

**NATIONAL GRID plc
RISK AND RESPONSIBILITY COMMITTEE
TERMS OF REFERENCE**

Reference to the “Company” shall mean National Grid plc

Reference to the “Committee” shall mean Risk and Responsibility Committee

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

1. Membership

- 1.1 The Committee shall be appointed by the Board on the recommendation of the Nominations Committee in consultation with the Chairman of the Committee and shall comprise a minimum of four members, of whom at least three shall be Non-executive Directors.
- 1.2 The Chief Executive, the Company Secretary and General Counsel, the US Senior VP Safety, Health, Environmental Services and Security and the Director of UK Safety, Health and Environment may be invited to attend meetings of the Committee and would normally do so. The Corporate Affairs Director and Director of Corporate Audit shall be invited to attend meetings at least twice a year.
- 1.3 The Executive Directors are invited to attend at any time. Others such as external advisers shall be in attendance as and when considered appropriate by the Committee and in respect of the items that are relevant to them.
- 1.4 If a regular member is unable to act due to absence, illness or any other cause, the Chairman of the Committee may appoint another Non-executive Director of the Company to serve as an alternate member on a short-term basis.
- 1.5 The Board shall appoint the Chairman of the Committee who shall be a Non-executive Director. In the absence of the Chairman of the Committee and any appointed deputy, the remaining members present shall elect a Non-executive Director member present to chair the meeting.

2. Secretary

- 2.1 The Company Secretary and General Counsel or his/her nominee shall act as the Secretary of the Committee.

3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be 2 members of the Committee, at least one 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 or the

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authorities, powers and discretions vested in or exercisable by the Committee.

4. Frequency of Meetings

- 4.1 The Committee shall meet 4 times per annum to coincide with the Board meetings of the Company and at such other times as the Chairman of the Committee or any of its members shall require.

5. Notice of Meetings

- 5.1 Meetings of the Committee shall be convened by the Secretary of the Committee at the request of the Chairman of the Committee or any of its members.
- 5.2 Unless otherwise agreed, Notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, and any other person required to attend no fewer than 5 working days prior to the date of the Meeting.

6. Minutes of Meetings

- 6.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2 The Secretary should ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.3 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, following the approval of the Chairman of the Committee, to other members of the Board and the Company Secretary and General Counsel.

7. Annual General Meeting

- 7.1 The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

8. Duties

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

8.2 In the context of the requirement for companies to conduct their business in a responsible manner¹ as well as to manage their non-financial risks, the duties of the Committee are proactively to review the strategies, policies, management, initiatives, risk exposure, targets and performance of the Company, and where appropriate its suppliers and contractors, in the following areas of its responsible business framework:

8.2.1 Occupational, public and process safety.

8.2.2 Environment².

8.2.3 Occupational health.

8.2.4 Inclusion and diversity.

8.2.5 Security³.

8.2.6 Human rights and business ethics.

8.3 In relation to the areas covered in Sections 8.2.1 to 8.2.6, the Committee shall receive and consider, amongst other matters, the following:

8.3.1 On a regular basis

- A review of the implementation of the responsible business framework (for each region on a rolling basis)
- A review of safety and environmental audits
- A review of safety and environmental performance and strategy
- A review of high potential incidents
- A presentation and commentary from an external adviser

8.3.2 On a six-monthly basis

- A review of the non-financial elements of the Company-wide risk register
- A review of the Company's compliance with internal policies and procedures and external legal and regulatory requirements
- A business conduct report relating to the Company's Standards of Ethical Business Conduct

8.3.3 At least annually

¹ Through a company's contribution to sustainable development or its approach to corporate responsibility.

² Environment includes Climate Change and waste management.

³ Includes Information Services Security

- A review of health matters
- A review of security matters
- A report on inclusion and diversity
- A report on the reputation of the Company
- A plan for safety and environmental audits

8.3.4 At the end of each financial year

- A review of the proposed content and process relating to the reporting of relevant non-financial elements of the Annual Report and Accounts

- 8.4 The Chairman of the Committee or, in his or her absence, another member of the Committee will 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.
- 8.5 The Committee shall keep under review the extent and effectiveness of the Company's external reporting of corporate responsibility performance, and its participation in relevant external benchmarking indices, as determined by the Executive Committee.
- 8.6 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 Committee's effectiveness annually.

9. Committee Interface with Other Committees

- 9.1 The Committee will advise the Audit Committee on non-financial risks and business conduct matters including whistle-blowing reports.
- 9.2 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.
- 9.3 The Committee shall receive reports from the Nominations Committee on the retention of key personnel and risks relating thereto.
- 9.4 The Committee shall receive risk, compliance and business conduct reports via the Global Head of Risk Management following review by the Executive Committee.

10. Authority

- 10.1 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.
- 10.2 The Committee shall be entitled to call any member of staff to be present at a meeting of the Committee as and when required.
- 10.3 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.
- 10.4 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.
- 10.5 The Committee shall be entitled to sub-delegate all or any of the powers and authorities delegated to it as it sees fit.