

# Political activities guiding principles

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## Scope

Our approach to political involvement disclosed here, applies to all National Grid employees (permanent or temporary staff, consultants and contractors) and extends to all our majority-owned businesses or business transactions in every country where our subsidiaries, our associates and we operate. All of our policies for political activity are group-wide, global and consistent.

National Grid is committed to ethical behaviour, integrity and responsibility in its political activities. All of our employees undertake regular mandatory training on 'doing the right thing' and 'bribery and corruption' to ensure their knowledge of the company's latest policies and procedures is current.

## Approach

Our overall approach is framed around and consistent with the requirements of the **Responsible Political Activities (RPA)** and are based on the values of integrity, legitimacy, materiality, accountability and oversight, consistency and transparency. We are proud to adopt and mirror the RPA principles which are set out below.

- **Integrity:** The company is committed to ethical behaviour, integrity and responsibility in its political activities. Its policies and procedures for political activities are designed to meet these values and the laws, norms and stakeholder expectations for integrity and ethical behaviour.
- **Legitimacy:** The company's political activities meet legitimate business objectives, serve the interests of the company and comply with laws. Stakeholders view the company as having a valid voice, expertise and contribution to make to the political process and that the company's political activities address their material interests and the company's impact on society.
- **Accountability and oversight:** The board is accountable to shareholders and other stakeholders for the company's political activities. The board sets the guiding principles and scope for political activities, agrees the objectives and strategy, provides direction and guidance to management and receives reports on the implementation of the policies and procedures for political activities.
- **Consistency:** The company carries out its political activities consistent with its values, guiding principles, policies and procedures. It also ensures that its political activities

are carried out consistently across its corporate group and third parties acting on its behalf.

- Transparency: The company is open about the guiding principles, objectives, policies and procedures of its political activities and reports regularly to stakeholders on activities, performance and expenditures. Material information is comprehensively made public and is easily accessible.

National Grid operates on a politically neutral basis and works closely with interested parties to inform policy on key issues including energy, environment, infrastructure, tax, physical and cybersecurity, consumer policy and employment relations.

As a highly regulated company providing integral utility services to customers, we proactively engage with our key stakeholders, including government, legislators and regulators who are integral to our business. In developing our policy positions, we engage with a wide range of interested parties including charities, environmental groups, non-profits, energy companies, trade associations, consulting firms and academics.

We maintain an integrated approach to managing our political activities and publish a statement of all activities which we consider to be Political. National Grid Plc has a long standing position of not making financial donations or support to political parties, representatives or causes, including donations as defined for the purposes of the Political Parties, Elections and Referendums Act 2000 – of which we are fully compliant.

The Companies Act 2006 states that all-party parliamentary groups (“APPG’s) are not political organisations for these purposes, meaning the authority to be sought from shareholders are not relevant to interactions with such groups. A list of APPG memberships is included below.

- The All Party Parliamentary Group for Corporate Responsibility
- The All Party Parliamentary Group for Energy Studies

Consistent with [Federal](#) and [New York](#) campaign finance law, National Grid US operates two employee-funded Political Action Committees (PAC). Neither PAC accepts Company donations. Applicable law and Company policy prohibit coercion of all forms with respect to employees’ decisions whether to support the PACs. A governing board of PAC members who work in a range of divisions of the US operating unit determines how the PACs distribute funds to campaigns or other political recipients. The National Grid Federal and New York PACs are separate legal entities from the Company; PAC contributions are not political donations by the Company. All of the Company PACs’ contributions are publicly available in accordance with Federal and New York campaign finance law. An independent auditing firm audits the Company’s PACs every three years.

National Grid supports the safeguards and abides by the Ministerial Code, which prohibits Ministers from lobbying Government for two years from leaving office, and the similar rules which apply to the appointment of civil servants and special advisers.

National Grid is registered with the EU Transparency Register, and we voluntarily publish the costs associated with lobbying of EU institutions on this register. Our entry can be found online [here](#).

In line with the US Lobbying Disclosure Act, we provide details of our Federal lobbying activities and expenditures in periodic reports to the Secretary of the Senate and the Clerk of the House of Representatives. These reports also disclose the names of, and political contributions by, National Grid employees who meet the lobbyist registration threshold. All registrations and reports are available to the public [here](#). We meet the lobbying compliance requirements in each of the states in which we operate.

## **Responsibilities**

The Board has the ultimate accountability for and oversight of the company's political activities and this is discharged through a number of Board Committees and procedures. These include the Audit Committee, which will highlight to the Board any areas of non-compliance or emerging risk relating to our political activities. A range of standards and procedures are in place that the Board will uphold, which include our Business Management System (BMS) and Doing the Right Thing policies. The business leader of each business unit will also establish appropriate responsibilities and procedures within their operations, including for the monitoring and assurance to ensure compliance with these activities.

Review processes are in place to ensure our approach remains effective and bribery and corruption risk is avoided. Political activities are reviewed by the Board's Executive Committee twice a year. Internal Audit also reviews internal controls and financial records as required, to ensure activities are properly documented and remain effective in countering bribery and corruption.

If any instance of bribery or corruption is identified, remedial steps will be taken immediately.

Specific employees in Group Corporate Affairs are given responsibility for engaging in and coordinating planned public affairs activity on National Grid's behalf.

No employee or Director is required to make direct or indirect contributions or any form of inducement to political parties, individual politicians or government employees on behalf of the company.

No political related expenditure of any kind can be made [for example for legitimate lobbying] without advance approval by management, in line with designated thresholds of approval.

National Grid may legitimately incur costs to engage in public policy conversations. The Group Corporate Affairs Director is responsible for authorising such costs in line with delegated spending limits.

National Grid employees are free to engage in the political process on any level, with no restriction by the Company, in their personal capacities, during personal time, and away from Company facilities. Company policy requires US employees and Directors who engage in personal political activities to ensure their involvement does not, in any way, claim to represent the views of National Grid or bring the Company into disrepute.