

# **NATIONAL GRID PLC GROUP POLICY STATEMENT REQUIREMENT FOR WRITTEN CODES OF ETHICS FOR EMPLOYEES (incorporating Whistleblower Protection)**

## **1. Objective**

1.1 The reputation of National Grid plc for ethical and lawful business behaviour is indispensable and is one of our greatest assets. To ensure that we can continue to deliver value to our shareholders and contribute to the economic growth of the countries in which we operate, National Grid employees must:

- comply with the laws and regulations of all countries in which we operate in respect of the lawful and ethical conduct of business
- act with honesty and integrity at all times
- respect customers, suppliers and other stakeholders by conducting our business in a professional and ethical manner
- take appropriate action if they become aware of any practices being carried out that are contrary to the above

1.2 This policy prescribes the standards and behaviours in respect of ethical and lawful conduct which the Board requires to be observed throughout National Grid at all times, and sets out guidance on implementation. It places on all businesses within National Grid, a requirement to prepare and distribute a written code of ethics for all employees, for the purpose of:

- providing a framework for the logical analysis and resolution of ethical dilemmas likely to be encountered by individual employees in the course of their day-to-day business activities
- notifying employees that ethical and lawful decision-making is mandatory
- protecting the reputation of National Grid by demonstrating to regulators and other external observers that we have taken all reasonable steps to promote and support ethical and lawful conduct on the part of employees

1.3 The standards National Grid sets itself can only be achieved and maintained through the conduct of our employees. It is the obligation of all employees to conduct themselves in a manner to ensure the maintenance of these standards and, if necessary, to draw attention to any malpractice or unlawful conduct which they suspect is taking place in connection with their work so that it can be investigated and addressed.

1.4 This policy also seeks to ensure the availability of a process which is accessible to all employees whereby they can raise genuine concerns in the knowledge that they will not face harassment or victimisation as a result.

1.5 The key statutory requirements relevant to this policy are the whistleblower protection provisions of the Public Interest Disclosure Act 1998, Employment Rights Act 1996 and the US Corporate and Criminal Fraud and Accountability Act of 2002 (the "Sarbanes-Oxley" Act).

## **2. Scope**

2.1 This policy applies to all businesses within National Grid. For Associate Companies and Joint Ventures, National Grid will seek to promote the adoption of policies consistent with the principles set out in this document.

## **3. Policy Framework**

## **a) Requirement for written codes of ethics**

3.1 All businesses within National Grid must prepare and distribute to all employees a written code of ethics. As far as reasonably practical, businesses must ensure that the codes of ethics adopted are consistent across the whole of National Grid.

3.2 Where appropriate, the code of ethics may be incorporated within standards of conduct, employee handbook or equivalent document, provided that specific attention is drawn to individual employee's obligations in respect of ethical and lawful conduct.

3.3 Paragraphs 3.4 to 3.12 below set out the minimum requirements in respect of ethical and lawful business conduct which must be included. Where appropriate, additional requirements may be adopted. Also, each business may have regard to its own operating environment in determining the format and means of distribution of its code of ethics and in establishing internal arrangements for securing from employees declarations of interest or other disclosures.

## **b) Mandatory content of written codes of ethics**

### ***(i) Compliance with laws and regulations***

3.4 The code of ethics shall state that National Grid is committed to compliance with the applicable laws and regulations of the countries in which we operate. As a minimum, each code of ethics shall draw the attention of employees to their personal responsibilities for complying with the policies and procedures adopted by their employing company and in particular for:

- safeguarding their own health and safety, and the health and safety of colleagues and the general public
- protecting the environment through their actions and behaviours
- ensuring fair competition in the marketplace
- behaving with respect for colleagues and others, in particular by refusing to tolerate unlawful discrimination, harassment or bullying based on race, religion, colour, sex, sexual orientation, age, national origin, disability, marital status or military status.

### ***(ii) Confidentiality and integrity of company information***

3.5 The code of ethics shall draw the attention of employees to their personal responsibilities for safeguarding assets, including accounting records and other forms of written or computerised information. Each code of ethics shall state that compliance with National Grid's accounting and internal control procedures is essential and that the following are expressly prohibited:

- deliberately or recklessly making, or causing someone else to make, false, misleading or incomplete entries in any company account, expense statement, purchase order or other record
- deliberately or recklessly omitting, or causing someone else to omit, any material information required to ensure that a company account, expense statement, purchase order or other record is accurate and not misleading
- altering, hiding or destroying, or causing someone else to alter, hide or destroy, any information in an attempt to produce false or misleading records or reports or to impede an internal or external investigation
- interfering, or causing someone else to interfere, with the performance of

an internal or external audit

- attempting, or causing someone else to attempt, to influence an audit for the purpose of rendering the company's financial accounts or other records materially misleading.

***(iii) Potential conflicts of interest***

3.6 The code of ethics for each business shall state that it is the duty of individual employees to avoid conflicts of interest and ensure that their outside activities or personal or family interests do not impair their ability to undertake their work effectively.

3.7 In this context, each code of ethics shall draw attention to unacceptable conflicts of interest and which are therefore prohibited, including:

- the exploitation for personal gain of any business opportunity of which an employee has become aware through use of the company's property or information and in which the company has a proprietary interest, including a reasonable prospect of pursuing the opportunity on its own account
- the acceptance or solicitation of any gift which is, or might be seen as, a reward or inducement for showing favour in connection with any business of the company
- the offer of any gift, other than of trifling or nominal value, to anyone employed by an outside business, supplier or organisation with which the business has, or might have, a relationship.

3.8 Each code of ethics shall also draw attention to situations or actions which may potentially involve an unacceptable conflict of interest and on which employees may therefore be recommended to declare their interest or otherwise seek approval or advice e.g.:

- a personal or family interest, of a magnitude which is material to the employee and/or to the other party involved, in any company or other entity with which the company has or may have a business relationship
- secondary employment (including a directorship of any company or entity) or any other external activity which might conflict with the interests of National Grid or any of its businesses or otherwise interfere with the discharge of the employee's responsibility to National Grid or any of its businesses
- the acceptance and offer of business hospitality, including meals and entertainment, where these are of significant or disproportionate value.

***(iv) Personal share dealings***

3.9 Each code of ethics shall draw the attention of employees to their personal responsibilities as described in the Group's policy for the Protection and Disclosure of Inside Information and shall make clear that the disclosure or other use by an employee of "inside" information concerning National Grid, any of its businesses or Associated Companies or any other company which has not been publicly announced is strictly prohibited.

3.10 Each code of ethics shall in addition draw attention to the limitations, as described in National Grid's Share Dealing Code, on the ability of directors, certain employees and persons connected with them to deal in the shares or other investment instruments of National Grid or of any of its subsidiary or Associated Companies.

### **(v) Payments to public officials**

3.11 Each code of ethics shall draw the attention of employees to their personal responsibilities as described in the Group policy statement on Anti-Fraud and Bribery and shall state that the following are expressly prohibited:

- offering, promising, paying or authorising the payment, directly or indirectly, of anything of value (for example a bribe or kickback).
- payments including "facilitating" or "expediting" payments to others in order to secure prompt or proper performance of routine duties;
- the use of subcontracts, purchase orders or consulting agreements either as a means of channelling payments, or otherwise rewarding such persons or their relatives or business associates;

### **c) Availability of advice for employees on ethical decision-making**

3.12 In support of this policy, National Grid and its businesses must take necessary and appropriate steps to:

- make all employees aware of their personal responsibilities and the need to adhere strictly and at all times to this policy
- provide information to all employees on their access to guidance if they have any question or uncertainty regarding these requirements
- provide information to all employees on the procedures available to them to report any breach or suspected breach of this policy

### **d) Whistleblowing Procedures**

3.13 Individual businesses within National Grid must each put in place arrangements, supported by a detailed Whistleblowing procedure, to enable it to deliver the outcomes required by the Board.

3.14 Whistleblowing procedures must ensure that:

- employees are able to raise anonymously and with an independent party (that is, a party which has no interests to defend in the concern being raised) concerns about actual or suspected malpractices
- all such concerns are investigated promptly and impartially and that any employee who raises a genuine concern is protected from retaliation in the form of demotion, penalty or other adverse consequences provided that they have not been personally involved in any wrongdoing
- insensitivity to or disregard of the principles set out in this policy may be grounds for disciplinary action, up to and including termination of employment.

3.15 Employees should be made aware of their personal responsibilities and be encouraged to use the Whistleblowing procedure to report actual or suspected malpractices.

3.16 Clear procedures must be established and responsibilities assigned for the prompt investigation and resolution of whistleblower reports in a manner appropriate to the nature and seriousness of the report.

3.17 If an employee comes forward and uses the Whistleblower procedure, it is expected that

- They have a reasonable belief that there has been a wrongdoing
- They provide full details of the facts, as they are aware of them
- They fully disclose any personal involvement in the wrongdoing

3.18 In return, that person will receive from National Grid

- Availability of an external helpline to allow issues to be raised anonymously, if required
- Assurance that the facts will be investigated fairly, thoroughly and promptly
- Assurance that they will not be subject to any reprisals or retaliation of any kind. However National Grid reserves the right to take disciplinary action if they have themselves acted unethically or acted to avoid personal detection
- Assurance that the matter will be dealt with confidentially and their identity protected (if requested), unless National Grid is required by law to disclose their identity
- If practical, prior notification should National Grid be required by law to disclose their identity

3.19 The Group General Counsel and Company Secretary must be notified at least quarterly of all reports alleging serious malpractice or unlawful conduct and of the way in which such reports have been investigated and resolved.

#### **4. Related Group Policies and Other Documents**

- Anti-Fraud & Bribery Policy
- Share Dealing code
- Framework for Responsible Business
- All other Group policy statements & procedures
- Terms of Reference of the National Grid Audit Committee

#### **5. Key Contacts**

**Procedure Owner** Group General Counsel and Company Secretary (Alison Kay)

**Procedure Leads** Global Head of Ethics and Compliance (Damien Walsh)

**First Point of Contact** Global Head of Ethics and Compliance (Damien Walsh)

#### **6. Monitoring and Compliance**

6.1 The Group General Counsel and Company Secretary will review compliance with this policy statement annually. Any changes needed to ensure its effectiveness will be drawn to the attention of the Board's Audit Committee and to the Board itself.

6.2 The Group General Counsel and Company Secretary will report bi-annually to the Executive Committee and Audit Committee an analysis of the cases referred via the Whistleblower procedure and identify on an ongoing basis ways to further improve the process to ensure that every case is treated consistently and fairly.

6.3 Each business within National Grid will ensure that it has the necessary arrangements in place to monitor and report compliance against this policy on an annual basis. Each Associate Company will be encouraged to put in place similar arrangements to enable compliance to be reported on an annual basis.

#### **7. Definitions**

**Associate Company:** A company where between 20% and 50% of the equity share capital is owned by a National Grid company or companies.

**Employee:** Any full-or part-time director, officer, manager and employee of National Grid or a subsidiary company, whether unionised or non-unionised.

**Joint Venture:** A commercial undertaking entered into by two or more parties (one being a National Grid company), by setting up a separate company in which all partners generally have equal shares.

**Whistleblowing:** An act whereby an employee raises a genuine concern about malpractice or unlawful or unethical conduct which they suspect is taking place at work.

## **8. TIMING**

- Date procedure came in to effect **December 2006**
- Date procedure was last updated **September 2013**
- Date procedure will next be reviewed **September 2014**