

# **SCHEDULE OF MATTERS RESERVED TO THE NATIONAL GRID PLC BOARD**

## **Introduction**

This Schedule has been considered in light of the requirements contained in investor guidelines and the Combined Code on Corporate Governance (2008) and has been approved by the Board. It is intended to describe those matters that it considers should be decided by the Board as a whole rather than delegating to a Committee or individual Directors. Separate Delegations of Authority schedules and Terms of Reference of Board Committees have been approved by the Board.

## **Matters Reserved for the Board**

### **1. Corporate Governance**

- 1.1 Responsibility for the overall management of National Grid
- 1.2 Approval of the Group's long-term objectives and commercial strategy
- 1.3 Establishing committees of the Board, their terms of reference and, where appropriate, ratifying their decisions
- 1.4 Reviewing its own performance and that of its Committees and individual Directors (in conjunction with the Nominations Committee) and ensuring that any necessary corrective action is taken
- 1.5 Ensuring maintenance of a sound system of internal control and risk management arrangements throughout National Grid (following consideration by the Audit Committee and the Risk and Responsibility Committee)
- 1.6 Approval of policies, and revisions as necessary, including the National Grid Code of Business Conduct, schedule of Matters Reserved to the Board, the Delegations of Authority, Share Dealing Rules and all National Grid Policies, Public Position Statements and Codes (on recommendation of the Executive Committee and, where appropriate the Risk and Responsibility Committee)
- 1.7 Approval, on its recommendation, of any item which falls outside the authority delegated to the Executive Committee or other Committees
- 1.8 Consideration of material litigation affecting National Grid

### **2. Strategy/Finance**

- 2.1 Approval of National Grid's financial policy, in particular with regard to tax strategy and off-balance sheet financing (as recommended by the Executive Committee following review by the Finance Committee)

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- 2.2 Approval of any material change in National Grid's accounting policies or practices (following consideration by the Audit Committee)
- 2.3 Decision to appoint or remove auditors (on recommendation of Audit Committee and subject to shareholder approval as appropriate)
- 2.4 Approval of the five year company strategic plan and annual budget (following proposals formulated by the Executive Committee)
- 2.5 Approval of the business strategy of National Grid (on recommendation of the Executive Committee) and specific proposals regarding new opportunities as required under Delegations of Authority
- 2.6 Approval of major capital projects (in accordance with delegations of authority)

## **3. Director / Employee Issues**

- 3.1 Changes to the structure, size and composition of the Board (following recommendations from the Nominations Committee)
- 3.2 Ensuring adequate succession planning for the Board and senior management (following recommendations from the Nominations Committee)
- 3.3 Determining responsibilities of the Chairman, Senior Independent Director, Committee Chairmen, the Chief Executive and other Executive Directors
- 3.4 Appointing or removing Directors and Company Secretary and General Counsel (on recommendation of Nominations Committee)
- 3.5 Determining Remuneration policy for the Chairman, Executive Directors, Company Secretary and General Counsel and direct reports to the Chief Executive (on recommendation of the Remuneration Committee)
- 3.6 Determining the independence of non-executive directors (on recommendation of the Nominations Committee)
- 3.7 Determining policy and rules (for approval by shareholders) relating to, and approval of, the grant of executive share options and share awards and other employee share plans (as recommended by the Remuneration Committee)
- 3.8 Material changes to Rules, funding and management arrangements for the pension schemes and post-retirement healthcare plans (on recommendation of Executive Committee, following review by the Global Retirement Plan Committee)

## **4. Financial reporting and shareholders**

- 4.1 Approval of preliminary announcements, full and half-year results announcements and interim management statements to stock exchanges on which National Grid's shares are listed (following consideration by Audit Committee)
- 4.2 Approval of the National Grid Annual Report and Accounts, Annual Review, Performance Summary and Annual Report on Form 20-F (following consideration of the relevant sections by other Board Committees)

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- 4.3 Approval and declaration of the interim dividend and recommendation of the final dividend (on recommendation of the Executive Committee)
  - 4.4 Making or responding to any take-over bid subject to the City Code on Takeovers and Mergers
  - 4.5 Calling any general meeting of National Grid's shareholders and approval of documents sent to shareholders
  - 4.6 Allotment of National Grid shares (through delegations where appropriate) and any purchase of National Grid's own shares (buyback)
  - 4.7 Changes affecting the capital structure of National Grid or its status as a plc
  - 4.8 Any listing particulars or other document requiring to be approved by or filed with a stock exchange on which National Grid shares are listed (other than routine announcements or filings and debt listing particulars)
- 5. Other**
- 5.1 Any other matters of strategic or reputational importance likely to have a significant impact on National Grid