

**NATIONAL GRID plc**  
**SAFETY ENVIRONMENT AND HEALTH COMMITTEE**  
**TERMS OF REFERENCE**

Reference to the “Company” shall mean National Grid plc.

Reference to the “Committee” shall mean the Safety, Environment and Health 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. Purpose**

The Safety, Environment and Health Committee assists the Board in fulfilling its oversight responsibilities in respect of reviewing the strategies, policies, initiatives, risk exposure, targets and performance of the Company and, where appropriate, of its suppliers and contractors in relation to safety, environment and health.

### **2. Membership**

2.1 The Committee shall be appointed by the Board on the recommendation of the Nominations Committee in consultation with the Chair of the Committee and shall comprise a minimum of 3 members, of whom at least 2 shall be Non-executive Directors.

2.2 The Board shall appoint the Chair of the Committee who shall be a Non-executive Director. In the absence of the Chair of the Committee and any appointed deputy, the remaining members present shall elect a Non-executive Director member present to chair the meeting.

2.3 The Chief Executive, the Group General Counsel & Company Secretary, the Group SHE Director, the US SVP Safety, Health & Environment and the UK Head of Safety, Health and Sustainability may be invited to attend meetings of the Committee and would normally do so. The Director of Corporate Audit may also be invited to attend meetings as necessary and as agreed with the Chief Executive and Chairman.

2.4 The Executive Directors are invited to attend at any time. Other Directors, employees or external advisers may be invited to attend with the agreement of the Chief Executive and the Chair of the Committee when considered appropriate by the Committee and in respect of the items that are relevant to them.

2.5 If a regular member is unable to act due to absence, illness or any other cause, the Chair of the Committee may appoint another Non-executive Director of the Company to serve as an alternate member on a short-term basis.

### **3. Secretary**

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

### **4. Quorum and voting**

4.1 The quorum necessary for the transaction of business shall be 2 members of the Committee, at least 1 being a Non-executive Director. 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 in or exercisable by the Committee.

4.2 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.

### **5. Meetings**

5.1 The Committee shall meet at least 4 times a year to coincide as appropriate, with the Board meetings of the Company and at such other times as the Chair of the Committee or any of its members shall require.

### **6. Notice of Meetings**

6.1 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.

6.2 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.

### **7. Minutes of Meetings**

7.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.

7.2 The Secretary should ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

7.3 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, following the approval of the Chair of the Committee, to other members of the Board, the Company Secretary & General Counsel, and as appropriate, to attendees.

## **8. Shareholder Engagement**

8.1 The Chair of the Committee shall attend the Annual General Meeting and General Meetings prepared to respond to any shareholder questions on the Committee's activities.

8.2 The Chair of the Committee will seek engagement with shareholders on significant matters related to this Committee's area of responsibility, where necessary.

## **9. Duties**

### **General**

9.1 The Committee should carry out the duties below for the Company, subsidiary undertakings and the group as a whole, as appropriate.

9.2 The duties of the Committee are, in relation to the areas of safety, environment and health, as more particularly detailed in Sections 9.3 to 9.11 below, to:

- a. review proactively the strategies, policies, initiatives, risk exposure, targets and performance of the Company, and where appropriate of its suppliers and contractors;
- b. monitor the resources applied by the Company to ensure compliance; 9.2.3 drive improvement;
- c. monitor the demonstration of management commitment to these areas; and
- d. where this is appropriate and the Committee considers it likely to add value, receive reviews and reports from independent external advisers.

### **Safety**

9.3 The Committee's duties with regard to safety shall encompass occupational, public and process safety and shall include:

- a. receiving and reviewing regular UK and US business reports on performance and key issues relating to safety;
- b. regular reviews of key issues relating to high potential incidents;
- c. in the event of any fatalities occurring in connection with or as a result of the Company's business operations, the Committee shall be kept informed of the circumstances of the incident and measures being taken in the wake of the incident;
- d. at least once a year, a review of the Key Performance Indicators and other reporting measures being adopted by the Company in relation to safety.
- e. in the event of any proposed diminution of Group safety rules and standards applied by the Company, the Committee shall be required to consider and approve such diminution; and
- f. reviewing, as necessary, any key issues related to safety identified through the year by the Committee.

## **Environment**

9.4 The Committee's duties with regard to the environment shall encompass the impact of the Company's operations on the environment, and how the Company adapts its business in the light of climate change and shall include:

- a. consideration of a report on the Company's environmental performance, including an update on progress against the reduction of carbon emissions target;
- b. at least once a year, a review of the Company's environmental strategy; and
- c. reviewing, as necessary, any key issues related to environment identified through the year by the Committee.

## **Health**

9.5 The Committee's duties with regard to health shall encompass the impact of the Company's operations on employees, communities and other stakeholders with whom it interfaces and shall include:

- a. at least once a year, a review of the Company's performance with regard to occupational health and employee wellbeing; and
- b. reviewing, as necessary, any key issues or topics identified throughout the year by the Committee.

## **Risk**

9.6 The Committee shall, with regard to risks faced by the Company relating to safety, environment and health at least twice a year, receive a report on the key risks which the Company faces.

## **Compliance**

9.7 The Committee shall with regard to compliance by the Company with safety, environment and health requirements:

- a. at least twice a year, receive a report on the key compliance issues faced by the Company;
- b. receive, as necessary, a report on forthcoming legislation and other requirements relating to safety, environmental and health matters likely to affect the Company and consider how the Company will comply with such legislation and other requirements; and
- c. at least once a year, receive a report from the Company's Engineering Assurance committee, established by the Company's Executive Committee, on the Company's Engineering Framework in relation to the work undertaken by this group in driving consistency across the Company's engineering principles.

## **Chair of the Committee**

9.8 The Chair of the Committee or, in his or her absence, another member of the Committee shall:

- a. after the Chief Executive, be notified of any fatalities occurring in connection with or as a result of the Company's operations;
- b. be informed by the Chief Executive as to who is investigating any fatalities or serious incidents occurring in connection with or as a result of the Company's operations and endorse any such appointment;
- c. report orally to the Board on meetings of the Committee. All fatal incidents, potential criminal prosecutions, potentially serious near misses and any other matters of appropriate significance will be reported to the first available Board meeting, with details of follow-up action; and as envisaged in Section 10 below, advise the Audit

Committee of safety, environment and health risk and compliance matters which the Committee has considered.

### **Safety, Environment and Health audits**

9.9 The Committee shall, in relation to safety, environment and health audits:

- a. at least twice a year, receive a report on the audits carried out across the Company; and
- b. at least once a year, receive an update on the audits planned for the forthcoming year.

### **Annual Report and Accounts**

9.10 At the end of each financial year, the Committee shall consider a report on the proposed contents of the Annual Report and Accounts relating to safety, environment and health.

### **Committee performance and terms of reference**

9.11 The Committee shall, on a regular basis but no less than annually, review 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.

## **10. Site Visits, Training and Meetings with Employees**

10.1 Members of the Committee should, where reasonably practicable, plan to attend at least 2 site visits a year. Such visits include site visits undertaken in the context of the Board programme of site visits.

10.2 The Committee shall consider, on a regular basis, whether training, meetings with Company employees and Committee site visits to the Company's facilities in the UK and the US should also be organised for the purpose of furthering the members' understanding of safety, environment and health issues within the Company and observing business operations. Any site visits thus organised may also, where appropriate, be to locations where incidents have occurred, to assist the members' understanding of the relevant issues.

## **11. Committee Interface with Other Committees**

11.1 The Committee will advise the Audit Committee on safety, environmental and health risks which it has considered.

11.2 The Executive Committee shall review all matters relevant to the business of the Company that are within the remit of the Committee as it considers appropriate prior to these matters being reviewed by the Committee.

## **12. Authority**

12.1 Subject to any restrictions imposed by law, the Committee is authorised to seek any information it requires from any employee of the Company and its subsidiaries in order to perform its duties and all employees are directed to cooperate with any request made by the Committee

12.2 The Committee shall be entitled to call any employee to be present at a meeting of the Committee as and when required.

12.3 The Committee is authorised by the Board to access sufficient resources and professional advice, as is reasonable at the Company's expense, in order to carry out its duties, including access to the Company Secretariat for assistance as required.

12.4 Members 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.

12.5 The Committee shall be entitled to sub-delegate all or any of the powers and authorities delegated to it as it sees fit.