

Statement on National Grid's willingness to consult with stakeholders on relevant and material political activities.

Introduction

National Grid is a stakeholder focussed organisation. We work very closely with all those we serve, including our customers and communities, our shareholders and those who set the regulatory and legislative agendas in all our territories. We know that our role in bringing energy to life is a critical one and we can only deliver the services that are needed, both today and tomorrow, through close engagement and collaboration with others. As with all other aspects of our business, we are committed to consulting and working with stakeholders, in relation to political activities.

National Grid's Stakeholder BMS [published on this Transparency page of our website] is approved by the Group Executive Committee, a formal Subcommittee of the Board. In clarifying the requirements for successful external stakeholder engagement, it defines principles which apply to engagement on material political activities, just as to all other aspects of our stakeholder engagement. Namely:

- listen to our stakeholders' views so we can understand what they need and expect
- proactively engage and build trust through close working relationships based on openness and honesty
- help them understand our business by clearly explaining our perspectives and how these may influence our overall decision-making
- work together to find innovative ways of building a network for the future
- take responsibility for delivering what we say we'll deliver and do even better wherever we can
- act on feedback

How do we share political activity issues with our stakeholders?

We are not a political organisation and have a clear policy on not making (either directly or through others) political donations. [We publish this policy in full within this transparency section of our website.] However, we do recognise that as with all other organisations, the world in which we operate is in part shaped by political activity. Key examples for National Grid include Brexit and US tax and infrastructure policy. We publish and are committed to keeping up to date a fuller summary of these political issues and our associated positioning, in this transparency section of our website. We have also reported on Political activities in our Annual report and this link sets out our Chairman's latest statement.

https://www.nationalgrid.com/sites/default/files/documents/NGAR18_3_Corporate-Governance_Web.pdf

How are stakeholders consulted on relevant and material political activities?

In all our territories, we engage closely with stakeholders on all aspects of our work, ranging from how we might minimize the impact of a new project, through to how we collaboratively develop the energy system of the future or protect the fuel poor. Understanding how our stakeholders view political activity related issues is a part of this broader conversation. We continually engage with stakeholders through a wide range of regular 1:1 meetings and engagement forums.

For example, in the UK, we run an annual “FES” process with stakeholders on our Future Energy Scenarios and are currently running significant engagement on our latest “RIIO 2” business plans. This ensures that we understand what our stakeholders want from us over the longer term. We also have in place a UK Stakeholder, Community and Amenity policy” that sets out how we engage with stakeholders.

In the US, for example, our community relations representatives consistently meet with customers in their communities via town halls and other interactions to discuss upcoming projects. We also recently released our 80x50 Northeast Pathway Report, which lays out the company’s strategies to meet the Northeastern US emissions reduction goals. We have met and will continue to meet with stakeholders to discuss how we can meet the region’s power, heating and transportation needs while being environmentally and cost sensitive.

As well as the continual and varied more localised meetings and engagement forums, the AGM provides a further opportunity for stakeholders to engage directly on these critical issues.

Our engagement is broad and our commitment is clear

Understanding what our stakeholders need from National Grid is integral to who we are as an organisation and how we show up. Our engagement with stakeholders is broad and goes well beyond activities that might be deemed as political. However, our underlying ethos, consistently applied across all our jurisdictions and territories is the same. We are beyond willing to listen – this is integral to what we do, how we learn and how we seek to work collaboratively with others to help shape a better future.