to their performance and ability to continue to contribute to the Board in the light of the age, gender, education and professional backgrounds, skills, knowledge, experience and diversity required and the need for progressive refreshing of the Board;
- d) concerning any matters relating to the continuation in office as a director of any Director at any time; and
- e) concerning the appointment of any Director other than to the position of Chair; and
- f) relating to the Audit Committee having at least 1 member with recent and relevant financial experience and that the Audit Committee as a whole has competence relevant to the sector in which the Company operates, having regard to relevant legal and best practice requirements.

Recommendations for the appointment of the Chair of the Board and Chief Executive would be considered at a meeting of all Directors.

8.3 Nominations and Succession Planning

In identifying suitable candidates the Committee shall:

- a) be responsible (where vacancies arise) for identifying and nominating for the approval of the Board, candidates to serve as Directors of the Company, and also in respect of the position of Group General Counsel & Company Secretary, and Non-Board members of the Executive Committee;
- b) establish the criteria (description of role and capabilities required) for any new position in the light of an evaluation of the balance of skills, knowledge, experience and diversity (including gender and thinking styles) on the Board;
- c) use open advertising or the services of external advisers to facilitate the search (wherever practicable);
- d) consider candidates from a wide range of backgrounds; consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the board, including gender and thinking styles and educational and professional backgrounds, ensuring the appointees have enough time available to devote to that position.
- e) be responsible for ensuring that on appointment to the Board, Non-executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings.
- f) oversee the development of a diverse pipeline for succession and keep under review the leadership and succession needs of the Company with a view to ensuring the continued ability to compete effectively in the Company's market place, taking into account the challenges and opportunities facing the Company and make recommendations to the Board accordingly.

8.4 Reporting Procedures

- a) The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities
- b) The Committee shall provide a report on the work of the Nomination Committee in discharging its duties and responsibilities during the year for inclusion in the Company's Annual Report and Accounts. The report should include:
 - i. a description of the Committee's process used in relation to appointments and its approach to succession planning and how both support developing a diverse pipeline;
 - ii. a description of the policy on diversity and inclusion, including gender; its objectives and linkage to Group strategy; and any measurable objectives it has set for implementing the policy and the progress on achieving the objectives;
 - iii. a description of the gender balance of those in senior management and their direct reports;
 - iv. identification of any external search agency used by the Company, alongside a statement of whether it has any connection with the Company or individual directors; and
 - v. if external advertising or search consultancy advice has not been used, the reasons for this

- vi. how the Board evaluation has been conducted, the nature and extent of an external evaluator's contact with the Board and individual Directors, the outcomes and actions taken, and how it has or will influence Board composition

9. Committee Interface with Other Committees

The Committee shall interface with:

- 9.1 the Executive Committee via the Chief Executive who shall keep the Committee advised with respect to leadership and succession issues in the Company, including any risks relating to retaining key personnel;
- 9.2 the Remuneration Committee with respect to the pay and conditions upon appointment of Directors and direct reports to the Chief Executive recruited on the recommendation of the Committee.

10. Authority

- 10.1 Subject to any restrictions imposed by law, the Committee is authorised to seek any information it requires from any employee of the Company in order to perform its duties and all employees are directed to cooperate with any request made by the Committee.
- 10.2 The Committee is authorised to call any employee to be present at a meeting of the Committee as and when required.
- 10.3 The Committee shall not be entitled to sub-delegate all or any of the powers and authority delegated to it.

11. Resources and training

- 11.1 Members of the Committee shall have access to sufficient resources, including access to the Group General Counsel & Company Secretary and Company Secretariat, as required.
- 11.2 The Committee is also authorised to obtain, at the Company's expense and in liaison with the Group General Counsel & Company Secretary and/or the Chief Human Resources Officer as appropriate, outside legal or other professional resources and advice including recruitment consultants on any matters within its terms of reference. If a decision is made to engage such advisers or consultants, the Committee shall have the sole authority to retain and terminate them, and to approve their fees and retention terms.

Members of the Committee shall be provided with training as appropriate both in the form of an induction programme for new members and on an ongoing basis for all members.