



NGET Compliance Statement

Business separation requirements and compliance obligations

NGET Licence Special Condition 9.18

22nd July 2025 Version 1.6 approved

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Foreword

This Compliance Statement (Statement), which is made on behalf of the Board of National Grid Electricity Transmission plc (NGET), sets out how we comply with the business separation requirements in our transmission licence, by putting in place a governance structure and other separation arrangements to mitigate potential or perceived conflicts of interest between NGET and other companies in the National Grid plc group (National Grid group).

NGET is an electricity network business and is a subsidiary of National Grid plc (National Grid), based in the UK. We own and operate the regulated electricity transmission network in England and Wales. Our network comprises approximately 7,236 km of overhead line, 21,900 pylons, over 2,806km of underground cable and over 350 substations at around 200 sites. We play a vital role in connecting millions of people safely, reliably and efficiently to the energy they use.

Our Vision combined with our values, guide us as we serve our customers and the communities in which we operate. **Our Vision** is to be at the heart of a clean, fair and affordable energy future. We do this by making sure we are meeting our commitments in the right way and emphasising that *how* we work is as important as *what* we do. We have a responsibility to demonstrate our contribution to society more broadly, whether that's helping the young people of today to become the energy problem-solvers of tomorrow, supporting our customers to use energy more efficiently, or tackling climate change by targeting net zero for our own emissions by 2050. **Our Values** of 'Do the right thing', 'Find a better way' and 'Make it happen', guide what we believe and how we behave. We take pride in our reputation for working responsibly with our stakeholders, including our customers, colleagues, consumers and suppliers. Our Vision and Values underpin NGET's approach to compliance and ensure we consider both what we deliver and how we work.

NGET has had business separation obligations in its licence for a long time, which require it to be separate from National Grid group businesses operating in the markets of Interconnectors, Carbon Capture and Storage and Offshore Transmission. The business separation obligations in NGET's licence have been updated, following the creation of the National Energy System Operator (NESO), which became operational on 1st October 2024 as the designated Independent System Operator and Planner, ISOP, defined by the Energy Act 2023, under HM Government ownership, at which point it became an independent, public corporation, separated from the National Grid Group.

NGET has reviewed its business separation arrangements and has produced this Statement, to describe how NGET will remain compliant with its obligations for separation from the National Grid group businesses operating in the markets of Interconnectors, Carbon Capture and Storage and Offshore transmission. We explain the systems of control and other governance arrangements, including the practices, procedures and systems which NGET has adopted (or intends to adopt) for separation of our people, processes and information systems as well as how we manage risk areas such as services shared across businesses and movement of people from one business to another.

This Statement has been approved by Ofgem and will be reviewed on an annual basis. NGET will also submit to Ofgem an Annual Compliance Report, describing how it has complied with the business separation requirements and compliance obligations, which will be approved by the NGET Board and accompanied by a certificate of compliance, signed by me. I am a member of NGET's Board and have special responsibility for reporting on compliance with the duties set out in this Statement. Please take the time to read our Statement. Fair competition is at the heart of our business. We apply these principles to how we do things, every day.



A handwritten signature in black ink that reads "A. Delahunty".

Alice Delahunty

President, Electricity Transmission

Introduction

This Statement has been made by NGET to set out systems of control and other governance arrangements, including the practices, procedures and systems by which NGET will secure compliance with the duties specified in Special Condition 9.18 (Business separation requirements and compliance obligations) of its electricity transmission licence. These include how NGET:

- has put in place and maintains systems of control which are necessary to ensure compliance with:
 - Standard Condition B5 – Prohibition on Cross Subsidies
 - Standard Condition B6 – Restriction on Activity and Financial Ring Fencing
 - Special Condition 9.17 – Prohibited Activities and Conduct of the Transmission Business;
- carries out Shared Services efficiently and delivers them to other National Grid group companies in compliance with its licence obligations;
- conducts its activities separately from any National Grid group businesses operating in the markets of Interconnectors, Offshore Transmission or Carbon Capture and Storage (referred to in NGET's licence and in this document as Relevant Other Competitive Businesses or ROCB), including how these businesses are legally, financially and managerially separate and how NGET restricts ROCB access to NGET premises, information systems and resources;
- manages employees when they join or leave NGET or move between NGET and other National Grid businesses and
- secures appropriate independence of NGET and maintains oversight of compliance through its governance arrangements, which includes the role and scope of the activities of the Compliance Officer and the compliance reporting requirements to Ofgem.

Definitions used in this document are taken from the NGET electricity transmission licence and are set out in Appendix 1. Where the licence refers to the Gas and Electricity Markets Authority, we have referred in this document to Ofgem.

For further information please contact:

Compliance Officer
National Grid Electricity Transmission plc
National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Section 1 Legal and Functional Separation

This section explains how NGET has put in place and maintains systems of control and other governance arrangements which are necessary to ensure compliance with:

- Standard Condition B5 – Prohibition on Cross Subsidies
- Standard Condition B6 – Restriction on Activity and Financial Ring Fencing
- Special Condition 9.17 – Prohibited Activities and Conduct of the Transmission Business

The obligations in these licence conditions, together with those in Special Condition 9.18, are defined together in NGET's licence as the "specified duties"

This section also explains how NGET conducts its activities separately from the ROCB.

Compliance with Standard Condition B5 (Prohibition of Cross Subsidies)

NGET has put in place systems of control and governance arrangements to ensure that NGET does not give any cross subsidy to or receive any cross subsidy from any other business of NGET or of an affiliate or related undertaking of NGET, including any of the ROCB.

NGET's accounts are maintained and to the extent required by law are audited and reported separately from those of any affiliate or related undertaking of NGET, including any corporate entity which conducts ROCB. This ensures separation of function, cost and revenues. A full copy of the statutory accounts and report of the auditors for National Grid is available on the National Grid website and includes details of the independence of auditors and the process for the appointment of auditors.

Standard condition B1 includes a requirement for NGET to have in place "agreed upon procedures" that apply to enable the auditor to review NGET's compliance with its licence obligations relating to the prohibition of cross subsidy and discrimination.

In addition to its statutory accounts, NGET is required to provide information to Ofgem annually as specified in the Regulatory Instructions and Guidance (RIGs). This comprises:

- Cost and Outputs Regulatory Reporting Pack (C&O RRP). This includes tables on allocations and apportionments.
- Revenue Regulatory Reporting Pack (RRRP).
- Regulatory Financial Performance Report (RFPR). NGET is required to disclose the basis of any apportionments or allocations within the narrative that accompanies the RFPR submission.

Assurance for all of the above is covered either by Ofgem's Data Assurance Guidance (DAG) or through external audit as required by the agreed upon procedures under standard condition B1.

NGET has in place an undertaking from National Grid as its Ultimate Controller, that neither National Grid nor any of its subsidiaries will cause NGET to breach any of its licence conditions, for example, through misuse of information, inappropriate conduct or misuse of NGET's assets or resources. National Grid also undertakes to provide any information required to satisfy a formal information request from Ofgem. Each year the Board of National Grid is reminded of these obligations and a letter is sent to Ofgem to confirm this has happened.

National Grid is also required to comply with Section 404 of the Sarbanes Oxley Act 2002 (s.404). Under s.404, management is required to evaluate and report annually on the effectiveness of its internal control over financial reporting. This is not required by NGET's licence but is referenced here to demonstrate additional rigour around National Grid group's approach to financial controls and testing. Compliance with s.404 is required to be disclosed in National Grid form 20-F filed with the Securities and Exchange Commission (SEC) in the US. Some of the SOX controls operate at NGET level. These are therefore included in the SOX testing process.

Compliance with Standard Condition B6 (Restriction on Activity and Financial Ringfencing)

NGET does not conduct or carry out any activity other than Transmission Business or de minimis activities, both of which are defined in the NGET licence, or activities to which Ofgem has given its consent in writing. All of these activities are included, where relevant, in the RFPR and RRRP and C&O RRP which are described above. NGET provides certificates to Ofgem annually as required by Standard Condition B7, regarding compliance with the financial ringfencing requirements and sufficiency of operational and financial resources.

Compliance with Special Condition 9.17 (Prohibited activities and conduct of the Transmission business)

NGET does not hold and will not seek to hold a transmission licence that has Section C (System Operator Standard Conditions) or Section E (Offshore Transmission Owner Standard Conditions) in effect.

NGET conducts its transmission business in the manner best calculated to secure that itself, any affiliate or related undertaking (including any affiliate or related undertaking that either intends to participate or is participating in a competitive tender exercise for an offshore transmission licence or has been granted an offshore transmission licence), any user of the national electricity transmission system or any other transmission licensee obtains no unfair commercial advantage from preferential or discriminatory arrangements. The arrangements NGET has in place to secure compliance with Special Condition 9.17 are set out below.

NGET is required to have in place and comply with several industry codes which set the framework to ensure all customers are treated on a fair and equal basis and that NGET does not obtain an unfair commercial advantage in conducting its transmission business. Essentially, the codes set out the detailed rules controlling commercial matters and treatment of information. They require that information NGET receives as part of the regulated business must be treated as confidential and can only be used to enable NGET to perform its regulated activities.

Relevant employees of NGET are given training on information sharing restrictions. Employees receive annual reminders of the compliance rules through general communications messages or targeted briefings.

Where affiliates or related undertakings of NGET require services covered by the industry codes they are subject to the rules of the codes on the same basis as any other customer and no preferential or discriminatory arrangements apply. The consistent use of the codes secures that NGET does not provide an unfair commercial advantage to any affiliate or related undertaking in conducting its transmission business.

Where services are provided, which are not covered by a licence formula or industry charging arrangements, NGET has in place a Pricing Governance Policy. This Policy ensures that consistent pricing is applied for services provided to other National Grid group companies and third parties. Contracts for services are negotiated and managed on an arm's length basis and normal commercial terms, with separate lawyers acting for NGET and other National Grid group companies. The Pricing Governance Policy is published on the Compliance Officer's intranet website and is promoted through the network of Compliance Champions, finance business partners and legal advisors. This policy also supports compliance with Standard Condition B9 (Indebtedness) of NGET's Licence. Compliance is monitored by the Compliance Officer, supported through periodic internal audits.

Shared Services operating model

National Grid group operates certain of its support and corporate functions on a shared basis, which enables it to provide services efficiently and effectively to all group companies. Ofgem has given its consent in writing to NGET in relation to the provision of Shared Services by NGET and it is a requirement of this consent that the costs and revenues of delivering these services are reported, where relevant, in the RFPR, the RRRP and the C&O RRP on a basis as prescribed by the relevant RIGs, by 31st July each year. Details of the Shared Services are set out in Appendix 2.

Arm's-length agreements are in place for the provision of Shared Services. These form the basis of the recovery of costs that will be applied in respect of such services. All costs are allocated between the National Grid group businesses that use the services using a cost allocation methodology, which includes a recovery of the direct costs of providing the services consumed, plus a recovery of the appropriate portion of overheads. The cost allocation methodology is designed to ensure that appropriate cost drivers are used for allocations and that each relevant National Grid group business pays a fair and equitable share of the cost.

The rules of client confidentiality are understood and applied within Shared Services and where appropriate, separate "business partners" are appointed. Shared services systems are partitioned as appropriate, to ensure confidentiality of commercially sensitive data and also protection of personal data, as required by the General Data Protection Regulation 2016 (GDPR).

ROCB businesses are located in the National Grid Ventures (NGV) division of the National Grid group which operates dedicated functions for Legal, HR and Finance. NGV procures certain other Shared Services through arm's length agreements as described above.

Legal separation of NGET from Relevant Other Competitive Businesses (ROCB)

NGET is and will continue to be a separate legal entity from the ROCB. Appendix 3 shows a company structure chart of the National Grid group which demonstrates that NGET and the ROCB are separate legal entities. No members of the board of NGET are members of the boards of the ROCB; no members of the boards of the ROCB are members of the board of NGET. The ROCB have a separate governance structure within the NGV division of National Grid, with a separate reporting line through to National Grid's Executive Committee and Board.

NGET does not hold directly or indirectly any shares or investments in the ROCB or any corporate entity which conducts ROCB, or which has control over any of the ROCB or any of the assets used in or dedicated to the ROCB and therefore does not have an entitlement to vote at the general meetings of any of the ROCB.

NGET ensures that there is no unfair commercial advantage given to the ROCB by means of governance arrangements and systems of control relating to legal and managerial separation, physical separation and systems and data separation which are described in the relevant sections of this Statement.

NGET employees, (which in this section includes directly employed agents, contractors and advisers) engaged in, or in respect of, the management or operation of NGET (up to and including the members of NGET's board of directors) are not simultaneously engaged either full or part time in the management or operation of any ROCB or any corporate entity which conducts ROCB, other than in the provision of:

- Shared Services provided by NGET as set out in Appendix 2
- Services permitted by Standard Condition B6 (Restriction on Activity and Financial Ring Fencing), which include de minimis services

NGET ensures that services it provides comply with the requirements of Standard Conditions B5 (Prohibition of Cross-Subsidies), B6 (Restriction on Activity and Financial Ring Fencing) and B9 (Indebtedness) as set out in this Statement. The Compliance Officer monitors compliance with these obligations.

Physical Separation of NGET from Relevant Other Competitive Businesses (ROCB)

National Grid group has in place access controls at all its premises which permit access to those employees who normally work there. ROCB employees operate from separate premises to employees engaged in the management or operation of NGET. ROCB employees moved from Solihull to Warwick where they operate from Ventures House, which is a separate premises (wing) in the National Grid House estate with a separate entrance and separate facilities, including food and beverage outlets and showers. Some ROCB employees will continue to be based in the Strand, which is a separate premises to NGET.

Employees who visit premises which are not their normal place of work are treated as visitors in line with National Grid's security policy. NGET has ensured that a process is in place with National Grid's office facilities team which requires appropriate consideration to be given to NGET's business separation licence obligations prior to office space being re-allocated to National Grid's businesses.

Systems/data protection and separation of NGET from Relevant Other Competitive Businesses (ROCB)

NGET has put in place arrangements for the recording, processing and storage of data which prevent access to such by persons engaged in the management or operation of the ROCB.

NGET has restricted access to computer systems to prevent the illegitimate sharing of commercially sensitive information. Employees of the ROCB do not have access to NGET confidential information systems or electronic filing systems. Access to these systems is actively managed and a periodic review of access rights is undertaken to ensure only appropriate access rights are retained.

NGET has a process in place to ensure that business separation requirements are captured at the point of information system design to ensure that relevant information is ring-fenced. This proactive step is designed to ensure that business separation issues are addressed at the point of system design.

NGET employees are required to comply with an internal standard for data management and classification of data and a framework of controls designed to secure compliance with GDPR. All employees and contractors are required to carry out e-learning on data protection. Commercially sensitive or customer data is treated as confidential with appropriate protections in place. NGET also has password controlled printer access and adopts a clear desk policy.

Independence and Governance

The President, Electricity Transmission chairs the NGET Board and has executive responsibility for the NGET business at the National Grid Board and Executive Committee. National Grid operates in accordance with the UK Corporate Governance Code 2024. The Board of National Grid is collectively responsible for the effective oversight and long-term success of the National Grid group. It determines the strategic direction, business plan, objectives, principal risks and viability of the National Grid group and is responsible for putting in place a governance structure that will help achieve the long-term success of the National Grid group and deliver sustainable value.

The Board of NGET operates under delegated authority from National Grid to direct the affairs and take decisions for NGET. In turn, the board of NGET delegates authority to its executive and investment committees as appropriate.

The NGET Board has two non-executive directors, as required by Standard Condition B22 (Requirement for Sufficiently Independent Directors - SIDs). The SIDs have appropriate knowledge and experience to contribute effectively to the Board of NGET but do not have any executive duties, do not have any material business relationships with NGET, do not represent the interests of any shareholder in NGET and do not receive remuneration other than directors' fees and reasonable expenses. A SID chairs the NGET Audit Committee and the NGET Business Separation Compliance Committee and they provide independent oversight of the NGET Board's activities and decisions, which include certification of certain external compliance obligations to Ofgem, as required by NGET's licence.

All Directors of NGET are bound by their director's duties under Companies Act 2006 and are required to act in the best interests of the company. All National Grid group's governance forums have formal Terms of Reference with a requirement for the respective chair and secretary to consider potential conflicts of interest and business separation when preparing agenda items, circulating papers and at the start of each meeting. On the very rare occasions where a conflict of interest may arise, measures are put in place to restrict the attendance of conflicted attendees and meeting packs/minutes are redacted as appropriate. NGET operates in accordance with National Grid groups policies and procedures and internal business standards.

Employee Code of Conduct

Employee behaviours are guided by National Grid's Code of Ethical Business Conduct (CoEBC), which sets the standards of behaviour expected and is underpinned by National Grid's values of 'Do the right thing', 'Find a better way' and 'Make it happen'. All employees are bound by the confidentiality obligations in their contract of employment and breach of these or the CoEBC may lead to disciplinary action or dismissal.

Creation of the National Energy System Operator (NESO)

In 2022, following industry consultation, Ofgem and HM Government decided that the UK needed a new, independent organisation that would take a whole system approach to strengthen energy security, help deliver net zero and ensure household bills are affordable in the long-term. In October 2023, the Energy Act 2023 was passed, legislating for a Future System Operator (FSO) to be created. In January 2024, National Grid Electricity System Operator (NGESO) announced the new name for this entity as the National Energy System Operator (NESO). NESO went live on 1st October 2024 as the designated ISOP, under HM Government ownership, at which point it became an independent, public corporation, separate from the National Grid Group.

NESO is founded on the current activities and capabilities of the ESO but took on new roles with a whole system perspective across energy vectors. NESO was granted an ESO and Gas System Planner (GSP) licence, and modifications were made to all other energy network company licences, including NGET's to account for this change. NGET's relationship with the NESO is now on an arm's length basis and on a similar footing to the relationship that NESO has with other transmission owners.

Condition B6 of the NESO licence introduces provisions on protecting confidential data and confidential information within the FSO. This includes ringfencing provisions and obligations on NESO in respect of disclosure of data, which replaces the previous System Operator Functions Information (SOFI) provisions in the ESO Special Conditions. Special Condition 9.17, Prohibited Activities and conduct of the Transmission business of NGET's licence has been updated to remove the obligation for NGET not to disclose or use SOFI.

Therefore, NGET is not required to continue to have systems, data and processes in place to manage SOFI, but rather, we manage the commercially sensitive information (CSI) given and received between NG Group and NESO, as we would with any other commercial organisation. NGET continues to handle and store all data in accordance with its internal standards for data management and classification of data.

Section 3 Recruitment and Talent Management approach

This section explains how NGET manages the transfer of employees between NGET and ROCB, to ensure there is no unfair commercial advantage gained through retention of access to NGET confidential information.

National Grid recruitment approach

NGET welcomes new recruits to our business and we encourage all employees to develop their careers by moving on to other National Grid group businesses. National Grid group operates merit-based internal and external recruitment processes designed to foster the brightest talent. We also operate graduate and apprenticeship programmes.

New starters and inductions

In the first few weeks of joining NGET, all employees and contractors are given a structured induction, including both the function they will be operating in as well as the role they will be performing. All new starters receive the Code of Ethical Business Conduct and Inclusion and Diversity Charter and complete computer based training as appropriate, including modules for Business Separation, Competition Law, Fraud and Bribery, Ethics, and Data Management. They also receive an induction to their respective function and job role and are provided with guidance on the National Grid group's values and leadership qualities as well as an overview of the regulatory, licence and legal environment we work in.

Moving between National Grid group businesses

The National Grid group recognises the potential of bright and talented individuals and we encourage all employees to develop their careers by exploring opportunities across the National Grid group where appropriate. Sometimes, employees move into and out of NGET from and to other parts of the National Grid group (including ROCB) to further their careers.

Where employees move into NGET from other parts of the National Grid group, each line manager will ensure that each employee has received a briefing on the specific compliance obligations relating to their role, including business separation obligations. Line managers will confirm to the NGET Assurance Team who will keep records for assurance purposes.

Where employees move out of NGET, NGET's standard employee 'movers' checklist' will apply. Line managers are responsible for signing off the checklist with the mover, to confirm that all relevant systems access and NGET data have been removed.

Where employees move from NGET to ROCB, these moves will be treated as sensitive and referred to the Compliance Officer. In addition to the standard 'movers' checklist', the Compliance Officer will review the particular circumstances of each sensitive move, to determine, on a case by case basis, whether there is any potential conflict of interest which may require special measures to be applied prior to the move. Special measures may include 'cooling off' periods if appropriate.

Prior to any sensitive move out of NGET, the Compliance Officer will ensure that the employee receives an exit briefing to remind them of their obligations linked to this Compliance Statement and their contract of employment. The Compliance Officer will require positive confirmation that the 'movers' checklist' has been completed and signed. Line managers and the NGET Assurance Team will be responsible for ensuring relevant system accesses are removed and records are kept.

Graduates and Apprentices

National Grid group's graduate programmes may involve assignments to different Directorates or business areas to give graduates a wide range of skills and experience, as well as classroom based training and leadership programmes. Typically, assignments are for a period of 6 months. Any rotations which would involve a move directly from NGET to ROCB will be referred to the Compliance Officer for consideration of any special measures which may be required.

Apprentices complete their training in NGET and at our training centres and do not rotate to other business areas.

Leaving National Grid

On leaving National Grid, all employees are subject to our standard HR offboarding process, which ensures that all their system accesses are revoked and any property is returned prior to leaving.

Section 4 Compliance Approach

This section explains NGET's approach to publication and review of this Compliance Statement, the role of the Compliance Officer and how we monitor and report on compliance. It also explains how we ensure the appropriate level of management oversight through our Business Separation Compliance Committee.

Content and periodic review of the Compliance Statement

This Compliance Statement describes the systems of control and other governance arrangements, including the practices, procedures and systems NGET has put in place, designed to secure compliance with the specified duties in accordance with Special Condition 9.18. It covers the arrangements in place between NGET and the ROCB for managerial separation, the treatment of shared services and the transfer of employees.

NGET will review this Compliance Statement at least every 12 months (or as directed by Ofgem) and will confirm in its annual compliance report that the Compliance Statement continues to be complete and accurate in all material respects. Where the descriptions set out in this Compliance Statement are not complete and accurate in all material respects or where material changes are required to secure compliance with the specified duties, NGET will revise the Compliance Statement accordingly and will submit it to Ofgem for approval along with its annual compliance report, or as may be required.

NGET will make a copy of the approved Compliance Statement available on the National Grid website.

Appointment of a Single Appointed Director

NGET has appointed the President, Electricity Transmission as Single Appointed Director (SAD). The SAD is a member of NGET's managerial Board and is responsible for ensuring the performance of and overseeing the duties and tasks of the Compliance Officer and NGET's compliance with the specified duties. The SAD shall report to the Board of directors of NGET in relation to the obligations set out in Special Condition 9.18.

Business Separation Compliance Committee

NGET has established a Business Separation Compliance Committee (BSCC) which reports to the NGET Board of Directors, is chaired by a Sufficiently Independent Director and includes among its members the SAD, and the Director responsible for the management of regulatory issues. The purpose of the BSCC is to oversee and ensure the duties and tasks of the Compliance Officer and NGET's compliance with the specified duties. A chart showing NGET's governance structure, relating to the BSCC, is included in Appendix 4 of this Statement.

The appointment and role of the Compliance Officer

NGET has appointed a suitably qualified and experienced person as Compliance Officer to carry out the duties and tasks set out below. The Compliance Officer has sufficient resources and access to NGET's premises, systems, information and documentation as is reasonably required to carry out these duties and tasks effectively.

The Compliance Officer is not engaged in the management or operation of the Transmission Business, any other business of NGET or any Associate of NGET, including any ROCB. The independence of the Compliance Officer is secured through:

- a reporting line to the UK General Counsel and Company Secretary;
- a separate reporting line to the BSCC whose chair is a Sufficiently Independent Director; and
- a strong stewardship link to the NGET Board of Directors and Audit Committee

The duties and tasks of the Compliance Officer are summarised below.

Information, Advice and Training

The Compliance Officer provides a programme of awareness training, advice and communications to employees, (which for these purposes includes directly employed agents, contractors and advisers), managers and Directors of NGET to ensure compliance with the specified duties. The programme includes periodic completion of computer based training (CBT). The CBT and awareness programmes form an integral part of National Grid's 'Do the right thing' ethical business conduct training.

A network of compliance champions is in place who promote awareness of licence obligations, encourage a culture of compliance and facilitate compliance monitoring. The Compliance Officer maintains regular contact with the compliance champions through a Community of Practice which is held regularly to ensure consistent interpretation of information sharing restrictions and compliance controls and to identify compliance best practice.

The Compliance Officer's intranet website has a comprehensive range of compliance educational material and full copies of the licence and associated compliance frameworks and rules. The training material makes it clear that a deliberate breach of any of National Grid's compliance rules would be treated as a disciplinary matter in accordance with National Grid HR policy and our Code of Ethical Business Conduct.

Compliance Monitoring

The Compliance Officer will undertake monitoring during the year to assess the effectiveness of the systems of control and other governance arrangements, including the practices, procedures and systems adopted to secure compliance with the specified duties.

The Compliance Officer has ensured that relevant compliance champions have been briefed on the practices, procedures and systems which have been put in place to secure compliance with the specified duties. The compliance champions are required to build these controls into their business separation compliance frameworks.

As part of the monitoring process, the compliance champions will assess risks and review and test the effectiveness of the controls in place. The compliance champions will submit a report to the Compliance Officer, summarising their control tests and opinions and the report will be approved by their Director.

The monitoring will be supplemented by the Compliance Officer's team holding challenge and review meetings with the compliance champions during the year, to review risk areas and agree the level of control testing appropriate. As part of the monitoring the Compliance Officer will liaise with colleagues in risk, compliance and audit functions and other subject matter experts, to identify any risks and issues which have been highlighted through their processes.

The Compliance Officer will continue to advise whether to the extent the implementation of such practices, procedures and systems require the co-operation of any other person, they are designed so as reasonably to secure the required co-operation.

Complaints and representations

Complaints or representations can be raised directly with the Compliance Officer and may be referred to the Compliance Officer by employees, directors or third parties. National Grid group has confidential helplines in place which operate on a 24/7 basis where concerns can be raised, anonymously if desired. All concerns are treated seriously and appropriate fact finding or investigations will be carried out, through National Grid group's usual procedures for management of concerns relating to standards of ethical business conduct. Where complaints or representations are substantiated, the Compliance Officer will advise the business regarding

appropriate remediation plans and will track completion of actions. The findings of any such investigation reports and progress on actions will be reported to the SAD and the BSCC.

Details of National Grid group's confidential helplines can be found here
<https://www.nationalgrid.com/group/about-us/our-values>

Annual Compliance Reporting

The Compliance Officer will report annually to the BSCC regarding their activities in respect of the specified duties during the period covered by the annual report.

As soon as reasonably practicable and no later than 90 days following the report of the Compliance Officer, NGET will prepare an annual report, in a form approved by Ofgem, describing its compliance with the specified duties and its implementation of the practices, procedures and systems set out in the Compliance Statement. This report will detail the activities of the Compliance Officer during the reporting period, refer to any matters appropriate to the implementation of the systems of control and other governance arrangements, including the practices, procedures and systems described in the Compliance Statement, set out the details of any investigations conducted by the Compliance Officer together with any remedial actions, and be accompanied by a compliance certificate approved by a resolution of the Board of Directors of NGET and signed by the SAD.

NGET will submit the annual compliance report and certificate to Ofgem and will publish it on its website as soon as reasonably practicable following its approval by a resolution of the Board of Directors, no later than 120 days of the date of the report of the Compliance Officer.

NGET will also, if directed by Ofgem, appoint an Independent Examiner who will review and assess the appropriateness of the systems of control and other governance arrangements, including the practices, procedures and systems which NGET has implemented and which are designed to secure compliance with Special Condition 9.18 and report on NGET's compliance. NGET will provide the report of the Independent Examiner to Ofgem within 3 working days of receiving it.



Appendices

Appendix 1: Definitions

For the purposes of this statement, unless indicated otherwise the following definitions apply, including where indicated definitions from the NGET licence.

“Associate” means:

- (a) an Affiliate or Related Undertaking of the licensee;
- (b) an Ultimate Controller (as defined in standard condition A1 (Definitions and interpretation)) of the licensee;
- (c) a Participating Owner of the licensee; or
- (d) a Common Control Company.

“Compliance Officer” means the compliance officer appointed by NGET in accordance with paragraph 18 of Special Condition 9.18.

“De minimis business” shall have the meaning given in Standard Condition B6.

“Information” has the meaning given in Special Condition 1.1, Interpretation and Definitions.

“Licence” means the electricity transmission licence granted to NGET under s6(1)(b) of the Electricity Act 1989.

“National Grid” means National Grid plc.

“National Grid group” means the National Grid plc group of companies

“NGESO” means National Grid Electricity System Operator Limited

“NGET” means National Grid Electricity Transmission plc.

“Regulatory Instructions and Guidance (RIGS)” has the meaning given in Standard Condition B15.

“Regulatory Reporting Pack” (including “Revenue” and “Cost and Outputs”) is as described in the RIGS

“Regulatory Financial Performance Report” is as described in the RIGS

“Relevant Other Competitive Business (ROCB)” has the meaning given in Special Condition 1.1, Interpretation and Definitions

“Shared Services” means shared corporate services as specified in Appendix 2 of this compliance statement.

“Single Appointed Director” has the meaning given in Special Condition 9.18.19.

“Special Condition” means a special condition of the Licence.

“Standard Condition” means a standard condition of the Licence.

“Transmission Business” has the meaning given in Standard Condition 1.1, Interpretation and Definitions

Appendix 2: Shared Services Functions

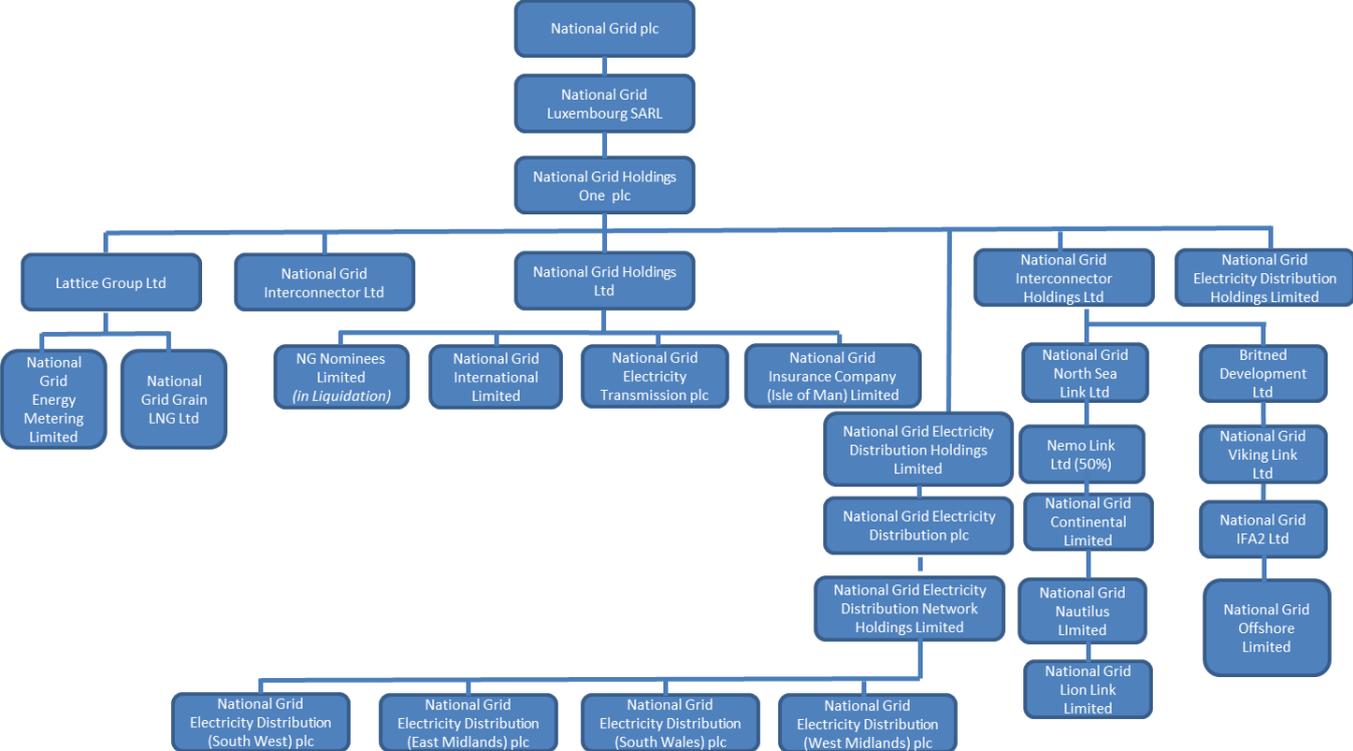
NGET has been granted licence consents by Ofgem which allow it to provide Shared Services to or receive service from other National Grid group businesses. The functions listed within the consents are set out below. National Grid group businesses may take any or all of the Shared Services from NGET as may be required.

- Finance
- Human Resources
- Business Development
- Legal
- IT
- Regulation & Government Affairs
- Procurement & Logistics
- Planning and Environment
- Public Relations
- Health & Safety
- Audit
- Insurance
- Tax
- Property Management
- Transactional Finance
- Transactional Human Resources
- Facilities Management
- Services provided by Construction

These functions reflect the list attached to the licence consents referred to above and additional services may be provided by each function, which include but are not limited to: IT may include Digital Risk and Security and other Security functions including Critical National Infrastructure and the Alarm Receiving Centre. Finance may include business planning, change management, treasury, investor relations and other business services. Regulation may include customer transformation services. Property may include land management.

Appendix 3: NG Group Structure Chart

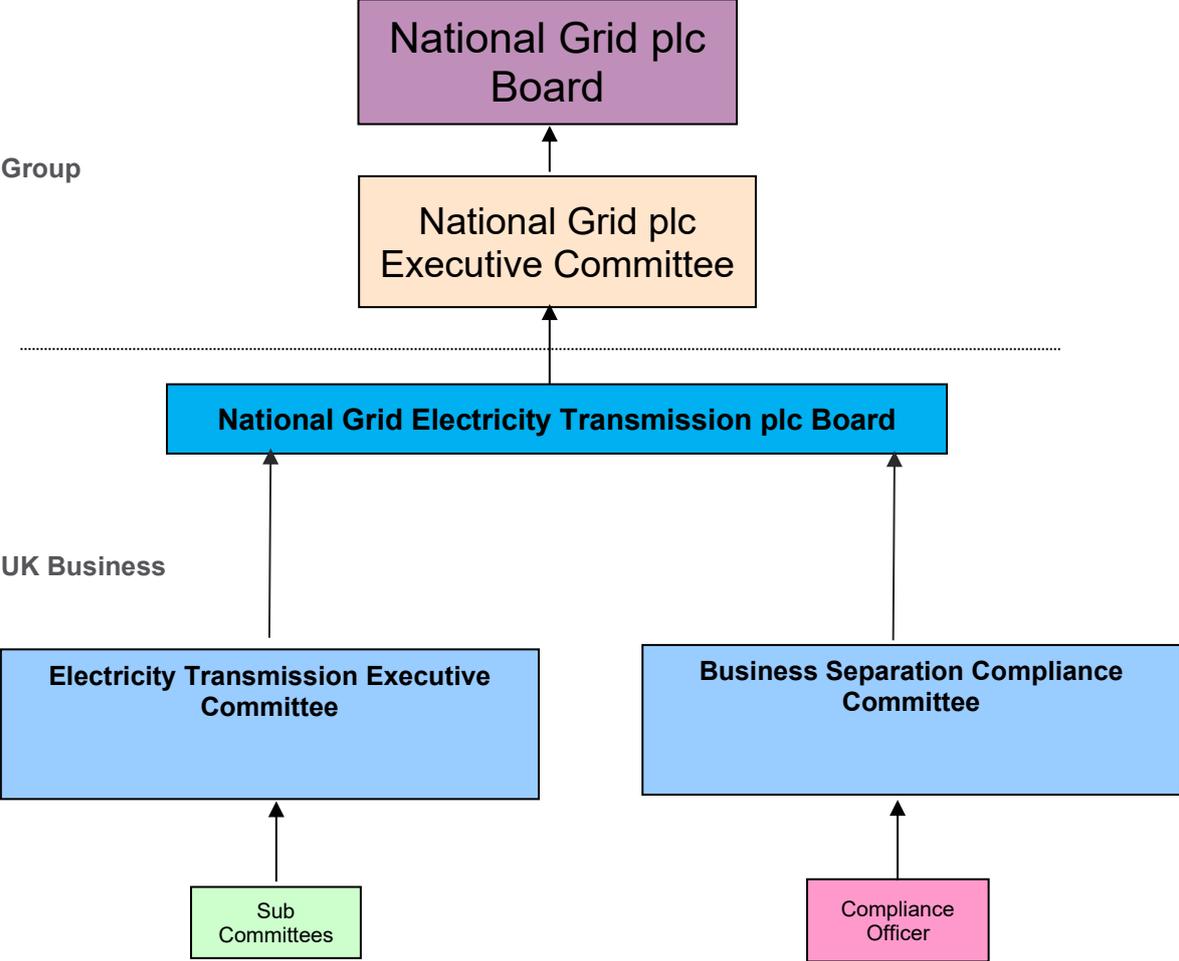
The chart below shows the structure of the NG Group and UK operating businesses



Based on National Grid plc corporate structure as at July 2025
 This chart was accurate at this date and will only be updated where there are material changes to either NGET or any relevant other competitive businesses.
 This chart shows the principal UK operating companies and certain other shareholdings and excludes a number of National Grid subsidiary companies.

Appendix 4: National Grid Group Governance Structure Relevant to NGET

This is a simplified version of the NG Group Governance structure, showing the reporting line of the Business Separation Compliance Committee



Version Control

Date	Version	Comments
17.04.2019	0.1	Draft version sent to Ofgem for review
20.05.2019	0.2	Draft version sent to Ofgem for review, incorporating Ofgem comments from Chris Parish email dated 18.04.2019
03.06.2019	0.3	Draft version sent to Ofgem for Approval
02.07.2019	1.0	Document Approved by Steven McMahon, Deputy Director, Systems and Networks, Ofgem
25.06.20	1.1	Document updated with non-material changes to reflect removal of transitional activities, current training approach; changes to the role of the Compliance Officer and NG Group organisational structure
24.06.21	1.2	Document updated to reflect changes in the Single Appointed Director, updated licence conditions and other non material changes
23.06.22	1.3	Document updated to reflect a change to the Compliance Officer, Physical separation section updated to reflect that ROCB will be moving to Warwick on a separate wing in autumn 2022, Change to NGET plc Board chairperson and Appendix 3, NG Group structure chart updated to reflect the strategic repositioning of the NG Group
14.07.23	1.4	Document updated to reflect changes to network metrics, NGESO licence references, ROCB move to Warwick in January 2023, change to the Chair of the NGET Board, updated the definition of NGG to NGT and updated Appendix 3, organisational structure chart
19.07.24	1.5	Document updated to reflect changes to network metrics, creation of the NESO and consequential changes to the NGET licences and associated systems, processes and data. Section 2 and Appendix 5 have been removed. Appendix 3, organisational structure chart updated.
22.07.25	1.6	Document updated to reflect changes to network metrics, creation of the NESO, changes to some definitions and updates to Appendix 3, NG Group Structure chart.

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