

The background of the entire page is a photograph of a high-voltage electricity pylon. The pylon is a complex lattice of dark metal beams. Several thick, multi-core power cables are suspended from the top of the pylon. The cables are bundled together and have a metallic sheen. The sky is a clear, pale blue. In the lower-left foreground, there is a blurred area of green and yellow, suggesting foliage or a field. A semi-transparent blue rectangle is overlaid on the right side of the image, containing the text.

nationalgrid

Modern slavery

Our statement on slavery
and human trafficking
2017

Introduction

At National Grid, acting ethically and with integrity underpins both what we do and how we do it. We take pride in our reputation for working responsibly with our customers, colleagues and consumers. Respect for human rights is incorporated into our everyday employment practices and our values.

22,132

We have 22,132 direct employees globally.

We realise that modern slavery is a complex and growing global issue that affects millions of people around the world. National Grid is committed to improving our practices to combat slavery, including forced, bonded or compulsory labour and human trafficking.

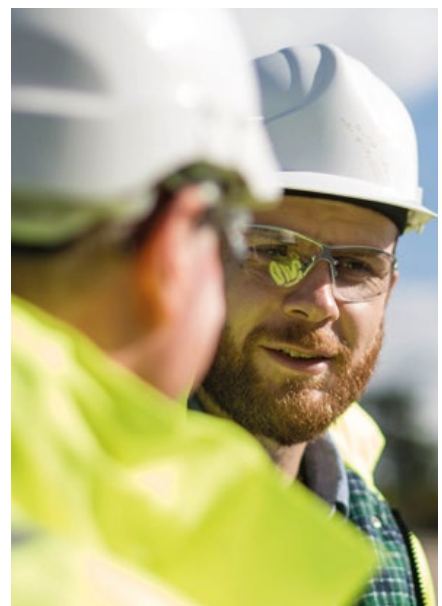
We strive to ensure that modern slavery is not taking place anywhere in our own business or in our supply chains. In this statement, made in compliance with Section 54 of the Modern Slavery Act 2015 (MSA), we describe our current policies and practices and the steps we plan to take over the coming 12 months.

Our business and supply chains

We are one of the world's largest investor-owned utilities focused on transmission and distribution activities in electricity and gas in both the UK and the US. We play a vital role in connecting millions of people to the energy they use, safely, reliably and efficiently.

We have 22,132 direct employees globally. We believe in treating everyone fairly and respectfully and promote this through our commitment to make sure our workplace is free from discrimination, bullying and harassment.

We also have contracts with many suppliers who provide a vast range of goods and services, including engineering, construction, IT and site services. Our supply chain is complex, with around 250 suppliers accounting for the majority of what we spend on sourcing goods and services. Our initial focus is on our 'Top 250' suppliers and we recognise that they have their own supply chains too, so we work closely with them to ensure they understand the standards we expect.



Our policies to combat modern slavery

We know that how we deliver is as important as what we deliver.

Our employment policies and processes make sure that all our employees have the appropriate rights to work and are employed in accordance with local employment legislation.

National Grid is a signatory to the UN Global Compact and we report annually on how we are adopting sustainable and socially responsible policies in the areas of human rights, labour, the environment and anti-corruption.

In the UK, we have signed up to the Living Wage Foundation. We have committed to making sure our employees and those of our new UK suppliers are paid at least the Foundation's Living Wage and have taken this further than the accreditation requires, by ensuring that our apprentices, interns and graduates at National Grid are also paid at least the Foundation's Living Wage.

We make sure all our employees have access to our **Guide to Ethical Business Conduct**. This applies to all employees from the Board down and sets out our values and the way we expect our employees to behave.

The principles of this document are incorporated into our **Supplier Code of Conduct** which sets out the standards we expect from our suppliers and which they should extend into their own supply chain. We will be issuing this to suppliers annually; it requires them to:

- Respect the people that they employ;
- Offer a safe workplace that is free from harm, intimidation, harassment or fear;
- Never use forced labour, whether in the form of involuntary prison labour, indentured labour, bonded labour or otherwise;
- Make sure all employees have volunteered to work and are free to leave or end their employment by giving reasonable notice; and
- Comply with the Modern Slavery Act 2015.

The minimum standards we expect are those set out by the Ethical Trade Initiative Base Code and UN Global Compact Principles, as well as local employment and health and safety legislation. The Supplier Code of Conduct also contains a section on human rights risks relating to conflict minerals – the term used to describe raw materials (tin, tantalum, tungsten and gold) that are mined in particular parts of the world and used to influence and finance armed conflict, human rights abuses, and violence. National Grid provides a report to the SEC identifying whether or not we use conflict minerals in our products.



What we do to check and improve

Monitoring our suppliers

We recognise that our Top 250 suppliers represent both our biggest risk and our biggest opportunity to influence our overall supply chain. We carry out various different checks on our suppliers to make sure they understand and follow our ethical business standards, including compliance with MSA.

For the majority of our UK procurement activities, we prequalify our suppliers using a vendor registration system operated by Achilles called the Utilities Vendor Database (UVDB). The UVDB includes questions on slavery and human trafficking as part of the registration process. For certain high-risk categories, vendors are also required to take part in the Achilles Verify Process, which produces an evaluation rating and may result in further investigation. We continually review external media and use agency services to check for adverse reports, fines or sanctions against our direct suppliers.

This year our buyers and contract managers will also be conducting further modern slavery risk assessments on our Top 250 suppliers and we will carry out follow-up site audits for any suppliers where we have concerns. If we find any issues, we will set time bound corrective action plans with the supplier. If the supplier is either unwilling or unable to make the required improvements, then we would start a formal contract review process which could result in terminating the contract and removing the supplier from our approved supplier listing.

We also plan to work with others in our industry to explore best practice MSA controls around tendering and contract management processes and share information to drive up standards.

Encouraging a 'speak up' culture

We expect all our employees, suppliers and contractors to act in accordance with the highest ethical standards and to comply with all relevant laws, regulations and licences when working for National Grid.

We encourage all our employees and those working on our behalf to challenge unethical behaviour and promote a 'speak up' culture. Employees can raise any concerns through their manager, or directly with our Ethics Team. We also have an external confidential hotline that operates 24/7 and is available globally. It's publicised on our internet site and allows anyone to report anonymously any concerns about wrongdoing or behaviour that they feel goes against our standards.

We take allegations of any type of unethical or illegal behaviour very seriously and our Ethics Team is trained to deal with all issues sensitively and to investigate thoroughly. All issues are reported to our regional Ethics and Compliance Committees which are made up by Board members and oversee the ethical standards of the company.

Training and awareness programmes

All employees receive our Guide to Ethical Business Conduct, the key elements of which are incorporated into our Supplier Code of Conduct and made available to all of our suppliers. Both of these documents contain clear guidance on our standards for combatting modern slavery.

Training for our Guide to Ethical Business Conduct is mandatory for all employees and is constantly refreshed. We have a community of 'champions' across the business who support our training and provide local communications, while also offering additional routes for discussing ethical issues.

We provide training for procurement professionals annually to refresh their knowledge and awareness on environmental sustainability and social and human rights issues, including modern slavery.

24/7

anyone can report any concerns that they feel are against our standards 24/7 via telephone and email.



Measuring our progress

We have ethics and compliance programmes that track performance against our standards and legal requirements. These programmes include the monitoring of completion rates for our mandatory, all-employee training. For our procurement professionals, we also measure completion of the targeted training on supplier diversity and sustainability, incorporating modern slavery.

We record, monitor and report any allegations or concerns raised via our hotline – to date none of these have concerned matters relating to modern slavery.

Our regional Ethics and Compliance Committees assess our approach to modern slavery and provide updates to our Executive Committees and the Board on how we are doing. Longer term we will continue to review the effectiveness of our programmes and will also be looking to develop more visibility around our performance measures.

This statement covers the period from 1 April 2017 to 31 March 2018 and has been approved by the Board of National Grid plc.



John Pettigrew
Chief Executive

This statement is made according to the requirements of section 54 part 6 of the Modern Slavery Act 2015, legislation introduced to address slavery and human trafficking in the UK. National Grid plc is the parent company of the National Grid Group and this statement applies to all companies within the Group who are required to publish a statement, except where they have chosen to publish their own statement.

