

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

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

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

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

1. Membership

- 1.1 The Committee shall be appointed by the Board and shall comprise the Chief Executive, all Executive directors, the Company Secretary and General Counsel, Global Director of Strategy and Business Development, Corporate Affairs Director, Global Human Resources Director and the Chief Information Officer.
- 1.2 The Board will appoint the Committee Chairman who shall be the Chief Executive. In the absence of the Committee Chairman and his/her appointed nominee to chair the meeting, the remaining members present shall elect one of their members to chair the meeting.
- 1.3 If a regular member is unable to act due to absence, illness or other cause, he/she may, with the agreement of the Committee Chairman, appoint another member of the management of the Company to serve as an executive member on a short term basis.

2. Quorum

- 2.1 The quorum necessary for the transaction of business shall be a duly convened meeting of the Committee with at least 3 members present including either the Chief Executive or the Finance Director.
- 2.2 The quorum shall be competent to exercise all or any of the authorities, powers and discretions vested or exercisable by the Committee.

3. Frequency and Notice of Meetings

- 3.1 The Committee shall meet monthly and/or at such other times as the Chairman of the Committee or any of its members shall require.
- 3.2 Every effort will be made as far as timing and arrangement of meetings to use video conferencing facilities.
- 3.3 Meetings of the Committee shall be convened at the request of the Chairman of the Committee or any of its members.

- 3.4 Unless otherwise agreed, Notice of each meeting confirming the venue, time and date together with the agenda of items to be discussed and papers, shall be forwarded to each member of the Committee 4 working days prior to the date of the meeting.

4. Minutes of Meetings

- 4.1 The Executive Assistant to the Chief Executive shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 4.2 The Company Secretariat shall circulate all papers prior to the meeting. They will also circulate minutes of the Committee meetings promptly to all members of the Committee (and relevant extracts to attendees) and to the Board as soon as reasonably practicable.

5. Duties

- 5.1 The Board reserves to itself overall responsibility for establishing the business objectives and targets of the Company and for the strategic direction and control of the Company's business activities. Between meetings of the Board, the Committee is authorised, subject to the powers delegated to it and subject to reporting its significant decisions to the next available meeting of the Board, to take on behalf of the Board whatever management action it considers to be necessary to safeguard the interests of the Company and to further the strategy, business objectives and targets established by the Board.
- 5.2 Within the authorities delegated to it by the Board, the key tasks of the Committee are to:
- 5.2.1 guide the Company in its relations with shareholders and other key stakeholders, including staff, regulators, politicians, environmental interests and the media;
 - 5.2.2. keep under review and ensure the adequacy and effectiveness of internal control and risk management;
 - 5.2.3. receive and consider regular reports from businesses and functions within the Company so as to monitor and take appropriate action to drive through improvements in safety, financial, operational performance and other key performance indicators and ensure coordination between business units and functions;
 - 5.2.4 approve expenditure and other financial commitments as specified in the Delegations of Authority;
 - 5.2.5 where expenditure and other financial commitments are above the authorities delegated to the Committee, make

recommendations to the Board seeking the necessary approvals;

5.2.6 agree senior staff salaries, bonuses and packages (other than with respect to Executive Directors, the Company Secretary and General Counsel and other members of the executive management reporting directly to the Chief Executive which shall be a matter for the Remuneration Committee of the Company);

5.2.7 at the instigation of the Chairman of the Company, and after taking appropriate external advice, agree the remuneration for Non-executive Directors;

5.2.8 formulate strategic options for Board debate and implement the Board's approved strategy; and

5.2.9 receive Business Conduct Reports and Risk and Compliance Reports for review.

5.3 The Committee should, 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 Executive Committee's effectiveness annually.

6. Conduct of Meetings

6.1 Every other month, or as otherwise decided by the Chief Executive, the Committee will review a standing agenda comprising of, at a minimum reports on health, safety and environment, business headlines and a finance report. Routine approvals will also be dealt with in such meetings.

6.2 On the alternate month or as otherwise decided by the Chief Executive, the Committee will hold an extended meeting that includes reports in 6.1 plus items that focus on the Executive Directors' annual priorities.

6.3 Adhoc meetings by telephone and / video conference will be held as requested by the Chief Executive.

6.4 Papers going to the Board will be approved by at least one member of the Committee prior to going to the Board (if necessary by email).

7. Committee Interfaces with Other Committees

7.1 The Committee Chairman shall keep the Nominations Committee advised with respect to leadership and succession planning issues in the Company (including appointment of recruitment agents).

- 7.2 The Committee Chairman shall keep the Remuneration Committee advised with respect to wider employee and pensions related issues across the Company.
- 7.3 The Committee shall receive summary reports from the Finance Director on all business issues relevant to the Finance Committee regarding treasury, tax, financing, insurance and pensions strategy / policy.
- 7.4 The Committee shall receive reports on all business issues relevant to the Audit Committee regarding internal controls, audit matters and the results of the company. It shall ensure that all outstanding actions are completed in a timely fashion.
- 7.5 Where appropriate the Committee shall receive reports from the Disclosure Committee with respect to matters arising in connection with the Group's public disclosures and the implementation and evaluation of internal controls in respect thereto.
- 7.6 The Committee shall review and take appropriate action on all matters relevant to the business of the Company that are within the remit of the Risk and Responsibility Committee as it considers appropriate and the Committee Chairman shall keep the Risk and Responsibility Committee advised of Safety, Health and Environmental performance and other relevant non-financial issues across the Company.

8. Authority

- 8.1 Subject to any restriction 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.
- 8.2 The Committee is authorised to call any member of staff to be present at a meeting of the Committee as and when required.
- 8.3 The Committee has the authority 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.
- 8.4 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.
- 8.5 The Committee is authorised to delegate any of its powers to a sub-committee or an individual director if it considers this appropriate.