

STEVEN J. BOYAJIAN

One Financial Plaza, 14th Floor  
Providence, RI 02903-2485  
Main (401) 709-3300  
Fax (401) 709-3399  
sboyajian@rc.com  
Direct (401) 709-3359

Also admitted in Massachusetts

August 17, 2021

**BY ELECTRONIC MAIL**

Luly E. Massaro, Commission Clerk  
Rhode Island Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, RI 02888

**RE: Docket No. 22-05-EE  
Investigation of Misconduct by The Narragansett Electric Company Relating to  
Past Payments of EE Program Shareholder Incentives  
Responses to Division Data Requests – Set 5 (Batch 1)**

Dear Ms. Massaro:

On behalf of The Narragansett Electric Company d/b/a Rhode Island (“Rhode Island Energy” or the “Company”), enclosed are the Company’s first batch of responses to the Division of Public Utilities and Carriers’ Fifth Set of Post-Decisional Data Requests in the above-referenced matter. The Company received an extension to August 24, 2022 to respond to remaining data requests in this set: Division 5-2, 5-7, 5-8, and 5-12.<sup>1</sup>

Thank you for your attention to this matter. If you have any questions, please contact me at 401-709-3359.

Very truly yours,



Steven J. Boyajian

Enclosures

cc: Docket No. 22-05-EE Service List  
Margaret Hogan, Esq.

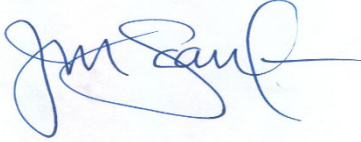
---

<sup>1</sup> Pursuant to the Commission’s request, the Company will provide bound versions of its complete set of responses to Division Set 5 once the set is complete.

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below.

The paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.



\_\_\_\_\_  
Joanne M. Scanlon

August 17, 2022  
Date

**Docket No. 5189 – The Narragansett Electric Company 2022 Annual Energy Efficiency Program  
Service list updated 8/5/2022**

<b>Name /Address</b>	<b>E-mail Distribution List</b>	<b>Phone</b>
<b>The Narragansett Electric Company d/b/a Rhode Island Energy</b>  Andrew Marcaccio, Esq. 280 Melrose St. Providence, RI 02907	<a href="mailto:AMarcaccio@pplweb.com">AMarcaccio@pplweb.com;</a>	401-784-4263
	<a href="mailto:COBrien@pplweb.com">COBrien@pplweb.com;</a>	
	<a href="mailto:JScanlon@pplweb.com">JScanlon@pplweb.com;</a>	
	<a href="mailto:JLDarling@rienergy.com">JLDarling@rienergy.com;</a>	
	<a href="mailto:DMMoreira@rienergy.com">DMMoreira@rienergy.com;</a>	
	<a href="mailto:BARivers@rienergy.com">BARivers@rienergy.com;</a>	
	<a href="mailto:BSFeldman@rienergy.com">BSFeldman@rienergy.com;</a>	
	<a href="mailto:DJTuity@rienergy.com">DJTuity@rienergy.com;</a>	
	<a href="mailto:FCharlot@rienergy.com">FCharlot@rienergy.com;</a>	
	<a href="mailto:EECrafts@rienergy.com">EECrafts@rienergy.com;</a>	
	<a href="mailto:BJPelletier@rienergy.com">BJPelletier@rienergy.com;</a>	
<a href="mailto:JKessler@rienergy.com">JKessler@rienergy.com;</a>		
Leticia C. Pimentel, Esq. <b>Robinson &amp; Cole LLP</b> One Financial Plaza, 14th Floor Providence, RI 02903	<a href="mailto:LPimentel@rc.com">LPimentel@rc.com;</a>	401-709-3337

<b>National Grid</b> Brooke Skulley, Esq. 40 Sylvan Road Waltham, MA 02451	<a href="mailto:Brooke.Skulley@nationalgrid.com">Brooke.Skulley@nationalgrid.com</a> ;	
<b>Division of Public Utilities and Carriers</b> Margaret L. Hogan, Esq.	<a href="mailto:Margaret.L.Hogan@dpuc.ri.gov">Margaret.L.Hogan@dpuc.ri.gov</a> ;	401-780-2120
	<a href="mailto:Jon.hagopian@dpuc.ri.gov">Jon.hagopian@dpuc.ri.gov</a> ;	
	<a href="mailto:john.bell@dpuc.ri.gov">john.bell@dpuc.ri.gov</a> ;	
	<a href="mailto:Joel.munoz@dpuc.ri.gov">Joel.munoz@dpuc.ri.gov</a> ;	
	<a href="mailto:Michelle.Barbosa@dpuc.ri.gov">Michelle.Barbosa@dpuc.ri.gov</a> ;	
	<a href="mailto:Machaela.Seaton@dpuc.ri.gov">Machaela.Seaton@dpuc.ri.gov</a> ;	
<b>Synapse Energy Economics</b> Tim Woolf Jennifer Kallay 22 Pearl Street Cambridge, MA 02139	<a href="mailto:twoolf@synapse-energy.com">twoolf@synapse-energy.com</a> ;	
	<a href="mailto:jkallay@synapse-energy.com">jkallay@synapse-energy.com</a> ;	
<b>RI EERMC</b> Marisa Desautel, Esq. Office of Marisa Desautel, LLC 55 Pine St. Providence, RI 02903  Mike Guerard, Optimal Energy	<a href="mailto:marisa@desautelesq.com">marisa@desautelesq.com</a> ;	401-477-0023
	<a href="mailto:mdewey@desautelesq.com">mdewey@desautelesq.com</a> ;	
	<a href="mailto:guerard@optenergy.com">guerard@optenergy.com</a> ;	
	<a href="mailto:ross@optenergy.com">ross@optenergy.com</a> ;	
<b>Acadia Center</b> Hank Webster, Director & Staff Atty.	<a href="mailto:HWebster@acadiacenter.org">HWebster@acadiacenter.org</a> ;	401-276-0600 x402
<b>Office of Energy Resources (OER)</b> Albert Vitali, Esq. Dept. of Administration Division of Legal Services One Capitol Hill, 4 <sup>th</sup> Floor Providence, RI 02908	<a href="mailto:Albert.Vitali@doa.ri.gov">Albert.Vitali@doa.ri.gov</a> ;	401-222-8880
	<a href="mailto:Nancy.Russolino@doa.ri.gov">Nancy.Russolino@doa.ri.gov</a> ;	
	<a href="mailto:Christopher.Kearns@energy.ri.gov">Christopher.Kearns@energy.ri.gov</a> ;	
	<a href="mailto:Anika.Kreckel.CTR@energy.ri.gov">Anika.Kreckel.CTR@energy.ri.gov</a> ;	
	<a href="mailto:Nathan.Cleveland@energy.ri.gov">Nathan.Cleveland@energy.ri.gov</a> ;	
<b>Original &amp; 9 copies file w/:</b> Luly E. Massaro, Commission Clerk John Harrington, Commission Counsel Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	<a href="mailto:Luly.massaro@puc.ri.gov">Luly.massaro@puc.ri.gov</a> ;	401-780-2107
	<a href="mailto:John.Harrington@puc.ri.gov">John.Harrington@puc.ri.gov</a> ;	
	<a href="mailto:Alan.nault@puc.ri.gov">Alan.nault@puc.ri.gov</a> ;	
	<a href="mailto:Todd.bianco@puc.ri.gov">Todd.bianco@puc.ri.gov</a> ;	
	<a href="mailto:Emma.Rodvien@puc.ri.gov">Emma.Rodvien@puc.ri.gov</a> ;	
<b>Interested Party/Individual</b>		
National Grid	<a href="mailto:Theresa.Burns@nationalgrid.com">Theresa.Burns@nationalgrid.com</a> ;	
	<a href="mailto:Scott.McCabe@nationalgrid.com">Scott.McCabe@nationalgrid.com</a> ;	
Frederick Sneesby Dept. of Human Services	<a href="mailto:Frederick.sneesby@dhs.ri.gov">Frederick.sneesby@dhs.ri.gov</a> ;	

Chris Vitale, Esq., <b>RI Infrastructure Bank</b>	<a href="mailto:cvitale@hvlawltd.com">cvitale@hvlawltd.com</a> ;	
	<a href="mailto:SUatine@riib.org">SUatine@riib.org</a> ;	
<b>Green Energy Consumers Alliance</b> Larry Chretien, Executive Director Kai Salem	<a href="mailto:Larry@massenergy.org">Larry@massenergy.org</a> ;	
	<a href="mailto:kai@greenenergyconsumers.org">kai@greenenergyconsumers.org</a> ;	
	<a href="mailto:priscilla@greenenergyconsumers.org">priscilla@greenenergyconsumers.org</a> ;	

**STATE OF RHODE ISLAND  
PUBLIC UTILITIES COMMISSION**

_____ )	
In re: Investigation of Misconduct by )	
The Narragansett Electric Company Relating )	Docket No. 22-05-EE
to Past Payments of Energy Efficiency )	Docket No. 5189
Program Shareholder Incentives )	
_____ )	

**MOTION FOR PROTECTIVE TREATMENT OF LEGALLY PRIVILEGED  
INFORMATION AND OBJECTION OF THE NARRAGANSETT ELECTRIC  
COMPANY D/B/A RHODE ISLAND ENERGY AND NATIONAL GRID USA  
TO DATA REQUESTS DIVISION 5-4 AND DIVISION 6-8**

The Narragansett Electric Company d/b/a Rhode Island Energy (“Rhode Island Energy” or “Narragansett”) and National Grid USA (“National Grid”) hereby move for protective treatment, pursuant to Rules 1.3(H) and 1.19(E) of the Public Utilities Commission’s (“PUC” or the “Commission”) Rules of Practice and Procedure, and object, in part, pursuant to Rule 1.19(C)(3) of the Commission’s Rules of Practice and Procedure, to Data Requests Division 5-4 (“Division 5-4”) and Division 6-8 (“Division 6-8”) issued by the Division of Public Utilities and Carriers (the “Division”) in the above-referenced docket because the documents requested in Division 5-4 and Division 6-8 are protected by the attorney-client privilege and work product doctrine.<sup>1</sup>

**I. BACKGROUND**

On July 11, 2022, the Commission opened this docket to investigate The Narragansett Electric Company’s (“Narragansett”) actions and the actions of its employees during the time it was a National Grid affiliate, relating to the alleged manipulation of the reporting of invoices affecting the calculation of past energy efficiency shareholder incentives and the resulting impact

---

<sup>1</sup> In addition, the companies are seeking protective treatment of the legally privileged notes of the employee interviews in response to Division 5-4 and the legally privileged presentations to the Board of Directors and senior management in response to Division 6-8 because they are documents relating to a client/attorney relationship and work product. See R.I. Gen. Laws § 38-2-2(A)(I)(a) and (K).

on customers. See PUC Order No. 24441. The Division issued its Fifth Set of Data Requests (“Division Set 5”) to Rhode Island Energy on July 27, 2022.<sup>2</sup> Division Set 5 includes Division 5-4, which seeks copies of all notes for each employee interview conducted as part of Narragansett’s internal investigation. As explained in the response to Division 5-4, the interviews were conducted by Narragansett’s Legal department under the protection of the attorney-client privilege and work product doctrine. Interviewers consisted of attorneys on behalf of Narragansett and certain other interviewers who participated at the direction of Narragansett’s legal counsel. Therefore, although the attorneys conducting the employee interviews on behalf of Narragansett, and other interviewers who participated at the direction of Narragansett’s legal counsel, took notes, copies of any notes from the employee interviews are protected by the attorney-client privilege and work product doctrine.

The Division also issued its Sixth Set of Data Requests (“Division Set 6”) to Rhode Island Energy on July 27, 2022.<sup>3</sup> Division Set 6 includes Division 6-8, which seeks copies of all presentations on the energy efficiency program invoices and incentives made to the Board of Directors or to senior management. As explained in the response to Division 6-8, all of the responsive documents were prepared by legal counsel for National Grid USA and are protected by the attorney-client privilege and work product doctrine.

## **II. ARGUMENT**

### **A. Attorney-Client Privilege**

In order “to encourage full and frank communications between attorneys and their clients,” the Rhode Island Supreme Court has long recognized that “communications made by a client to

---

<sup>2</sup> The deadline to respond to Division Set 5 was extended to August 17, 2022.

<sup>3</sup> The deadline to respond to Division Set 6 was extended to August 17, 2022.

his attorney for the purpose of seeking professional advice, as well as the responses by the attorney to such inquiries, are privileged communications not subject to disclosure.” DeCurtis v. Visconti, Boren & Campbell, Ltd., 152 A.3d 413, 423 (R.I. 2017) (quoting Mortgage Guarantee & Title Co. v. Cunha, 745 A.2d 156, 158-59 (R.I. 2000)). “Genuine attorney-client communications are afforded the highest level of protection by our courts.” Id. The party asserting privilege must set forth the following elements:

- (1) the asserted holder of the privilege is or sought to become a client;
- (2) the person to whom the communication was made (a) is [the] member of a bar of a court, or his subordinate and (b) in connection with this communication is acting as a lawyer;
- (3) the communication relates to a fact of which the attorney was informed (a) by his client (b) without the presence of strangers (c) for the purpose of securing primarily either (i) an opinion of law or (ii) legal services or (iii) assistance in some legal proceeding, and not (d) for the purpose of committing a crime or tort; and
- (4) the privilege has been (a) claimed and (b) not waived by the client.

DeCurtis, 152 A.3d at 423 (internal citations and quotations omitted).

Moreover, “it is well settled ‘that the attorney-client privilege attaches to corporations as well as to individuals.’” State v. Doyle, 235 A.3d 482, 503 (R.I. 2020) (quoting Commodity Futures Trading Commission v. Weintraub, 471 U.S. 343, 348, 105 S.Ct. 1986, 85 L.Ed. 2d 372 (1985) (“Both for corporations and individuals, the attorney-client privilege serves the function of promoting full and frank communications between attorneys and their clients.”)); see also Upjohn Company v. United States, 449 U.S. 383, 101 S.Ct. 677, 66 L.Ed. 2d 584 (1981). “[T]he power to waive the attorney-client privilege ‘rests with the corporation’s management and is normally exercised by its officers and directors.’” Doyle, 235 A.3d at 503 (quoting Weintraub, 471 U.S. at 348-49, 105 S.Ct. 1986)). “[W]hen control of a corporation passes to new management, the authority to assert and waive the corporation’s attorney-client privilege passes as well.” Id. (quoting Weintraub, 471 U.S. at 349, 105 S.Ct. 1986).

## B. Work Product Doctrine

While the attorney-client privilege covers only confidential communications between attorney and client, the work-product privilege, on the other hand, “protects both the attorney-client relationship and a complex of individual interests particular to attorneys that their clients may not share.” State v. von Bulow, 475 A.2d 995, 1009 (R.I. 1984) (citation omitted). The work product doctrine protects certain materials “obtained or prepared by an adversary’s counsel with an eye toward litigation.” Id., 475 A.2d at 1008 (quoting Hickman v. Taylor, 329 U.S. 495 (1947)).

The Rhode Island Supreme Court has recognized that there are two types of work product: opinion work product and factual work product. DeCurtis, 152 A.3d at 427-28 (citing Henderson v. Newport Cty. Reg’l Young Men’s Christian Ass’n, 966 A.2d 1242, 1247-48) (R.I. 2009)). Opinion work product “refers to a document or other written material containing the mental impressions of an attorney or his or her legal theories” and receives “absolute immunity from discovery.” Id. at 428. Factual work product casts a wider net and covers “any material gathered in anticipation of litigation.” Id. “Because factual work product does not include the actual thoughts of the attorney, it is afforded only qualified immunity from discoverability.” Id.

Factual work product is subject to disclosure only when “the party seeking discovery demonstrates a substantial need for the materials and that it cannot obtain the substantial equivalent without undue hardship.” DeCurtis, 152 A.3d at 428 (quoting Crowe Countryside Realty Associates, Co., LLC v. Novare Engineers, Inc., 891 A.2d 838, 842 (R.I. 2006)). Factual work product “encompasses *any material* gathered in anticipation of litigation. Henderson, 966 A.2d at 1248 (emphasis in original). Importantly, “[i]t is not necessary for the attorney to have prepared the materials or the documents for them to constitute work product.” Id. “Rather, a document prepared by a party’s representative or agent constitutes factual work product as long as the



document was prepared in anticipation of litigation.” Id. Additionally, work product privilege “applies not only to litigation in courts, but litigation before administrative tribunals.” S. Union Co. v. Sw. Gas Corp., 205 F.R.D. 542, 549 (D. Ariz. 2002) (quoting United States v. Am. Telephone & Telegraph Co., 86 F.R.D. 603, 627 (D.D.C. 1979)).

**C. Division 5-4**

The notes of the employee interviews requested in Division 5-4 should be protected as privileged because they constitute attorney-client communications and work product. The interview notes were prepared at the direction of legal counsel to gather information to aid in providing legal services. See Voelker v. Duetsche Bank AG, No. 11-CV-6362 VEC, 2014 WL 4473351, at \*1 (S.D.N.Y. Sept. 11, 2014) (“in the corporate context, the privilege may extend to communications among non-attorneys if they were made ‘at the direction of counsel, to gather information to aid counsel in providing legal services’”). Specifically, the interview notes were necessary for Narragansett’s legal counsel to assess the scope of the potential misconduct concerning “out-of-period” invoices and to be able to provide legal opinion on the next steps needed to correct any existing energy efficiency accounting and prepare for the forthcoming regulatory proceeding. Accordingly, any notes of the employee interviews are protected by the attorney-client privilege and work product doctrine.

**D. Division 6-8**

Similarly, the presentations made to the Board of Directors or senior management in response to Division 6-8 should be protected as privileged because they constitute attorney-client communications and work product. The responsive documents were prepared by legal counsel for National Grid USA for the purpose of communicating the legal review and analysis of issues relating to the investigation of the energy efficiency program and in anticipation of the forthcoming

regulatory proceeding. In addition to being attorney-client privileged communications from legal counsel to its client, the documents also constitute both opinion work product, because they contain the mental impressions of National Grid USA's legal counsel conveyed to the Board of Directors and senior management, and factual work product, because they were prepared in anticipation of litigation, i.e., in anticipation of the forthcoming regulatory proceeding. Accordingly, any notes of the employee interviews are protected by the attorney-client privilege and work product doctrine.

### **III. CONCLUSION**

For the foregoing reasons, the companies move to protect, and object to, Division 5-4 and Division 6-8 to the extent they seek privileged attorney-client communications and work product.

Respectfully submitted,

**THE NARRAGANSETT ELECTRIC  
COMPANY d/b/a RHODE ISLAND ENERGY,**

By its attorney,



---

Andrew S. Marcaccio, Esq.  
Rhode Island Energy  
280 Melrose Street  
Providence, RI 02907  
(401) 784-4263

**NATIONAL GRID USA,**  
By its attorneys,



---

Cheryl M. Kimball, Esq.  
Robert J. Humm, Esq.  
Keegan Werlin LLP  
99 High Street, Suite 2900  
Boston, Massachusetts 02110  
(617) 951-1400  
[ckimball@keeganwerlin.com](mailto:ckimball@keeganwerlin.com)  
[rhumh@keeganwerlin.com](mailto:rhumh@keeganwerlin.com)



---

Laura C. Bickel, Esq.  
National Grid  
40 Sylvan Road  
Waltham, Massachusetts 02451  
(781) 907-2126  
[laura.bickel@nationalgrid.com](mailto:laura.bickel@nationalgrid.com)

Dated: August 17, 2022

**STATE OF RHODE ISLAND  
PUBLIC UTILITIES COMMISSION**

_____ )	
In re: Investigation of Misconduct by )	
The Narragansett Electric Company Relating )	Docket No. 22-05-EE
to Past Payments of Energy Efficiency )	Docket No. 5189
Program Shareholder Incentives )	
_____ )	

**MOTION OF THE NARRAGANSETT ELECTRIC COMPANY D/B/A  
RHODE ISLAND ENERGY FOR PROTECTIVE TREATMENT OF  
CONFIDENTIAL INFORMATION**

The Narragansett Electric Company d/b/a Rhode Island Energy (“Rhode Island Energy” or the “Company”) hereby respectfully requests that the Public Utilities Commission (“PUC” or “Commission”) grant protection from public disclosure certain confidential information submitted by the Company. The reasons for the protective treatment are set forth herein. The Company also requests that, pending entry of that finding, the PUC preliminarily grant the Company’s request for confidential treatment pursuant to 810-RICR-00-00-1.3(H)(2).

The records that are the subject of this Motion and require protective treatment are employee names, identification numbers, employment status and the circumstances of their departure from their employment contained in the following attachments to data request responses: (1) Attachment DIV 5-1 to the Company’s Response to the Division of Public Utilities and Carriers (“Division”) Fifth Set of Post-Decisional Data Requests, Division 5-1, issued on July 27, 2022; and (2) Attachment DIV 5-3 to the Company’s Response to Division 5-3 (collectively, the “Confidential Attachments”). The Company requests protective treatment of the Confidential Attachments in accordance with 810-RICR-00-00-1.3(H) and R.I. Gen. Laws § 38-2-2-(4)(A)(I)(b).

Also included within the Division’s Fifth Set of Post-Decisional Data Requests was

Division Data Request 5-4 which seeks copies of all notes for each employee interview conducted as part of Narragansett's internal investigation. As explained in the response to Division 5-4, the interviews were conducted by Narragansett's Legal department under the protection of the attorney-client privilege and work product doctrine. Interviewers consisted of attorneys on behalf of Narragansett and certain other interviewers who participated at the direction of Narragansett's legal counsel. Therefore, although the attorneys conducting the employee interviews on behalf of Narragansett, and other interviewers who participated at the direction of Narragansett's legal counsel, took notes, copies of any notes from the employee interviews are protected by the attorney-client privilege and work product doctrine and have been withheld under a claim of legal privilege.

Finally, the Division also issued its Sixth Set of Post-Decisional Data Requests to Rhode Island Energy on July 27, 2022. Division Set 6 includes Division 6-8, which seeks copies of all presentations on the energy efficiency program invoices and incentives made to the Board of Directors or to senior management. As explained in the response to Division 6-8, all of the responsive documents were prepared by legal counsel for National Grid USA and are protected by the attorney-client privilege and work product doctrine. These presentations are contained in Attachments DIV 6-8-1, 6-8-2, 6-8-3, 6-8-4 and 6-8-5 all of which have been withheld under a claim of attorney-client privilege and work product (together with the documents withheld in response to Division 5-4, the "Privileged Documents").

## **I. LEGAL STANDARD**

For matters before the PUC, a claim for protective treatment of information is governed by the Access to Public Records Act ("APRA"), R.I. Gen. Laws § 38-2-1 et seq. See 810-RICR-00-00-1.3(H)(1). Under APRA, any record received or maintained by a state or local governmental agency in connection with the transaction of official business is considered public unless such

record falls into one of the exemptions specifically identified by APRA. See R.I. Gen. Laws §§ 38-2-3(a) and 38-2-2(4). Therefore, if a record provided to the PUC falls within one of the designated APRA exemptions, the PUC is authorized to deem such record confidential and withhold it from public disclosure.

Rhode Island law specifically excludes “[p]ersonnel and other personal individually identifiable records otherwise deemed confidential by federal or state law or regulation, or the disclosure of which would constitute a clearly unwarranted invasion of personal privacy pursuant to 5 U.S.C. § 552 et seq.” from its definition of “public records.” R.I. Gen. Laws § 38-2-2(4)(A)(I)(b).

The Rhode Island Supreme Court has also noted that the agencies making determinations as to the disclosure of information under APRA may apply a balancing test. *See Providence Journal v. Kane*, 577 A.2d 661 (R.I. 1990). Under this balancing test, after a record has been determined to be public, the Board may protect information from public disclosure if the benefit of such protection outweighs the public interest inherent in disclosure of information pending before regulatory agencies. *Kane*, 557 A.2d at 663 (“Any balancing of interests arises only after a record has first been determined to be a public record.”).

Rhode Island law also excludes from the APRA’s definition of “public records,” “[a]ll records relating to a client/attorney relationship...” and “preliminary drafts, notes, impressions, memoranda, working papers, and work products...” R.I. Gen. Laws § 38-2-2(A)(I)(a) and (K).

Here, the Company is seeking protection from public disclosure employee names, employee identification numbers, employment status and the circumstances under which such employees left their employment. Moreover, and in addition to the claims of attorney-client privilege and work product, the Company is also seeking protective treatment of the Privileged

Documents because they are records relating to a client/attorney relationship and work product.

## **II. BASIS FOR CONFIDENTIALITY**

The Confidential Attachments, which are the subject of this Motion, are exempt from public disclosure pursuant to R.I. Gen. Laws § 38-2-2. Specifically, employee names, identification numbers, employment status and circumstances under which an employees' employment ended, contained in the Confidential Attachments, are “[p]ersonnel and other personal individually identifiable records,” and disclosing this information under the circumstances of this investigation docket “would constitute a clearly unwarranted invasion of personal privacy.” *See* R.I. Gen. Laws § 38-2-2(4)(A)(I)(b). The very nature of this investigatory docket into alleged misconduct warrants the protection from any disclosure of current or former employee names or other potentially identifying characteristics, without any suggestion that all the individuals listed were involved in the alleged wrongdoing, and constitutes an invasion of person privacy.<sup>1</sup> Unless and until there is a finding that the employees listed in the responses engaged in any wrongdoing, disclosing their names to the public as being involved in any way in this investigation can have a detrimental impact on their livelihood, reputation and standing in the community.

Additionally, the Company requests protective treatment of this information on the basis that the benefit of such protection to these employees and companies outweighs the public interest inherent in disclosure of information. *See Providence J. Co. v. Kane*, 577 A.2d 661, 663 (R.I. 1990). The Company believes that the benefit of protecting the identities of the employees listed in the Confidential Attachments far exceeds and outweighs any interest in disclosure.

---

<sup>1</sup> It is this very policy that likely led the Legislature to exclude “[a]ll investigatory records of public bodies . . . pertaining to possible violations of statute, rule, or regulation other than records of final actions taken” from the public records definition which is in itself an independent and sufficient basis for protective treatment. R.I.G.L. § 38-2-2(4)(P).

Finally, with respect to the Privileged Documents, the documents are related to the attorney-client relationship between legal counsel and their corporate client and constitute work product. Accordingly, the Privileged Documents are excepted from the APRA's definition of "public records" pursuant to R.I. Gen. Laws § 38-2-2(A)(I)(a) and (K).

### III. CONCLUSION

For the foregoing reasons, the Company respectfully requests that the PUC grant this motion for protective treatment of the of the personnel information contained in the Confidential Attachments (Attachments DIV 5-1 and DIV 5-3) and for the Privileged Documents in response to Division 5-4 and Division 6-8.

Respectfully submitted,

**THE NARRAGANSETT ELECTRIC  
COMPANY d/b/a RHODE ISLAND ENERGY**  
By its attorneys,



---

Steven J. Boyajian, Esq. (#7263)  
Robinson & Cole LLP  
One Financial Plaza, 14<sup>th</sup> Floor  
Providence, RI 02903  
Tel: (401) 709-3359  
Fax: (401) 709-3399  
[sboyajian@rc.com](mailto:sboyajian@rc.com)



---

Andrew S. Marcaccio, Esq. (#8168)  
The Narragansett Electric Company  
280 Melrose Street  
Providence, RI 02907  
Tel: (401) 784-4263  
Dated: August 17, 2022



**CERTIFICATE OF SERVICE**

I hereby certify that on August 17, 2022, I delivered a true copy of the foregoing Motion via electronic mail to the parties on the Service List for Docket No. 22-05-EE.



---

Joanne M. Scanlon

The Narragansett Electric Company  
d/b/a Rhode Island Energy  
RIPUC Docket No. 22-05-EE (Formerly Docket No. 5189)  
In Re: Investigation of Misconduct by The Narragansett Electric Company  
Relating to Past Payments of Energy Efficiency Program Shareholder Incentives  
Responses to the Division's Fifth Set of Post-Decisional Data Requests  
Issued on July 27, 2022

---

Division 5-1

Request:

In the Company's response to DIV. 1-3 (b), the Company indicated that six Program Managers had left the employment of National Grid USA and that, therefore, the emails were not searched due to the email retention policy.

- a) Please provide a copy of National Grid USA's email retention policy for each year 2012-through 2021.
- b) Please identify in what year each of these employees left National Grid USA.
- c) Please identify if any of these employees left employment involuntarily ("involuntarily", ("involuntarily", for this question, includes include any negotiated settlement or severance agreement).

Response:

- a) Email messages are not considered formal business records and, therefore, National Grid USA ("National Grid") does not have a records retention policy for email. Employees manage their own email boxes unless they have received a preservation request for a specific matter.

National Grid has had two email systems during this time frame: (1) a vendor hosted Exchange 2010 based environment (internally referred to as "ICE" or "Internet/Collaboration/Email"); and (2) Microsoft 365 ("M365"), which is the current system. Neither of these systems enabled auto-delete settings for email. In the ICE system, users had size quotas for their email boxes. If users exceeded their mailbox quota, they would not receive emails until they reduced the number of emails in their mailbox. Under the current system, which National Grid gradually migrated to between 2019 and 2021, there is no mailbox size limitation. Currently, all emails are retained for two years, unless specifically deleted (or tagged for deletion using retention tags) by the user, after which they are moved to an accessible email archive.

After an employee leaves a National Grid affiliated company, there is a process to remove that employee's email subscription license, which would then delete that person's mailbox and its contents, unless that employee is subject to a preservation request. In the ICE system, that process occurred every 60 days. In the current M365 system, that process occurs periodically about three to four times a year.

- b) and (c) Please refer to Attachment DIV 5-1 (Confidential).

The Narragansett Electric Company  
d/b/a Rhode Island Energy  
RIPUC Docket No. 22-05-EE (Formerly Docket No. 5189)  
In Re: Investigation of Misconduct by The Narragansett Electric Company  
Relating to Past Payments of Energy Efficiency Program Shareholder Incentives  
Responses to the Division's Fifth Set of Post-Decisional Data Requests  
Issued on July 27, 2022

---

Attachment DIV 5-1

National Grid will submit the confidential version of Attachment DIV 5-1 (Confidential)



The Narragansett Electric Company  
d/b/a Rhode Island Energy  
RIPUC Docket No. 22-05-EE (Formerly Docket No. 5189)  
In Re: Investigation of Misconduct by The Narragansett Electric Company  
Relating to Past Payments of Energy Efficiency Program Shareholder Incentives  
Responses to the Division's Fifth Set of Post-Decisional Data Requests  
Issued on July 27, 2022

---

Division 5-3

Request:

Of the 13 employees referenced in the answer to DIV. 1-8, please indicate whether each of these employees currently remain employed by National Grid USA. If not, please identify:

- a) Which employee(s) are no longer employed by National Grid USA.
- b) The termination date of said employee(s).
- c) Whether said employee(s) left employment involuntarily (“involuntarily”, for this question, includes include any negotiated settlement or severance agreement).
- d) Whether any of these employees now work for Narragansett Electric d/b/a/ Rhode Island Energy.

Response:

Please see Attachment DIV 5-3 (Confidential) for the information requested in subparts (a) through (d) of this data request.

The Narragansett Electric Company  
d/b/a Rhode Island Energy  
RIPUC Docket No. 22-05-EE (Formerly Docket No. 5189)  
In Re: Investigation of Misconduct by The Narragansett Electric Company  
Relating to Past Payments of Energy Efficiency Program Shareholder Incentives  
Responses to the Division's Fifth Set of Post-Decisional Data Requests  
Issued on July 27, 2022

---

Attachment DIV 5-3

National Grid will submit the confidential version of Attachment DIV 5-3 (Confidential)



The Narragansett Electric Company  
d/b/a Rhode Island Energy  
RIPUC Docket No. 22-05-EE (Formerly Docket No. 5189)  
In Re: Investigation of Misconduct by The Narragansett Electric Company  
Relating to Past Payments of Energy Efficiency Program Shareholder Incentives  
Responses to the Division's Fifth Set of Post-Decisional Data Requests  
Issued on July 27, 2022

---

Division 5-4

Request:

In the Company's response to DIV. 1-9, the Company stated that there were no transcripts or audio recordings of any employee interviews.

- a) Did the interviewers take any notes of any type, either in hard copy or electronic copy, of these interviews.
- b) If the answer to (a) is yes, please provide copies of all notes, whether hard copy or electronic, for each any every interview that was memorialized in this fashion.
- c) If the answer to (a) is no, then how did the Interviewer retain the information provided in each and every interview.
- d) If the answer to (a) is no, then can any report resulting from said investigation be deemed reliable?

Response:

The interviews were conducted by The Narragansett Electric Company's ("Narragansett") Legal department under the protection of the attorney-client privilege and work product doctrine. Interviewers consisted of attorneys on behalf of Narragansett and certain other interviewers who participated at the direction of Narragansett's legal counsel.

- a) Yes, the attorneys conducting the employee interviews on behalf of Narragansett, and other interviewers who participated at the direction of Narragansett's legal counsel, took notes.
- b) Copies of any notes from the employee interviews are protected by the attorney-client privilege and work product doctrine.
- c) Not applicable.
- d) Not applicable.



The Narragansett Electric Company  
d/b/a Rhode Island Energy  
RIPUC Docket No. 22-05-EE (Formerly Docket No. 5189)  
In Re: Investigation of Misconduct by The Narragansett Electric Company  
Relating to Past Payments of Energy Efficiency Program Shareholder Incentives  
Responses to the Division's Fifth Set of Post-Decisional Data Requests  
Issued on July 27, 2022

---

Division 5-5

Request:

In the Company's response to DIV. 1-16, the Company referenced vendor trainings.

- a) Are these trainings a requirement for all participating program vendors, not just field implementers?
- b) What are the "audit exceptions" referenced in the last sentence of the answer to DIV. 1-16?

Response:

- a) All vendors are requested, but not required, to attend the trainings.
- b) "Audit exceptions" refer to significantly missed accruals.

The Narragansett Electric Company  
d/b/a Rhode Island Energy  
RIPUC Docket No. 22-05-EE (Formerly Docket No. 5189)  
In Re: Investigation of Misconduct by The Narragansett Electric Company  
Relating to Past Payments of Energy Efficiency Program Shareholder Incentives  
Responses to the Division's Fifth Set of Post-Decisional Data Requests  
Issued on July 27, 2022

---

Division 5-6

Request:

At Attachment 1-16-2 Page 1 of 5, the Effective Date of the US Accounting Policy states: Effective 7/30/2021, retroactive to 1/1/2018. That document also indicates that the prior updated version was January 1, 2018.

- a) Please provide of copy of the US Accounting Policy for Energy Efficiency Accrued Liabilities with effective date January 1, 2018 as it existed prior to the retroactive date of July 30, 2021.
- b) Please explain how an accounting policy can have an effective date of July 30, 2021 and be “retroactive” to January 1, 2018.
- c) The policy also states that “Departure from the Policy requires the approval of EE Accounting. Please indicate if departure from this policy was approved by EE Accounting for any of the out-of-period invoices identified to date. Please indicate in detail, under what circumstances EE Accounting have permitted departures from the US Accounting Policy provided in Attachment 1-16-2 (either version). Provide a list of these occurrences for each year 2012-2021.
- d) Please provide a copy of National Grid’s policy Accrued Liabilities “AP 305.01.1”, as referenced at page Attachment 1-16-2, page 4 of 5.

Response:


- a) The document is provided as Attachment DIV 5-6-1.
- b) There were no substantive differences between the US Accounting Policy for Energy Efficiency Accrued Liabilities (the “Policy”) with the effective date of July 30, 2021, and the Policy effective as of January 1, 2018. Any differences in the Policy between January 1, 2018, and July 30, 2021 are grammatical. With respect to the InDemand Status Chart file embedded in the Appendix, the difference between the January 1, 2018 and July 30, 2021 versions is limited to the renumbering of one of the statuses that had no impact on the application or applicability on the statuses.
- c) Departure from the Policy was not approved by the Energy Efficiency Accounting group for any of the “out-of-period” invoices identified to date.

The Narragansett Electric Company  
d/b/a Rhode Island Energy  
RIPUC Docket No. 22-05-EE (Formerly Docket No. 5189)  
In Re: Investigation of Misconduct by The Narragansett Electric Company  
Relating to Past Payments of Energy Efficiency Program Shareholder Incentives  
Responses to the Division's Fifth Set of Post-Decisional Data Requests  
Issued on July 27, 2022

---

Division 5-6, page 2

- d) Please see Attachment DIV 5-6-2 for a copy of the Accrued Liabilities policy, "AP 305.01.1," as referenced in Attachment DIV 1-16-2, page 4 of 5. Please see Attachment DIV 5-6-3 for a copy of the Accrued Liabilities policy, "AP 305.01.2," effective October 1, 2020, which was in effect at the time of the reference in the Energy Efficiency Accrued Liabilities policy at Attachment DIV 1-16-2.

 <b>US ACCOUNTING POLICY</b>	
<b>Energy Efficiency Accrued Liabilities</b>	Version: Energy Efficiency Accrued Liabilities V2
<b>Prior Updated:</b> 2015	Effective Date: 01/01/2018
<b>Current Update:</b> 01/01/2018	
<b>Applicability:</b> National Grid USA - All Companies	
<i>Departure from this Policy requires the approval of EE Accounting</i>	

## TABLE OF CONTENTS

SECTION	AREA	PAGE
I	Purpose & Scope	1
II	Policy	1,2
III	Timeline & Procedures	2,3
IV	More Information	3
V	Appendices	4

### I. Purpose & Scope

This accounting policy establishes the guidelines for activities related to the recording and reporting of accrued liabilities in order to ensure that the Energy Efficiency Group accounts for unrecorded liabilities at the end of each monthly accounting period. This accrual is in compliance with National Grid's US Accounting Policy 305.01.1 "Accrued Liabilities" ("AP 305.01.1"), and generally accepted accounting principles ("GAAP").

The purpose of the monthly accrual is to ensure that all liabilities are recorded for the accounting period and thus reported for that period in the Company's financial statements.

EE Accounting and EE Reporting, in conjunction with Program Managers, Marketing, Program Execution, and any others identified as relevant, have the joint responsibility for ensuring that all unrecorded liabilities for EE Program charges for work completed or services provided during the month are accrued at the end of the month. Procedures have been implemented to ensure the accuracy of the accrual amount recorded (Refer to Energy Efficiency Monthly Invoice Accrual Procedures in Appendix). This policy provides guidance on the relevant policies and procedures for accruing unrecorded Energy Efficiency liabilities.

### II. Policy

#### A. Definitions

**Liability:** Probable future sacrifices of economic benefits arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events.

**Accrued Liabilities:** Amounts computed by an entity as owed to third parties for goods or services received, but not paid for and not recorded as trade accounts payable.

## **B. General Criteria**

- The obligation requires future settlement by the transfer of cash, goods or services
- The obligation is unavoidable (i.e., the Company would have little control or discretion to avoid the transfer)
- The transaction or other event creating the obligation has already occurred

When the company has an obligation to pay cash, transfer other assets, or provide services (payment-in-kind) to a third party, a liability shall be recognized, although a legally enforceable provision may not exist. There must be a reasonable and supportable basis to record liabilities, and each accrual must be supported with proper documentation.

## **C. Energy Efficiency Specific Criteria**

In keeping with the General Criteria, specific InDemand statuses have been defined to indicate whether an Energy Efficiency project is accruable. Unique “basis to record liabilities” exist for Energy Efficiency. Different DSM/InDemand system statuses have been established as points of accrual for various classifications of programs within the InDemand database. Individual cases may occur where, due to the complexity of the work or multiple layers of contractors/subcontractors, a unique decision must be made about whether to record a liability. Program managers and other appropriate individuals should work with EE Accounting to make this determination. (Refer to InDemand Accruable Statuses Chart in Appendix).

## **D. Measurement**

When a current obligation exists, but the invoice has not been received or the exact amount of the future payment is unknown, an estimate of the obligation must be made based on available information.

## **E. Accountability**

The Energy Efficiency Accounting Group is responsible for ensuring that all accrued liabilities are properly calculated and recorded for each accounting period. In keeping with this policy, all liabilities incurred during the current month for which an invoice has not been posted in SAP must be accrued. Any accruals from previous months that meet the accrual criteria in the current period must be re-accrued as well.

# **III. Timeline and Procedures**

## **A. Monthly Accrual Timeline**

In order for the accrual of unrecorded liabilities to be recorded prior to the financial closing deadlines, EE Accounting has established a monthly accrual timeline. This timeline is communicated, along with the current accrual due date, to the appropriate individuals through a monthly accrual email. (Refer to Appendices for a sample calendar). With the exception of the last calendar month of the calendar year, the following key dates are applicable on a monthly basis. A different year-end schedule is used for the last calendar month of the year due to EE program regulatory reporting requirements for the calendar year. The standard timeline is as follows:

**6th business day of the month:** The accrual due date for the month is communicated through a monthly accrual email sent to appropriate individuals.

**4 business days before the last business day of the month:** Last day to enter invoices into InDemand for payment in the current month

**3 business days before the last business day of the month:** Deadline for submitting manual accrual templates to Energy Efficiency Accounting. Work begins on consolidating the accrual templates and assessing the reasonableness of the manual accruals.

**Last Calendar day of the month:** Last day for InDemand entries/updates that will be included in the Monthly Accrual Report

**1<sup>st</sup> business day of new month (Workday 1):** IT sends automated Monthly Accrual Report, Consolidated IDOC report, and AP Report (aka Rachelle file/Payment Pulled Report) to EE Accounting. EE Accounting prepares the consolidated accrual file with accrual amounts for each distribution company based on the Reports and manual accrual templates submitted, prepares analytics, reviews the accrual for reasonableness, prepares Commentary based on an analysis of the accrual, and sends the monthly Accrual JE file to the EE Reporting Manager for approval.

**2<sup>nd</sup> business day of the new month (Workday 2):** EE Reporting Manager approves the journal entries, and EE Accounting records the accrual journal entries.

## B. Procedures

The following procedures represent an overview of the steps performed for the EE monthly accrual. Detailed desktop procedures for the EE Monthly Accrual can be found in Appendix B.

1. EE Accounting sends the monthly accrual instructional email detailing the key accrual dates for the month and other information needed to perform the accrual
2. Certain key high volume vendors have been identified to submit monthly accruals directly to the EE Accounting. Most of these vendors are on the distribution list for directly receiving the monthly Accrual Email. However, the appropriate National Grid Program Manager, Marketing or Program Execution individual should insure that all of their vendors are aware of the accrual milestone dates for the month
3. The responsible National Grid employees and EE vendors should update InDemand statuses and project information and upload applications/Workpackages/invoices before month-end. These updates should be as accurate and complete as possible.
4. Updating InDemand in a timely manner with status changes or uploaded applications/workpackages reduces the need for manual accrual templates to be submitted and therefore increases accrual accuracy. All EE Program Managers are expected to work with their vendors and others who update InDemand to ensure that statuses are updated and/or invoices are entered before the end of the month..
5. In instances where the responsible party is unable to update InDemand in a timely manner, an invoice has not yet been received by National Grid or the vendor has not yet produced an invoice, a manual accrual template is used to report unrecorded liabilities. The creator of the manual template emails the completed template, in accordance with the accrual timeline, to EE Accounting.
6. EE Accounting compares accrual responses received with the Required Submitters list and sends a follow-up email to any missing submitters.
7. EE Accounting aggregates the accrual templates received and compares manual accruals with previous months to assess reasonableness. Questions regarding the accruals received for key vendors are addressed directly with the vendor and the appropriate Program Manager. When this review is completed the consolidated accrual template is incorporated into the monthly Consolidated Accrual file.
8. When the Consolidated Accrual file has been fully prepared, a pivot is prepared to aggregate the accrual amount by Distribution Company for the journal entries. Additionally, analytics are performed on the Consolidated Accrual file to identify variances from normal patterns such as percentage of accrued expenses by

distribution company, percentage of accrued expenses by accrual type, and dollar amount by top vendors. Significant variances are researched before finalizing the monthly accrual journal entries.

9. The journal entries along with the consolidated accrual file backup, analytics, and commentary on the accrual amount and variances vs. historical trends are sent to the EE Reporting Manager for approval. Once approved, the journal entries are parked and posted in SAP.

#### **IV. More information**

For further clarification and considerations, please refer to National Grid's policy Accrued Liabilities "AP 305.01.1" and/or contact EE Accounting. National Grid's Accrued Liabilities policy can be found on National Grid's Infonet.

## V. Appendices

- A. InDemand Accruable Status Chart Rev 14-11-2020. Note for : the most recent InDemand Statuses chart is located at Z:\EE Accounting 2 - topics\InDemand\Accruable Statuses & other changes\InDemand status-accruable status chart



InDemand Statuses chart Rev 13\_01-2018 for distribution.xlsx

- B. EE Monthly Invoice Accrual Desktop Procedures. Note: the most recent version of the EE Monthly Invoice Accrual Desktop Procedures is saved in the EE Accruals Policy and Procedures folder on the EEReporting shared drive.



EE Accrual Desktop  
Procedures V5 CLK V1 (replace with updated version)



## TABLE OF CONTENTS

SECTION	AREA	PAGE
<b>I</b>	Purpose & Scope	<i>1</i>
<b>II</b>	Policy	
	<b>A</b> Definitions	2
	<b>B</b> Policy	2
<b>III</b>	Chart of Account Reference	4
<b>IV</b>	Supplemental Information	6
<b>V</b>	Key Accounting Literature	6
<b>VI</b>	Transition Information	6
<b>VII</b>	Exhibits	6
<b>VIII</b>	Frequently Asked Questions	6

### Section I: Purpose & Scope

This accounting policy establishes the guidelines for activities and conditions related to the recording and reporting of accrued liabilities for operating expenses. Guidance on other types of expenses is addressed in other accounting policies as appropriate. This policy does not include contingent liabilities.

Various expenses are incurred each day, but payments may not be required immediately and an invoice may not be received for some time following the receipt of services (or there will be no invoice at all, such as for payroll costs). Accrual accounting recognizes these expenses (known as accrued expenses) in the accounting period when a liability has been incurred, not necessarily when the invoice is received or when the expenses are paid for. Accrued expenses are recognized by debiting an expense in the accounting period when the expense is incurred (goods or services have been received) and crediting a liability representing an obligation to the party that has provided the goods or services.

Some accrued expenses become obligations or liabilities with the passage of time such as interest expense, rent and property taxes, while other liabilities are incurred based on services received or an activity performed such as payroll costs, pensions and consulting fees.

This policy applies to all US National Grid companies.

For assistance with any aspect of this accounting policy, please contact the Accounting Services Group.

## Section II: Policy

### A. Definitions

**Liability:** Probable future sacrifices of economic benefits arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events.

**Trade Accounts Payable:** Payables which are related directly to the company's primary operations.

**Accrued Liabilities:** Amounts computed by an entity as owed to outsiders for goods or services received, but not paid for and not recorded as trade accounts payable. Typically these are adjustments made to ensure that expenses are recorded in the correct period and matched with related revenues, where appropriate.

**Face Value:** The value printed or written on the face, as of a bill or bond.

### B. Policy

#### B.1 Recognition

##### B.1.1 General Criteria

The obligation shall meet the following criteria in order to be recognized as a liability:

- The obligation requires future settlement by the transfer of cash, goods or services;
- The obligation is unavoidable (i.e., the Company would have little control or discretion to avoid the transfer); and
- The transaction or other event creating the obligation has already occurred.

When the Company has an obligation to pay cash, transfer other assets, or provide services (payment-in-kind) to a third party, a liability shall be recognized, although a legally enforceable provision may not exist.

A liability shall not be recognized as a result of a firm purchase commitment until the company is obligated to disburse an asset; in general when the ordered good or services have been shipped, delivered, or rendered.

Those areas requesting an accrual shall have a reasonable and supportable basis to record liabilities and support each accrual with proper documentation, with copies provided to the Accounting Services Group. Documentation shall be readily available if requested by Controls

Excellence, Internal Auditing, or External Auditors. Accruals shall not be recorded for general contingencies for unknown and future expenditures. Recording of expenses and creating accruals to meet budgeted project cost or management's forecast is prohibited.

### **B.1.2 Recognition Timing**

Obligations that accrue with the passage of time such as interest expense, rent, and property taxes shall be recorded over the accounting period in a systematic and rational manner. Obligations that accrue when an event occurs shall be recorded at the time of the event.

Those areas requesting an accrual shall also consider the following to determine the recognition timing:

- Dividends, interest and sales tax shall be recorded when corresponding revenues are recorded;
- Payroll taxes withheld shall be recorded at the time of the related payroll;
- Other payroll withholdings shall be recorded when the related payroll is recorded; and
- Payment due prior to performance shall be accrued to prepaid expenses.

### **B.1.3 Content**

Accrued expenses comprise both accounts payable and accrued liabilities. Accounts Payable differ from accrued liabilities since the total amount of the obligation is known and owed while accrued liabilities are estimated unpaid obligations that are not yet payable or arise from a loss contingency.

In recording accrued liabilities, it is especially important that appropriate account titles be used. The following types of accrued liabilities are generally recognized:

- Accrued Compensation and Benefits (e.g. Wages and salaries payable, vacation pay, severance pay);
- Accrued Taxes (e.g. Federal income tax, state franchise tax, municipal tax, state unemployment compensation, gross earnings taxes, sales and use tax);
- Claims and Damages Payable;
- Contractor Charges;
- Dividend Declared;
- Interest Accruals;
- Purchased Energy (Electric);

- Purchased Gas;
- MTA Accrual; and
- Unbilled Materials and Supplies and Services.

#### **B.1.4 Derecognition**

The Accounting Services Group shall work with those areas requesting accruals and remove a liability (or a portion of the liability) from the balance sheet when it is extinguished which means when the obligation specified in the contract is paid, discharged, cancelled, or expired. The difference between the carrying amount of such liability and the amount paid shall be included in net income or loss for the period. Any income/loss recognized as a result of the true up shall go through the same account in the income statement used to initially establish the accrual.

#### **B.2 Measurement**

Accrued liabilities shall be recorded at face value plus or minus any interest premium or discount and other appropriate adjustments. The payable amount can be determined from the invoice received and should be verified against purchase orders, contract terms, or any other appropriate documents prior to recording the liability.

When a current obligation exists, but the invoice has not been received or the exact amount of the future payment is unknown, an estimate of the obligation shall be made based on available information. Such estimates are based on current market price, experience/history, and comparables. The appropriate Accounting Services Director shall review accrued liability reasonableness and assumptions on a monthly basis.

#### **B.3 Presentation**

The Accounting Services Group shall review the expected settlement date of each liability and present it in the current section of the balance sheet if it is due within one year or otherwise in the non-current section.

#### **B.4 Recording**

Recurring accrual entries shall be automated if possible. Non-recurring and manually prepared accrual entries shall be reviewed and approved by the appropriate Accounting Services Manager/Director prior to posting.

#### **B.5 IFRS guidance**

The accounting policy herein complies with IFRS.

**B.6 Accountability**

The Accounting Services Group shall ensure all accrued liabilities are properly calculated and recorded by month end.

The account reconciliation shall be conducted in accordance with **US AP 800.05.1 Account Reconciliations Policy**<sup>1</sup>.

**Section III: Chart of Account Reference**

Legacy National Grid companies and KeySpan utilize different accounting software. The accounts related to the accrued liabilities are presented in the table below:

Company	Accounting Software	Account No.	Account Description
National Grid	PeopleSoft	236XXX	Accrued Taxes
		237XXX	Interest Accrued
		238XXX	Dividends Declared
		241XXX	Tax Collection Payable
		242XXX	Miscellaneous Accrued Liabilities
KeySpan	Oracle	236XX	Accrued Taxes
		237XX	Interest Accrued
		238XX	Dividends Declared
		240XX	Matured Interest
		241XX	Tax Collection Payable
		242XX	Miscellaneous Accrued Liabilities

<sup>1</sup> Policy to be published upon approval by the Policy Oversight Committee

**Section IV: Supplemental Information**

US AP 800.05.1 - *Account Reconciliations Policy*<sup>1</sup>

**Section V: Key Accounting Literature**

Accounting Standards Codification (ASC)		
Topic	Subtopic	Description
ASC 405		Liabilities
Other Key Accounting Literature <i>(e.g. Regulatory Accounting Requirements, International Financial Reporting Standards)</i>		
CON 6		Elements of Financial Statements
IAS 37		Provisions, contingent liabilities and contingent assets

**Section VI: Transition Information**

Not applicable

**Section VII: Exhibits**

Not applicable

**Section VIII: Frequently Asked Questions**

Not applicable

<sup>1</sup> Policy to be published upon approval by the Policy Oversight Committee

nationalgrid		<b>US ACCOUNTING POLICY</b>	
Accrued Liabilities		US AP 305.01.2	
<b>Prior US AP Updated:</b>	01/13/2017	<b>Effective Date:</b> 10/01/2020	
<b>Current US AP Update:</b>	09/10/2020		
<b>Applicability:</b>		US National Grid – All Companies	
<i>Departure from this Policy requires the Approval of the US Finance VP and Controller</i>			

## TABLE OF CONTENTS

SECTION	AREA	PAGE
<b>I</b>	Purpose & Scope	1
<b>II</b>	Policy	
<b>A</b>	Definitions	2
<b>B</b>	Policy	2
<b>III</b>	Key Accounting Literature	6
<b>IV</b>	Supplemental Information	6

### **Section I: Purpose & Scope**

This accounting policy establishes the guidelines for activities and conditions related to the recording and reporting of accrued liabilities for operating expenses. Guidance on other types of expenses is addressed in other accounting policies as appropriate. The scope of this policy does not include contingent liabilities, financial liabilities (such as derivative instruments or debt), regulatory liabilities, asset retirement obligations, environmental liabilities, pension liabilities, or income tax liabilities.

Through the normal course of business operations, various expenses are incurred by the company each day, but payments may not be required immediately and an invoice may not be received for some time following the receipt of services (or sometimes there will be no invoice at all, such as for payroll costs). Accrual accounting results in the recognition of these expenses (referred to as accrued expenses) in the accounting period when a liability has been incurred, not necessarily when the invoice is received or when cash is paid. Accrued expenses are recognized by debiting an expense in the accounting period when the expense is incurred (i.e., goods or services have been received) and crediting a liability representing an obligation to the party that has provided the goods or services.

Some accrued expenses become obligations or liabilities with the passage of time, such as interest expense or property taxes, while other liabilities are incurred based on services received or an activity performed, such as payroll costs or contractor / consulting fees.

This policy applies to all US National Grid companies.

nationalgrid		<b>US ACCOUNTING POLICY</b>	
Accrued Liabilities		US AP 305.01.2	
<b>Prior US AP Updated:</b>	01/13/2017	<b>Effective Date:</b> 10/01/2020	
<b>Current US AP Update:</b>	09/10/2020		
<b>Applicability:</b>		US National Grid – All Companies	
<i>Departure from this Policy requires the Approval of the US Finance VP and Controller</i>			

**Section II: Policy**

**A. Definitions**

- **Liability:** Probable future sacrifices of economic benefits arising from present obligations of the company to transfer assets or provide services to others in the future, as a result of past transactions or events.
- **Probable:** The future event or events are likely to occur (the company’s policy under US GAAP is to interpret “probable” as a likelihood of 75% or higher).
- **Trade Accounts Payable:** Payables which are directly related to the company's primary operations, incurred in the normal course of business and for which an invoice has been received.
- **Accrued Liabilities:** Amounts computed by an entity as owed to others for goods or services that have been received, but have not been paid for and for which an invoice has not been received (and thus, are not recorded as trade accounts payable). Typically, these are adjustments made to ensure that expenses are recorded in the correct period and matched with related revenues, where appropriate.
- **Face Value:** The stated value printed or written on the face of a bill, bond, or invoice.

**B. Policy**

Simply stated, accrual accounting is the requirement that transactions must be recorded when a good has been received by the company or service has been provided to the company, even though the company may have not yet paid cash for it and/or may have not yet received an invoice for it.

Accrual accounting must be followed by all US National Grid companies.

**B.1 Recognition**

**B.1.1 General Criteria**

Liabilities are claims of others against the company that are to be satisfied by the disbursement or utilization of company resources. A liability is the result of a transaction of the past, not of the future.

All of the following 3 criteria must be met in order to be recognized as a liability:

- The company is required to settle a present obligation by the probable future settlement by the transfer of cash, goods, or services;
- The obligation is unavoidable (i.e., the company would have little control or discretion to avoid the transfer); and
- The transaction or other event creating the obligation has already occurred.



nationalgrid		<b>US ACCOUNTING POLICY</b>	
Accrued Liabilities		US AP 305.01.2	
<b>Prior US AP Updated:</b>	01/13/2017	<b>Effective Date:</b> 10/01/2020	
<b>Current US AP Update:</b>	09/10/2020		
<b>Applicability:</b>	US National Grid – All Companies		
<i>Departure from this Policy requires the Approval of the US Finance VP and Controller</i>			

When the company has an obligation to pay cash, transfer other assets, or provide services (payment-in-kind) to a third party, a liability shall be recognized, although a legally enforceable provision may not exist.

A liability shall not be recognized as a result of a firm purchase commitment until the company is obligated to disburse an asset – typically, when the ordered good or services have been shipped, delivered, or rendered.

An accrued liability shall not be recorded for general contingencies for unknown and future expenditures.

An accrued liability shall not be recorded based on “open” commitments or “budgeted” expenditures.

Recording of expenses and creating accruals to meet budgeted project cost or management’s forecast is strictly prohibited.

All accruals must have a reasonable and supportable basis to record a liability, and must have adequate supporting documentation.

**B.1.2 Timing of Recognition**


Under the accruals concept, operating expenses are recognized as they are incurred, rather than when payments are made or as invoices are received.

Obligations that are created when an event occurs, shall be recorded at the time of the event.

Obligations that are created or increase with the passage of time – such as interest expense or property taxes, for example – shall be recorded over the accounting period in a systematic and rational manner.

For example:

- Services provided by a contractor shall be recorded in the accounting period when the contractor performs the work.
- Sales tax shall be recorded when corresponding revenues are recorded.
- Payroll taxes withheld shall be recorded at the time of the related payroll.
- Other payroll withholdings shall be recorded when the related payroll is recorded.

		<b>US ACCOUNTING POLICY</b>	
Accrued Liabilities		US AP 305.01.2	
<b>Prior US AP Updated:</b>	01/13/2017	<b>Effective Date:</b> 10/01/2020	
<b>Current US AP Update:</b>	09/10/2020		
<b>Applicability:</b>		US National Grid – All Companies	
<i>Departure from this Policy requires the Approval of the US Finance VP and Controller</i>			

### B.1.3 Content

Trade Accounts Payable differ from Accrued Liabilities since the total amount of the obligation is known and owed, while Accrued Liabilities are estimated unpaid obligations that are not yet payable.

In recording accrued liabilities, appropriate account titles should be used. Examples of recognized accrued liabilities include (but are not limited to) the following:

- Accrued Compensation and Benefits (e.g. Wages and salaries payable, vacation pay, severance pay);
- Accrued Taxes (e.g. Federal income tax, state franchise tax, municipal tax, state unemployment compensation, gross earnings taxes, sales and use tax);
- Claims and Damages Payable;
- Contractor Charges;
- Interest Accruals;
- Purchased Energy (Electric);
- Purchased Gas;
- MTA Accrual;
- Unbilled Materials and Supplies and Services; and
- Professional Fees Accrual.

#### B1.3.1. Audit Fees

In accordance with the accruals concept, professional services fees are generally recorded as an expense when services are rendered. However, one exception to this is audit fees; the company's policy is that audit fees shall be recognized as an expense in the financial statements for the fiscal year being audited, even if part or all of the audit work is performed after the fiscal year-end.

### B.1.4 Derecognition

General Accounting will typically reverse all manual accruals recorded for a given month-end close, in the following month. If a specific item should not be reversed, the area requesting the accrual should make a request through their respective Finance Business Partner and General Accounting contact to allow that item to remain on the books until the appropriate time for it to be reversed.

<b>nationalgrid</b>		<b>US ACCOUNTING POLICY</b>	
Accrued Liabilities		US AP 305.01.2	
<b>Prior US AP Updated:</b>	01/13/2017	<b>Effective Date:</b> 10/01/2020	
<b>Current US AP Update:</b>	09/10/2020		
<b>Applicability:</b>		US National Grid – All Companies	
<i>Departure from this Policy requires the Approval of the US Finance VP and Controller</i>			

Any difference between the carrying amount of the estimated accrued liability recorded and the amount paid shall be included in net income or loss in the period in which it is paid.

Any income or loss recognized as a result of such difference shall be recorded through the same account in the income statement used to initially establish the accrual.

#### **B.2 Measurement**

Accrued liabilities shall be recorded at face value plus or minus any interest premium or discount and other appropriate adjustments. The payable amount can be determined from the invoice received and should be verified against purchase orders, contract terms, or any other appropriate documents prior to recording the liability.

When a current obligation exists, but the invoice has not been received or the exact amount of the future payment is unknown, an estimate of the obligation shall be made based on available information. Such estimates are based on current market price, experience/history, and comparable data.

On a quarterly basis, the Controllershship shall determine and communicate instructions and thresholds to be applied at a vendor total or project total level for purposes of recording accruals.

#### **B.3 Presentation**

General Accounting shall review the expected settlement date of each liability and present it in the current section of the balance sheet if it is due within one year or otherwise in the non-current section.

#### **B.4 IFRS guidance**

The accounting policy herein generally complies with IFRS, with the following key exceptions:

- Under IFRS, the term “probable” as it relates to the recognition of liabilities and provisions is defined as “more likely than not” (i.e., a likelihood of greater than 50%). Given that the company’s policy under US GAAP uses a higher threshold (75% or higher), any event that is considered “probable” under US GAAP will also be considered “probable” under IFRS. However, events that are considered “probable” under IFRS may not necessarily be considered probable under US GAAP – for example, if there is an event with a 60% likelihood. Although such situations are generally infrequent in practice, they should be considered when assessing whether a liability should be recognized.
- Under IFRS, provisions are required to be measured and recorded on a discounted basis if the effect of the time value of money is considered to be material.
- Under IFRS, a liability or provision is recognized for onerous contracts (i.e., a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it). Under US GAAP, such a liability for unfavorable contracts is typically not recognized, other than in certain specific situations (e.g., a corporate

<b>nationalgrid</b>		<b>US ACCOUNTING POLICY</b>	
Accrued Liabilities		US AP 305.01.2	
<b>Prior US AP Updated:</b>	01/13/2017	<b>Effective Date:</b> 10/01/2020	
<b>Current US AP Update:</b>	09/10/2020		
<b>Applicability:</b>		US National Grid – All Companies	
<i>Departure from this Policy requires the Approval of the US Finance VP and Controller</i>			

restructuring action wherein the company has permanently ceased using the rights under a contract, but is still obligated to make payments under the contract).

#### **B.5 Accountability**

As part of quarter-end close, Finance Business Partner Directors and Functional Vice Presidents are required to provide a certification that all accrual information has been provided and recorded in the ledgers in the appropriate period.

Account reconciliations related to accrued liabilities shall be conducted in accordance with **US AP 800.05.1 Account Reconciliations Policy**.

### **Section III: Key Accounting Literature**

Accounting Standards Codification (ASC)		
Topic	Subtopic	Description
405		Liabilities
Other Key Accounting Literature <i>(e.g. International Accounting Reporting Standards, Regulatory Accounting Requirements)</i>		
CON 6		Elements of Financial Statements
IAS 37		Provision, Contingent Liabilities and Contingent Assets

### **Section IV: Supplemental Information**

**US AP 800.05.1** – Account Reconciliation Policy

**US AP 500.01.2** – Accounting for Operating Expenses – General Concepts

<Quarterly “INSTRUCTIONS COVERING FINANCIAL CLOSE PROCESS: ACCRUALS & PREPAID ASSETS” issued by US Controllershship organization>

The Narragansett Electric Company  
d/b/a Rhode Island Energy  
RIPUC Docket No. 22-05-EE (Formerly Docket No. 5189)  
In Re: Investigation of Misconduct by The Narragansett Electric Company  
Relating to Past Payments of Energy Efficiency Program Shareholder Incentives  
Responses to the Division's Fifth Set of Post-Decisional Data Requests  
Issued on July 27, 2022

---

Division 5-9

Request:

In the slide deck entitled "Energy Efficiency Accounting Accrual Discussion dated March 22, 2021, at page 5, is the following statement: "Missed accruals above certain thresholds result in the need to correct the financial statements by reopening the books. This may also be elevated to the audit committee."

- a) What is the threshold above which would require the Company (Narragansett Electric d/b/a National Grid) to correct its financial statements by reopening the books?
- b) Has there ever been an occasion under which the Company (Narragansett Electric d/b/a National Grid) has been required to correct its financial statements by reopening the books? If so, please identify when and under what circumstances this occurred.
- c) Was the avoidance of "correcting financial statements by reopening the books" a factor in the Company's (Narragansett Electric d/d/a/ National Grid) decision to limit the investigation of out of period invoices to only certain numbers of invoices and only certain months of the years for the investigated period of 2012-2021?
- d) Was the issue of the out of period invoices "elevated to the audit committee"? If so, what was the result of the audit committee's analysis? If not, why not?

Response:

- a) There is no set threshold above which The Narragansett Electric Company ("Narragansett") would need to revise or restate its financial statements.
- b) Following the implementation of the SAP general ledger system in November 2012, Narragansett experienced issues with the proper derivation of certain FERC accounts. As a result, Narragansett restated and refiled FERC Form 1 reports for 2012, 2013, and 2014, and FERC Form 3Q reports for 2013 and 2014.
- c) No.
- d) Yes, the background and substantiated allegation of "out-of-period" invoicing in the Rhode Island Residential Upstream Lighting Program were explained, along with the decision to review other energy efficiency programs and years in legally privileged briefings and updates to the Audit Committee and the National Grid plc Board of Directors, of which the Audit Committee is a subset.

The Narragansett Electric Company  
d/b/a Rhode Island Energy  
RIPUC Docket No. 22-05-EE (Formerly Docket No. 5189)  
In Re: Investigation of Misconduct by The Narragansett Electric Company  
Relating to Past Payments of Energy Efficiency Program Shareholder Incentives  
Responses to the Division's Fifth Set of Post-Decisional Data Requests  
Issued on July 27, 2022

---

Division 5-10

Request:

Referencing the slide deck entitled "Energy Efficiency Accounting Accrual Discussion dated March 22, 2021, at page 10 entitled: "CAP Testing 9- 30-2020 EE accruals":

- a) Does this represent information from all CAPs combined or just one? If just one, please identify which one.
- b) What period of time for accruals is being reported in this document? Only September 2020, or some other timeframe?
- c) Over the course of the three pages of that document, it appears that the vendor ACTION submitted 2 invoices in Program #5310 and for those invoices, there were exceptions totaling \$903,424. Is this correct?
- d) In the chart on page one of that document, it appears that there were a total of 22 exceptions in Program #5310. Is that correct?
- e) If the answer to (c) above is yes, then please reconcile that answer with the summary chart on the last page of that document which indicates that the total exceptions in Program #5310 was \$835,205.

Response:

- a) "CAP" stands for Completeness of Accounts Payable. CAP testing for energy efficiency is one component of the total CAP testing program. With the exception of the materials in Appendix 3 – Knowledge Check, all materials in the slide deck specifically refer to the testing of energy efficiency invoices and accruals.
- b) The scope of the September 2020 CAP testing was for September 2020 accruals.
- c) In the CAP testing, two of the sampled invoices tested were for the vendor named Action. The exceptions noted from the Action invoices that were tested totaled \$903,424. Please note that Chart 1 on page 1 of the slide deck included an error when presenting this selection. The chart should have reflected that the two invoices sampled for the vendor named Action were for distribution company number 5330, not distribution company number 5310 as presented in the chart.

The Narragansett Electric Company  
d/b/a Rhode Island Energy  
RIPUC Docket No. 22-05-EE (Formerly Docket No. 5189)  
In Re: Investigation of Misconduct by The Narragansett Electric Company  
Relating to Past Payments of Energy Efficiency Program Shareholder Incentives  
Responses to the Division's Fifth Set of Post-Decisional Data Requests  
Issued on July 27, 2022

---

Division 5-10, page 2

- d) The fourth column of Chart 1 on page 1 represents the total number of selected invoices tested for distribution company number 5310. It does not represent the total number of exceptions.
- e) As explained in the response to subpart (c), above, Chart 1 on page one included an error. Therefore, the exception amount on the summary chart on the last page of the document is correct with the exception amount for distribution company number 5330 presented as \$903,424.

The Narragansett Electric Company  
d/b/a Rhode Island Energy  
RIPUC Docket No. 22-05-EE (Formerly Docket No. 5189)  
In Re: Investigation of Misconduct by The Narragansett Electric Company  
Relating to Past Payments of Energy Efficiency Program Shareholder Incentives  
Responses to the Division's Fifth Set of Post-Decisional Data Requests  
Issued on July 27, 2022

---

Division 5-11

Request:

Referencing Attachment 1-17-1, please provide the response totals (yes/no/somewhat) to the poll question: "Do you feel National Grid has provided you with the tools to fulfill your obligations?"

Response:

An employee training session that included poll questions was held on July 27, 2021, with a "makeup" session on August 19, 2021 for anyone who missed it. Of the 27 respondents to the poll question at the July 27, 2021 session, 14 respondents indicated "yes," 3 respondents indicated "no," and 10 respondents indicated "somewhat." Of the 10 respondents to the poll question at the August 19, 2021 makeup session, 7 respondents indicated "yes," 2 respondents indicated "no," and 1 respondent indicated "somewhat." In total, of the 37 respondents to the poll question, 21 respondents indicated "yes," 5 respondents indicated "no," and 11 respondents indicated "somewhat."



The Narragansett Electric Company  
d/b/a Rhode Island Energy  
RIPUC Docket No. 22-05-EE (Formerly Docket No. 5189)  
In Re: Investigation of Misconduct by The Narragansett Electric Company  
Relating to Past Payments of Energy Efficiency Program Shareholder Incentives  
Responses to the Division's Fifth Set of Post-Decisional Data Requests  
Issued on July 27, 2022

---

Division 5-13

Request:

In its response to DIV. 1-21, the Company responded with Rhode Island Energy's Code of Conduct. For purposes of DIV 1-21, the "Company" referenced therein was Narragansett Electric Company d/b/a National Grid since the out of invoice issue arise during that entity's ownership. Please refile the answer, with an appropriate sponsor from National Grid.

Response:

The response to Data Request Division 2-4 included the "Code of Ethics" used by National Grid USA ("National Grid") and its affiliates, as Attachment DIV 2-4. Please refer to pages 9 through 12 of Attachment DIV 2-4 for discussions regarding honesty, integrity, compliance, and misconduct. This document was sent via U.S. mail to the home addresses of all affiliated employees during 2017 and 2020, and it is also available on the National Grid website with a keyword search for "Code of Ethics." The predecessor to the Code of Ethics was "The Code of Ethical Business Conduct," which was published in 2010, 2014, and 2017, and records indicate that it was provided to all new employees at least as early as 2012. Copies are provided as Attachment DIV 5-13-1, Attachment DIV 5-13-2, and Attachment DIV 5-13-3, respectively.

Management employees of National Grid and its affiliates also must complete an electronic anti-fraud training every three years, which is assigned to new employees as a part of their onboarding. The "Code of Ethics" and the standard on "Ethics" within National Grid's business practice standards are introduced to new employees as an attachment to their "offer of employment" letters, as a part of their "onboarding." Please see Attachment DIV 2-10-1 for the standard on Ethics.

nationalgrid



nationalgrid

2010

## Doing the Right Thing

Our Standards of Ethical Business Conduct





## Contacting the Business Conduct & Ethics Office

### 'Doing the Right Thing'

Policies and guidance cannot cover every circumstance. We therefore provide a 'quick test' to help you make decisions about appropriate business conduct. Test your decision to make sure it is appropriate. If your decision makes good business sense, and you can answer 'yes' to the following 'quick test' questions, you can feel comfortable proceeding:

- is the action legal?
- is it right? Is it honest? (i.e. there is no intent to deceive or mislead)
- is the action within the terms or the spirit of these Standards, our policies and our values, and those of our business partners?
- does it avoid creating a sense of obligation?
- can I justify this to my manager, director and to my family?
- if I belong to a professional body, does it comply with its codes?
- would I feel comfortable reading about it in the press?

If the answer to any of these questions is 'no', please use the advice/reporting routes outlined overleaf.

These Standards implement the Group Policy Statement on Requirements for Written Codes of Ethics for Employees. They apply to all National Grid operations in the UK and US, including Corporate Centre, all National Grid regulated and non-regulated businesses in the UK and US and National Grid subsidiary companies operating in the UK and US in which we have a controlling interest. The Standards also apply to National Grid employees working overseas under UK or US contracts (they are also subject to the laws and regulations of the jurisdiction in which they work).

These Standards are written in British English, following the common practice for multinational companies to use the language of their corporate base for global communications. Readers outside the UK will see spelling variations from what they are used to; e.g. 'behaviour' rather than 'behavior'. We will avoid or explain phrases that not all readers may interpret the same way.

National Grid has established a Business Conduct & Ethics Office specifically to answer questions and address employee concerns about unethical behaviour affecting National Grid.

In the first instance we urge you to discuss any concerns that you may have with your **manager**. If after raising an issue with your manager you do not believe that it has been adequately addressed, or if you are uncomfortable for any reason with discussing the issue with your manager, you should report the issue to the **Business Conduct & Ethics Office**. Alternatively, you can seek advice or report your concerns to **Human Resources** or your local **Trade Union representative**, if appropriate. Finally, National Grid offers the option of raising issues using an **external helpline**.

When you call the external helpline, an independent operator will listen to your concerns and complete a report of your call. The operator will then forward the report, in strict confidence, to the Business Conduct & Ethics Office.

It is every employee's duty to report any breaches or potential breaches of these Standards. This is true even if the breach does not relate directly to you. If you are unsure of the proper course of action in any situation, you should seek advice from the Business Conduct & Ethics Office. It is unacceptable to ignore breaches that come to your attention as it is the responsibility of all employees to ensure that we 'do the right thing' by operating to the highest standards of ethical business conduct.

#### For UK Employees:

Standards of Ethical Business Conduct

##### 'Doing the Right Thing'

##### Seeking Advice or Reporting Any Suspected Wrongdoing

You are urged to speak to your manager first. However, alternatively or in addition to this, you can report your concerns through the following routes:

##### External

Focus Helpline (24-hours, 7 days a week)  
Freephone: 0800 854 572  
E-mail: support4u@focuseap.co.uk

##### In-house

Business Conduct Helpline  
Freephone: 0800 328 7212  
Email: business.conducthelp@uk.ngrid.com

#### For US Employees:

Standards of Ethical Business Conduct

##### 'Doing the Right Thing'

##### Seeking Advice or Reporting Any Suspected Wrongdoing

You are urged to speak to your manager first. However, alternatively or in addition to this, you can report your concerns through the following routes:

##### External

Alertline (24-hours, 7 days a week)  
Toll-Free: 1-800-465-0121  
Email: www.nationalgridalertlineus.com

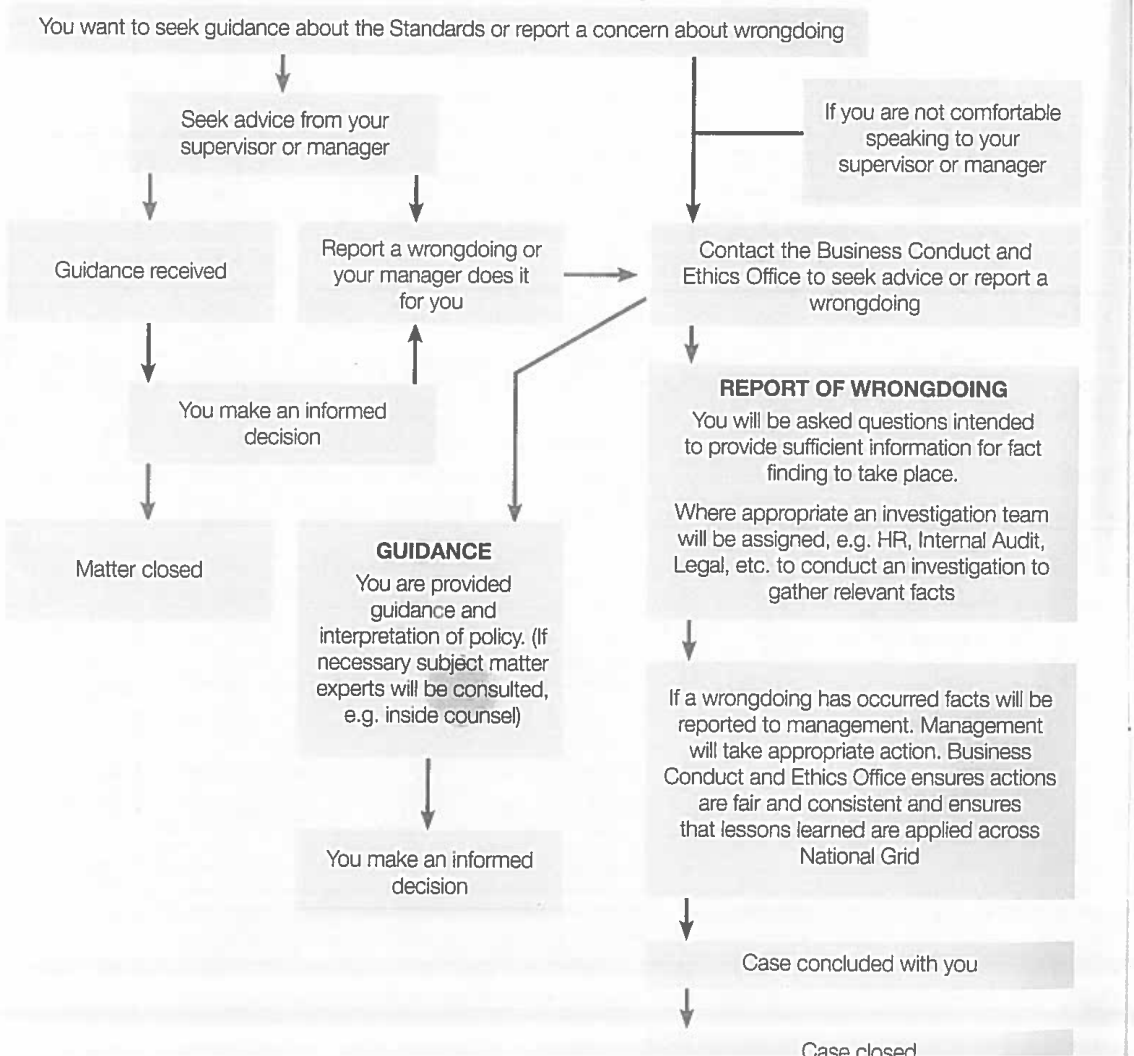
##### In-house

Toll-Free Helpline  
1-888-867-6759  
Email: businessconduct@us.ngrid.com

If you raise a business conduct issue, we will make every reasonable effort to keep your identity confidential if you so wish. However, we may have a legal duty to disclose your identity in some circumstances (e.g. in subsequent legal proceedings); if this is the case, we will inform you before we make the disclosure. If you wish to remain anonymous when reporting an issue you may do so, but you should understand that this might make it difficult for us to confirm the facts provided to us.

# Contacting the Business Conduct & Ethics Office flowchart

# Contents

<b>Chief Executive's Foreword</b>	<b>6</b>
<b>Doing the Right Thing</b>	<b>7</b>
Scope and Expectations	<b>8</b>
Conflicts of Interest	<b>10</b>
Fraud, Corruption and Bribery	<b>18</b>
Political Interactions	<b>19</b>
Community Support and Fundraising Activities	<b>19</b>
Respect for Human Dignity	<b>20</b>
Environmental Protection	<b>23</b>
Information Integrity & Records Management	<b>24</b>
Information Security Management	<b>25</b>
Fair Competition	<b>27</b>

## Chief Executive's Foreword



## 'Doing the Right Thing'

At National Grid nothing – whether it's hitting targets, saving time or money, or even a direct instruction from your manager - is more important than doing the right thing. We take pride in operating safely, reliably, efficiently and in a professional and ethical manner.

We take our responsibilities to our employees, customers and other stakeholders seriously and these Standards are all about how we go about doing the right thing in the decisions we make in our everyday working lives. They provide a set of practical guidelines for dealing with the different situations that we face from time to time.

These Standards apply to all National Grid employees. Exemplary business conduct depends on all of us accepting our responsibility for upholding the highest standards of behaviour and decision-making. We rely on you to play

your part; if you think something falls short of these Standards, please tell your manager or the Business Conduct & Ethics Office, so that we can put it right quickly. These Standards are in place to help all of us to do the right thing, uphold National Grid's values and maintain the trust and confidence of everyone we do business with – I urge you to read them, discuss them with your colleagues and live them.

Steve Holliday  
**Chief Executive**

Doing the Right Thing is about the values that underpin our everyday decisions and the way we act at work. We expect each National Grid employee, at all levels of the Company, to do the right thing. These Standards are designed to help us to do this by:

- helping us determine how to do the right thing
- giving guidance on some of the business conduct issues we might face
- referencing key policies relevant to our business conduct
- defining possible conflicts of interest.

The Standards also tell you where you can get advice and how you can raise a business conduct issue.

### **National Grid's Responsibilities**

We aim to create an environment where everyone can both do the right thing and raise any concerns regarding actions or decisions which they think are unethical or in breach of our policies. If you speak out about a business conduct issue, the facts will be investigated thoroughly, fairly and promptly.

We will provide support to any employee who raises a business conduct issue. Any employee found to have improperly treated someone because they have reported concerns will be subject to disciplinary action (which could include dismissal). National Grid will not tolerate any form of retaliation or victimisation of this sort.

We also commit that we will protect people against malicious and untrue allegations. Where such allegations are made, we reserve the right to take disciplinary action against the perpetrator (which could include dismissal).

If you raise a business conduct issue with National Grid that you are yourself involved in, we will always take into account the fact that you have reported the matter. This means that you will be treated more favourably as a result of having reported the matter than you would otherwise have been.

### **Your Responsibilities**

Together we will build an open culture in which doing the right thing is instinctive and wrongdoing is unthinkable and unacceptable. To do this we must all take responsibility for operating to the highest standards of ethical business conduct. This means:

- personally complying with the commitments and expectations set out in these Standards and understanding the laws, policies and procedures that apply to the performance of your duties
- not tolerating poor ethical standards in others – we expect our employees to be prepared to challenge unethical actions and you should promptly tell your manager or the Business Conduct & Ethics Office if you believe that any employee, supplier, contractor, customer or anyone else doing business with National Grid is engaged in unethical or unlawful behaviour.



**“The Standards identify the behaviours each of us must demonstrate in our work for National Grid, summarise the policies and procedures most relevant to our business conduct, and explain how to get advice or raise concerns about business conduct issues.”**

- ensuring a respectful environment exists and that any unprofessional conduct (e.g. workplace harassment, discrimination and/or sexual harassment) involving employees, contractors and/or suppliers is promptly reported.

Managers also have the added responsibility of promoting and monitoring compliance with the Standards. They should ensure that employees in their reporting chain understand the Standards and should support employees who raise questions or concerns. Most importantly, managers have the responsibility of doing the right thing – leading by example, living the Standards and demonstrating National Grid’s Leadership Qualities.

National Grid expects all employees to cooperate fully with internal and external auditors, lawyers, human resources professionals, Business Conduct & Ethics Office representatives and other compliance and/or investigation personnel where they are conducting investigations or otherwise performing their duties. Employees who refuse to cooperate in good faith or who obstruct such investigations will be subject to disciplinary action up to and including dismissal.

These Standards cannot, and do not, provide detailed rules for every situation. If you are uncertain about what you should do, we strongly encourage you to ask your manager for advice first. If this is not appropriate you must contact the Business Conduct & Ethics Office (for contact details, see page 3).

#### SCOPE AND EXPECTATIONS

These Standards apply to all National Grid employees.

The Standards identify the behaviours each of us must demonstrate in our work for National Grid, summarise the policies and procedures most relevant to our business conduct, and explain how to get advice or raise concerns about business conduct issues.

Below are brief overviews of our Core Values and Framework for Responsible Business which are the foundations of this document.

All employees should adhere to these codes and standards, as well as:

- National Grid policies
- the codes of any professional bodies to which they belong
- the laws and regulations of the jurisdictions in which they work.

#### Core Values

Our Core Values describe the behaviours we must all demonstrate as we work to achieve our business goals. Executive directors may define additional values that apply to their area of operation and these will underpin, and be consistent with, our Core Values.

- Respect others and value their diversity
- Take ownership for driving performance
- Demonstrate integrity and openness in all relationships
- Work as one team, one National Grid

For a copy of the Framework for Responsible Business, visit the Operating Responsibly Infonet site.

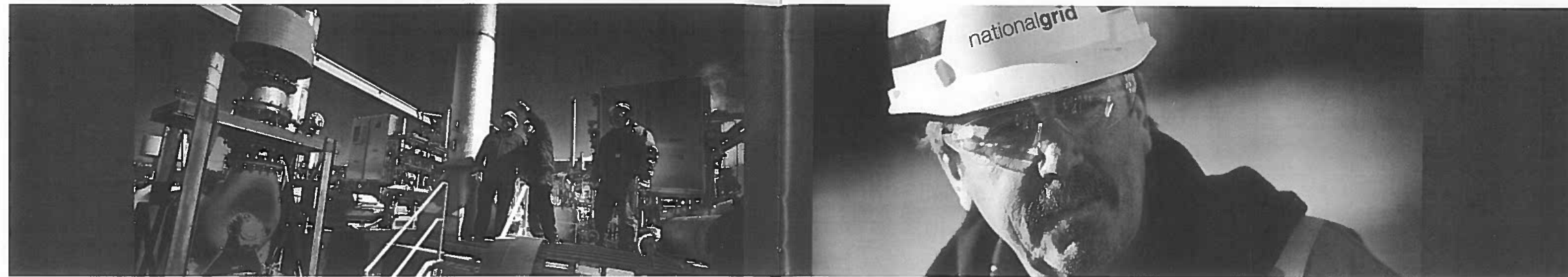
#### Framework for Responsible Business

It is unacceptable to make a profit regardless of the effects this may have on the environment, society, our customers or our employees. Our reputation depends on our stakeholders being able to trust us and have confidence in us. We will only retain our right to operate by working to the highest standards, by trusting our employees to do the right thing and by running our company responsibly and sustainably.

Our Framework for Responsible Business sets out seven commitments to our stakeholders:

- Doing the right thing
- Making safety and wellbeing central to the way we work
- Safeguarding the environment for future generations
- Building strong partnerships
- Valuing an inclusive, diverse and talented workforce
- Respecting human rights
- Working with communities





**Ethical Business Conduct Principles for Doing the Right Thing**

In addition to our Framework for Responsible Business, our Core Values, and our commitments to our stakeholders, the Standards align with several ethical business conduct principles. These principles are described below, together with National Grid's expectations of all employees, officers and directors. Company-wide and country-specific policies and procedures governing conduct relating to these principles are referenced and hyperlinked where appropriate. You should refer to individual policies/procedures for full details. These are also accessible on Infonet. If you do not have access to Infonet, please ask your manager for a copy of the information you require.

This information will not answer every issue that you might face at work, but is intended to address most of the areas where business conduct issues most often arise.

**CONFLICTS OF INTEREST**

Employees, officers and directors are expected to put National Grid's interests ahead of their own personal interests in carrying out the Company's business. All business conducted on behalf of National Grid must be performed in a diligent and loyal manner. To do this, you must avoid situations where your personal interests (including interests and relationships that you may have outside National Grid) could be in potential conflict with those of National Grid.

**When does a conflict of interest arise?**

A conflict of interest arises when your personal interests or outside activities impair your ability to perform your work or make objective decisions on behalf of National Grid. This includes any activity that competes with National Grid. You must take care to avoid conflicts of interest and seek advice from your manager or the Business Conduct & Ethics Office if you are uncertain about what you should do if a possible conflict of interest arises. Some examples of potential conflicts of interest are given here, together with actions that you should take. Some departments may define additional rules on conflicts of interest relevant to the work they undertake. Your manager will explain these if they apply to you.

**Outside Financial Interests**

You must not allow your own, your family's, or your friends' financial, employment or other interests to compromise the impartiality of the decisions you make for National Grid. This could arise, for example, where a family member or friend holds a responsible position in a company that does business with National Grid. Other examples could include ownership in, or a promise of future employment with, a company that could influence its business relationship with National Grid. You should note that the appearance of a conflict of interest is also an issue even if you feel that no influence is actually exercised because our reputation is potentially at risk. You must therefore tell your manager about external interests that could create a potential conflict as soon as you become aware of them.

**Q:** My cousin is part owner of a business that is bidding on a contract to perform services for National Grid. I do not work directly with my cousin's business but I have been asked to be involved in the bid evaluation process by National Grid. What should I do?

**A:** You should report your relationship with the business owner to your manager. It is likely that National Grid will then require that you are not involved in any decision-making relating to your cousin's business (whether on this contract award or anything else).

**Outside Directorships, Secondary Employment and Other Outside Activities**

We encourage and support your participation in public duties such as membership on a charitable board; however you must make sure that participation in these activities does not create a real or perceived conflict of interest. If you are in doubt, talk this over with your manager first, indicating your likely commitments.

In the case of paid secondary employment, you should get the permission of your manager before you enter into such commitments. Approval will only be given if it is clear that the secondary employment will not cause a real or apparent conflict of interest, does not impede our obligations under any applicable laws (e.g. the Working Time Regulations in the UK), and does not interfere with your ability to do your job or conflict with your responsibilities as a National Grid employee.

Approval will not be given to engage in secondary employment with a competitor of the Company.

**Q:** I was recently elected to public office. What should I do?

**A:** Firstly, you should tell your manager of this commitment. Additionally there are certain guidelines that you should be aware of:

- the participation in such activity should not conflict with your working hours at National Grid
- you should not use your position to seek favours for National Grid, nor should you use your position with National Grid to grant favours
- you should take all steps necessary to avoid the appearance of a conflict of interest
- if any matter comes before you that involves National Grid, you must declare your interest and not be involved in the matter.

**“If you buy goods or services on behalf of National Grid, you must disclose in writing to your manager any personal interests that might appear to reduce your ability to make objective procurement decisions.”**



#### Conflicting Internal Business Goals

Many of us have potentially conflicting business goals, such as being required to perform high quality work, but also being required to deliver that work to a strict timetable. In some cases this can lead to employees feeling a conflict about what to do. For example, reporting lost-time accidents or environmental incidents can affect the achievement of a performance target, which may result in a real or perceived pressure not to report the accident or incident. **In such circumstances our commitment to integrity as a Core Value comes first** – remember, nothing is more important than doing the right thing. When setting targets, managers and their reports are both responsible for ensuring that that they take full account of the need to act ethically and lawfully.

**Q:** I work in a business unit that is facing considerable performance challenges. An employee recently had a lost-time incident and my manager asked me to record it as an annual leave instead of a lost-time incident. I know reporting the lost-time incident will have an impact on our performance indicators. What should I do?

**A:** It is your responsibility to maintain accurate reporting. You should report the lost-time incident. As the instruction from your manager is inappropriate and you will need support in not following it, you should contact HR or the Business Conduct & Ethics Office for assistance.

#### Relationships with Third Parties

Our relationships with suppliers, customers and other third parties are particular areas where real and apparent conflicts are likely to arise and as such we all need to be extra vigilant and exercise caution in such business relationships.

For example, many of us deal with suppliers in our jobs. In that role we must exercise caution in avoiding even the appearance of a conflict of interest. You must not purchase goods or use the services of any contractor or supplier retained by National Grid for private purposes, except under the normal terms and conditions of that contractor or supplier (or under special arrangements negotiated by National Grid for the benefit of all employees).

If you buy goods or services on behalf of National Grid, you must disclose in writing to your manager any personal interests that might appear to reduce your ability to make objective procurement decisions.

**Q:** A close friend owns a business and is bidding on a contract to provide services to National Grid. If she wins the bid she would be providing services to my department and I would be able to work with her on a daily basis. I would like to work with my friend and I also want her to succeed in her business. She asked me if I could obtain copies of bids submitted by other businesses bidding on the same contract. Can I provide her this information?

**A:** No. You may not provide your friend, or any outside party, with information that would give them an unfair advantage when bidding on a contract. You should tell your manager about your relationship and the request that has been made.

For more information, visit the Procurement policies and procedures page on the Global Procurement Infonet site.

#### Office Relationships

Being involved in an office relationship is another way in which an employee can be put into a conflict of interest situation. Where a work relationship develops which could create a conflict or the appearance of one, you should disclose it to your manager. This is particularly important where the relationship is between a manager and someone who reports to them. Even if an office relationship is not between a manager and a person who reports to them, employees have to be careful that it does not interfere with daily business or give the perception of bias.

The US Fraternalization Policy can be found on the Global HR Infonet site

#### Insider Trading

Unpublished price sensitive information is information that is not yet public knowledge and if disclosed, might lead to a significant movement – either up or down – in the price of shares or other listed securities. The use of unpublished price sensitive information to inform dealings in shares is known as 'Insider Trading'. Such information is not limited to financial data but may include a wide range of information relating to the activities and future prospects of any listed company. Examples of potentially price sensitive information could therefore include:

- Board appointments and departures
- share dealings by directors and major shareholders
- major acquisitions and disposals
- regulatory, environmental or legal rulings
- the winning or placing of a large contract
- a major internal restructuring
- the discovery of a major defect or hazard.

If, in the course of your employment with National Grid, you learn about or have access to non-public, price sensitive information, you must not buy or sell shares or other listed securities either personally or through an intermediary. Insider trading is illegal. If you use, or even tell someone about, unpublished price sensitive information, you may be liable to both disciplinary and criminal penalties. You will be told if additional restrictions to buying and selling National Grid shares or other listed securities apply to you.





**“If you suspect that you have been offered a gift or significant hospitality with corrupt intent you must inform your manager or the Business Conduct & Ethics Office.”**

**Q:** Recently I overheard two employees talking about a potential acquisition by National Grid of another company. I checked the market listings and found out the other company's share price is severely depressed due to poor performance. If National Grid announces its plans to purchase this company, the value of that company's stock will increase. I realise I cannot invest in this company because I work for National Grid. However, my parents just sold their home and have a large sum of money they are looking to invest. Can I tell them that National Grid is thinking about acquiring this company?

**A:** No. It's illegal to pass on inside information to others for their use, even if you don't make any investments yourself. The laws relating to insider trading contain quite onerous potential civil and criminal penalties and are very unforgiving. You should never make, or encourage others to make, investments in securities in the Company's stock or the stock of potential acquisition or merger targets based on non-public information.

For more information and to view the following policies, see the Corporate Governance pages within the Legal Infonet site.

**Share Dealing Code**

Sets out the limitations on the ability of directors, senior management and certain other employees of National Grid, and its subsidiary companies and persons connected with them, to deal in the Group's securities work for National Grid.

**Protection & Disclosure of Price Sensitive Information**

Allows National Grid to comply fully with its obligations as a listed company in respect of the protection and disclosure of inside information. In addition, it contributes both to the maintenance of an orderly market in its listed securities and those issued by any of its subsidiary companies and to the prevention of market abuse, insider dealing and other similar offences.



**Gifts, Gratuities, Meals, Hospitality and Business Entertainment**

Much of our success as a company depends on the quality and value of the services and goods we buy, and the services we provide. If you are involved in buying goods or services for National Grid, or providing services to its customers, you must be careful to do so objectively. The acceptance or provision of gifts, services and hospitality could leave the Company open to accusations of unfairness, partiality, deceit or even bribery. Our commercial relationships may be subject to bias and our ethical reputation could be at risk.

We must not allow our decisions to be influenced by entertainment or gifts that vendors or customers may offer. Similarly, we must not attempt to influence vendors or customers through gifts or entertainment. These rules on gifts and hospitality also extend to family members of National Grid employees.

Irrespective of the value, you must never accept or offer:

- cash, loans, shares, gift certificates or gift vouchers
- attendance at offensive or inappropriate entertainment
- any benefit based on the value of purchases made by National Grid or purchases from National Grid by a third party
- benefits in return for influence or for a specific decision.

You must report any such offers made to you or of which you become aware to your manager or to the Business Conduct & Ethics Office.

If you suspect that you have been offered a gift or hospitality with corrupt intent, you must inform your manager or the Business Conduct & Ethics Office.

You must not try to obtain any personal benefit from an external business in your work for National Grid. In addition you must not attempt to influence other persons into making business decisions in favour of yourself or National Grid by offering any benefit, whether or not met by National Grid funds.

Before offering a gift or extending an invitation, you should ensure you understand any restrictions that may apply to the potential recipient's ability to accept.

**Gifts**

Gifts received from, or offered to, suppliers, customers or other external parties with which we do business may seem harmless, but they can create a real or perceived sense of obligation. Although gift giving and receiving is discouraged, it is permissible to accept or give gifts of nominal value as part of a business relationship.



**'Nominal value' for the purposes of this policy is defined as:**  
**UK: less than or equal to £20**  
**US: less than or equal to \$40**

Before giving or receiving gifts of less than nominal value, you must:

- notify your manager; and
- record the receipt of the gift in a diary noting the date that it was given or received, to whom it was given/from whom it was received and the estimated value of the gift.

For gifts of less than the nominal value that is all you need to do.

Gifts that exceed the nominal value must not be accepted or offered. Where you receive a gift that exceeds the nominal value, you should return it. **When in doubt you should contact the Business Conduct & Ethics Office for advice.**

**Q:** A vendor sent me a gift basket valued at \$30/£15. Can I accept it?

**A:** Yes, provided you:

- notify your manager; and
- record the gift in a personal log and keep the log on file.

**Meals, Entertainment and Hospitality**

Meals, entertainment or other hospitality, whether offered or received, must serve a legitimate business purpose. As with gifts, all invitations should be recorded in a diary or personal register for your manager's review and for audit purposes.

Occasional invitations valued at less than or equal to £50/\$100 per person may be extended or accepted with prior approval from your manager.

However, invitations valued at over £50/\$100 per person are generally considered to be potentially extravagant and should not be extended or accepted without **prior written approval from your manager and a member of senior management (Band A)** in your reporting chain.

All invitations extended or accepted, irrespective of value, must:

- serve a legitimate business purpose
- be recorded in a diary noting the date of receipt/offer, to whom it was offered/from whom it was received, and the estimated value of such invitation
- be approved before acceptance by your supervisor/manager.

**When in doubt, you should contact the Business Conduct & Ethics Office for advice.**

**Q:** A national supplier is holding a two day conference to discuss upcoming technical improvements planned in its product line and is inviting about 100 of its customers to attend. The invitation includes round-trip airfare, hotel accommodation, meals and a golf outing for all participants on the last day of the conference. I am the one who normally deals with this supplier, so the invitation came to me. Is it appropriate for me to accept?

**A:** Considering the estimated value of this invitation, you will need to secure written approval from your manager and a member of senior management (Band A) in your department. If they feel there is a genuine business purpose for you to attend the conference, they can approve your attendance. In this case, National Grid should pay for your airfare, hotel accommodation and any meals that are not an integral part of the conference. As long as the golf outing is not lavish (e.g. high cost private course, extravagant meal or expensive prizes) and a business purpose is served by the networking opportunities, this could also be acceptable to attend.

**Q:** The Company is receiving bids on a large project. I am on the team evaluating the bids received. I have been approached by a representative of one of the companies submitting bids and was told "it would be well worth my while" if his company's bid was selected. I have no intention of evaluating the bids received against anything except the stated criteria in the request for proposal and told the representative so. However, there is still a chance this company could be selected legitimately and I am concerned about how that will look. What should I do?

**A:** This is a very serious, potentially criminal situation. It appears the supplier's representative is attempting to bribe you to ensure his company receives the bid. You should immediately inform your manager. He/she should alert senior management in your line of business as well as the Legal Department.

**“National Grid has a zero-tolerance policy of any kind of bribery or other fraudulent or corrupt business practice”**

#### **FRAUD, CORRUPTION AND BRIBERY**

All employees must adhere to the highest levels of honesty, integrity and ethics at all times when conducting business for the Company. This includes employees performing their normal job responsibilities. Responsibility for controlling the risks of fraud and corruption rests with all employees of the Company.

Bribery involves the giving of a benefit (which could be money, a favour, a free holiday or anything else of value – even excessive hospitality) in order to obtain an advantage or influence.

**National Grid has a zero-tolerance policy of any kind of bribery or other fraudulent or corrupt business practice.** Employees are expected to fully report all known or suspected instances of such activity, whether committed by an employee against National Grid or by any person doing business with or on behalf of National Grid. The response to an employee committing an act of fraud, bribery or corruption is very likely to be dismissal. In addition we will usually pursue all appropriate legal remedies against employees or outside parties involved in fraudulent or corrupt business practices.

A compliance program is in place to prevent and detect fraud, bribery and corrupt practices. It is against the law in most jurisdictions to accept or give anything that constitutes a bribe or “kickback”. This includes giving anything

of value that could be intended to influence a public official. National Grid is committed to fair business practice and will take severe disciplinary action against any employee who pays a bribe to secure a business advantage for National Grid or who takes a bribe to secure an advantage for a third party.

**Q:** I am working on a critical project which is already behind schedule. My manager is concerned that we will not obtain the permit that we require for the works in time. He has asked me to have an “off the record” word with the public officials responsible for issuing the permit about what it would take to ensure that they are “fast tracked” for National Grid. They have asked for tickets to a major sports event and my manager has told me to provide them. What should I do?

**A:** You should not provide the tickets. Providing a benefit to a public official to influence them in the performance of their duties is a serious crime (it is a bribe) for which you could be imprisoned, and National Grid could also be prosecuted. You should report the matter immediately to the Business Conduct & Ethics Office who will be able to advise you on what to do.

For more information and to view the Anti Fraud and Bribery policy, see the Business Conduct pages within the Legal Infonet site

For more information, see the US Business Conduct and Ethics page within the Ethics and Compliance Infonet site

#### **POLITICAL INTERACTIONS**

When you are acting on behalf of National Grid, you need to be aware that there are numerous laws that address appropriate interactions with politicians, government officials and government employees. These laws cover such areas as political contributions, providing gifts or entertainment to government officials and employees, and lobbying. Because the rules for these activities are very complex, and the penalties for their violation are severe (for example, providing a contribution to a public official to influence their thinking may in some circumstances be viewed as a bribe – see Fraud, Corruption and Bribery above), you and your manager must first seek advice from Corporate Affairs and the Legal Department. Moreover, you may not engage in any of these activities without the express approval of your manager. Please note that lobbying laws vary from state to state in the US and that there are strict restrictions on the provision of any kind of benefit to non-UK public officials under the UK Bribery Act 2010 and to foreign officials under the US Foreign Corrupt Practices Act 1977.

#### **COMMUNITY SUPPORT AND FUNDRAISING ACTIVITIES**

National Grid believes in supporting charitable, civic and other worthy causes in the communities it serves and encourages employees to do the same.

Corporate Community Support – employees should never make commitments for corporate funding to charities or other non-profit making organisations unless they are authorised to do so under the Company’s current Delegations of Authority.

There are many ways employees can make a difference – from donating money to fundraisers.

For more information, see the Corporate Affairs Infonet site.



**RESPECT FOR HUMAN DIGNITY**

We promote respect for the dignity of all people. We are committed to providing a safe and healthy work environment free from discrimination, harassment, violence and the impact of alcohol or illegal drugs.

**Safety**

National Grid's Safety and Wellbeing Policy sets out our vision to safeguard each other and those who work with us by operating an injury-free workplace and to protect the safety of the public. We recognise that our activities and those of our contractors potentially give rise to risk. We believe that we can eliminate or minimise those risks to achieve zero injuries or harm and to safeguard members of the public. We further believe that everyone at National Grid, collectively and individually, has a part to play to achieve that.

**Q:** I have worked with the same team for a few years. Recently, I have seen one of them cutting corners in following safety procedures, which I feel has put him and the rest of the team at risk. Other members of the team have noticed it as well, but have not told our manager. They tell me I am being ridiculous for worrying about this and claim this employee is just going through a tough time. I don't want to see an accident happen, but I also don't want

to alienate my fellow team members or get this employee into trouble. What should I do?

**A:** While loyalty to one's teammates is admirable, it is that very loyalty that should prompt you to report your concerns to your manager. There may be any number of things causing his unsafe behaviour. As for getting your teammate into trouble, or risking the anger of the other team members, it's much worse to have an accident. We will make sure that your concerns are thoroughly investigated and that you don't suffer reprisal for reporting them.

For more information, see "Global Safety Policies" below.

**Global Safety Policies:**

**Safety & Wellbeing Policy**

The Safety & Wellbeing Policy on the SHE Infonet site provides a framework for managing health and safety issues facing National Grid. The policy statement helps set goals to promote continual improvements in safety and occupational health performance and is intended to help focus the workforce on addressing the most important safety and health issues.

**Trusted to Work Responsibly**

National Grid trusts all its employees to work responsibly. "Trusted to Work Responsibly" is the coordinating theme behind the approach to refresh safety efforts across the Company. It encourages a strong safety partnership, a person-to-person interdependence throughout the organisation. All employees are asked to uphold this partnership by making sensible decisions based on their acquired knowledge and experience. Embodied in this approach are the Golden Rules. While Trusted to Work Responsibly reinforces that everyone must take ownership of and be accountable for their actions, it also embraces the Golden Rules of Safety which focus on critical areas of the business where safe behaviours are essential to safeguard ourselves and the public. Golden Rules cover those behaviours that will prevent the most serious injuries.

For more information on Trusted to Work Responsibly, go to the UK/US SHE Infonet page.

**Human Resources Policies/Inclusion & Diversity**

There are comprehensive HR policies covering a wide spectrum of activities and topics at the global and national level. Below is an overview of some policies which can all be found on Infonet.

**Global HR/Inclusion & Diversity Policies**

Set out the framework for HR policies and standards.

**Inclusion & Diversity Charter and Business Case**

Sets out National Grid's vision to develop and operate its business in a way that results in a more inclusive and diverse culture enabling it to attract and retain the best people, improve its effectiveness, deliver superior performance and enhance the success of the Company.

To view the charter and business case, go to the Inclusion & Diversity Infonet site.

**Public Position Statement on Human Rights**

Demonstrates how National Grid effectively manages and conducts its business with due observance of the fundamental principles of human rights, outlines our employees' responsibilities in observing these principles and sets out requirements in respect to implementation, monitoring and reporting.

For more information, visit the Operating Responsibly Infonet site.

**Alcohol and Drug Policy**

Sets out the Company's policy that alcohol or illegal drug consumption during work or possession on Company property is prohibited; policy also prohibits employees from reporting to work under the influence of alcohol or illegal drugs.

To view the policy, visit the Global HR Infonet site.



**“National Grid is committed to the protection and enhancement of the environment, always seeking new ways to minimize the environmental impact of our past, present and future activities and safeguarding our global environment for future generations.”**

#### UK HR Policies

##### Code of Employee Conduct

Specifies the behaviour essential for the conduct of National Grid's affairs, for ensuring a safe and efficient workplace and for maintaining good employment relationships. The Code sets out what conduct National Grid considers unacceptable and the action the Company will take if the Code is breached.

##### Discrimination, Harassment and Bullying Policy

Sets out our commitment to creating a work environment free from unfair discrimination, harassment and bullying.

##### US HR Policy Guidelines

Sets out the general framework for HR guidelines and contains policies in areas of employment, time off, employee performance and conduct, travel and expenses, and assets and records. They include the following policies, among others

##### Equal Employment Policy/Affirmative Action Policy

##### Sexual Harassment Policy

Sets out the Company's commitment to maintaining a work environment free from sexual harassment.

##### Workplace Violence Policy

Any activity that threatens the safety of the workplace or any individual is prohibited. This includes threats and/or incidents of violence against other employees, customers or property, or any other type of behaviour that endangers or threatens to endanger, the safety of our employees, associates and/or the public. As part of our commitment to a safe environment, we also prohibit the possession of unauthorised weapons or other dangerous objects and substances on the job, or when attending Company sponsored events

For more information on any of the above policies, visit the Global HR website

**Q:** My colleague has asked me out on several occasions. We get along well in the office, but I don't feel comfortable beginning a non-work relationship. The first couple of times he asked I politely declined and informed him I had no interest in pursuing a non-work relationship with him. He is persisting in asking me out and I am sensing his anger at my continued refusal of his offers. He is best friends with my manager, they socialise outside the office

and go to lunch together. I am a good worker and am concerned that if I report my colleague to my manager this may impact my performance reviews and chances for promotion. What should I do?

**A:** Since you are not comfortable taking this issue to your manager because of his relationship with the colleague, you should contact Human Resources or the Business Conduct & Ethics Office. While it is not wrong for your colleague to invite you to a social event outside the workplace, once you have communicated your lack of interest, the colleague should respect your decision.

##### Gambling

Gambling, such as office betting pools, on National Grid property or during working hours is prohibited unless it has been authorised by a senior manager (Band B or above). This does not apply to Company sponsored activities.

##### Use of Company Resources

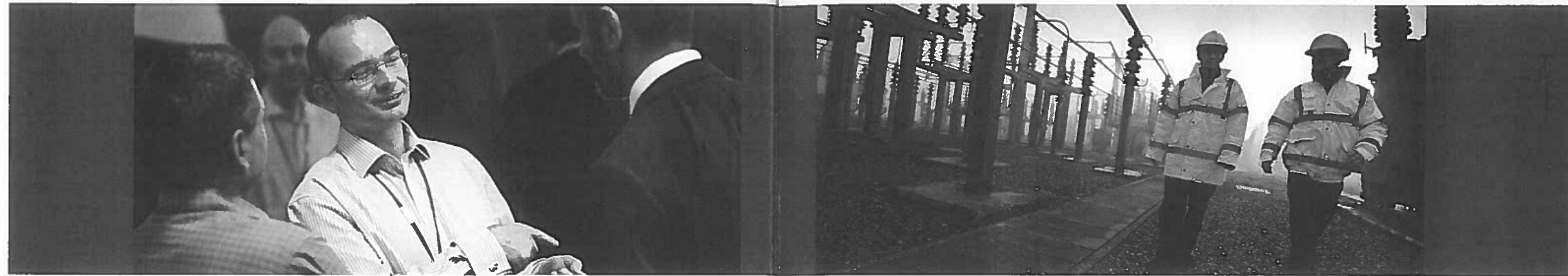
The use of Company resources such as personnel, facilities, equipment (i.e. tools) and data for personal business or purposes is prohibited. Personal use of National Grid vehicles, including cars, vans and aircraft, is not permitted except where specifically authorised (e.g. company cars provided for private and company use). Under no circumstances should company resources be used for personal gain.

##### ENVIRONMENTAL PROTECTION

National Grid is committed to the protection and enhancement of the environment, always seeking new ways to minimise the environmental impact of our past, present and future activities and safeguarding our global environment for future generations. Our goal is to comply with regulations, reduce any impact that we may have and proactively seek out opportunities to improve the environment.

National Grid's environmental policy provides a framework for managing the environmental aspects of our businesses. We will use our environmental management systems and innovation to continually improve our performance. Protection of the environment is both a legal requirement in all areas of National Grid's operations as well as a significant component of our reputation as a responsible business. All employees are responsible for adhering to all applicable procedures, permits and other documents pertaining to the environment.

For more information see the Corporate Governance pages within the Legal Infonet site.



**INFORMATION INTEGRITY & RECORDS MANAGEMENT**

Safeguarding the integrity of Company records is as important as safeguarding physical Company property. Regulators, auditors and shareholders rely on the accuracy of Company accounting and other records. We all must exercise great care in creating and maintaining complete, accurate and timely records. Information contained in our records must accurately reflect the underlying activity or transaction. We must ensure that information and records created are kept safe from loss or damage, are secured from unauthorised access and are retained in accordance with our document retention policies.

We are all responsible for safeguarding National Grid's assets, including accounting records and other forms of written or computerised information. It is particularly critical to ensure that the National Grid's financial and accounting records are accurate. Compliance with National Grid's accounting and internal control procedures is essential and the following are prohibited:

- deliberately or recklessly making, or causing someone else to make, false, misleading or incomplete entries in any Company account, expense statement, purchase order or other record
- deliberately or recklessly omitting, or causing someone else to omit, any material

information required to ensure that a Company account, expense statement, purchase order or other record is accurate and not misleading

- altering, hiding or destroying, or causing someone else to alter, hide or destroy, any information in an attempt to produce false or misleading records or reports or to impede an internal or external investigation
- interfering, or causing someone else to interfere, with the performance of an internal or external audit
- attempting, or causing someone else to attempt, to influence an audit in order to render the Company's financial accounts or other records materially misleading

**Q:** I have just completed a particular project. Can I discard all my documents related to this project?

**A:** No, there may be specific legal, regulatory or business need to retain the documents. National Grid's Global Information & Records Management Procedure sets out retention guidelines and procedures that comply with all relevant legal requirements and are consistent with best practice. You should refer to this policy and any supplemental departmental retention schedules.

**Document Retention and "Legal Holds"**

If you are notified of pending litigation or issued a "legal hold" order due to pending or potential litigation, you are required to preserve all Company information related to that subject, both records and non-records. As a general rule, save whatever is required by legal obligation, contractual obligation, internal control or best practices. If in doubt as to what to save, contact the Legal Department.

For more information, visit the Global Information & Records Management Infonet pages:

**Global Information and Records Management Procedure**

Sets out the roles and responsibilities of information users to ensure that they create and maintain accurate data, information and records; to ensure they manage information in accordance with its classification; and that they retain business records in accordance with agreed retention schedules that reflect legal, regulatory and business requirements.

**Data & Information Standards**

There are five standards underpinning the above procedure which are designed to provide the business with documented best practices to help manage information throughout the information lifecycle from data capture, through processing to regulatory reporting.

**INFORMATION SECURITY MANAGEMENT**

Information is a key National Grid asset. We are all responsible for protecting information from deliberate, unintentional or unauthorised access, modification, destruction and disclosure. There are immense business benefits in sharing information and ideas within National Grid

**“National Grid is committed to handling personal data with care and to safeguarding and protecting such information to ensure it is not lost, misused, accessed without authorisation, disclosed, altered or destroyed.”**

and in fully exploiting the power of information technology. However, the sharing of information and the use of information technology carries risk. The National Grid Information Security Management Policy addresses these risks, but the key to minimising them is our vigilance and awareness. We are all responsible for information security in our day-to-day working lives. The obligation to protect confidential information continues even after your employment ends.

#### **Global Email & Internet Policy**

National Grid's Global Email, Communications and Internet Policy provides guidelines on the appropriate use of Company communication facilities. The Company's communication facilities and internet facilities are provided for business use and are Company property. While limited, occasional and lawful personal use is permitted under Company policy, employees need to be careful to not allow such limited use to affect their job responsibilities or expose the network to the risk of computer viruses.

#### **Data Privacy**

In the countries in which we do business, there are privacy and data protection laws requiring the responsible handling of personally identifiable information, including the transmission of data across country borders or to third parties. National Grid is committed to handling personal data with care and to safeguarding and

protecting such information to ensure it is not lost, misused, accessed without authorisation, disclosed, altered or destroyed. We all have a responsibility to ensure we understand and comply with all relevant data privacy related legislation.

#### **Social Networking**

Personal use of social networking sites is not permitted using National Grid's computing and communications systems. If, in your personal use of social web sites, you post content or engage in discussion relating to National Grid and our business, our employees and our partners, it is important that you approach the online worlds in the same way you would the physical one - by using sound judgment and common sense, by adhering to the Company's Core Values and by following the Standards of Ethical Business Conduct and all other applicable policies.

For more information, see the following:

#### **Global Policies:**

Establishes a structured set of principles and standards which, when fully implemented, enable National Grid to effectively manage information security risks.

The following policies can be found on the Global IS Infonet site

#### **Information Security Management Policy**

Provides a framework for the implementation of information security across both UK and US operations in line with the Group Policy.

#### **Global Email, Communications and Internet Policy**

Sets out standards expected in the use of email, other electronic communication and the internet to ensure usage enhances day-to-day business communications and avoids it being a nuisance, causing an offence, involving National Grid in any liability, increasing the risk of viruses or system security breaches.

#### **UK Policies:**

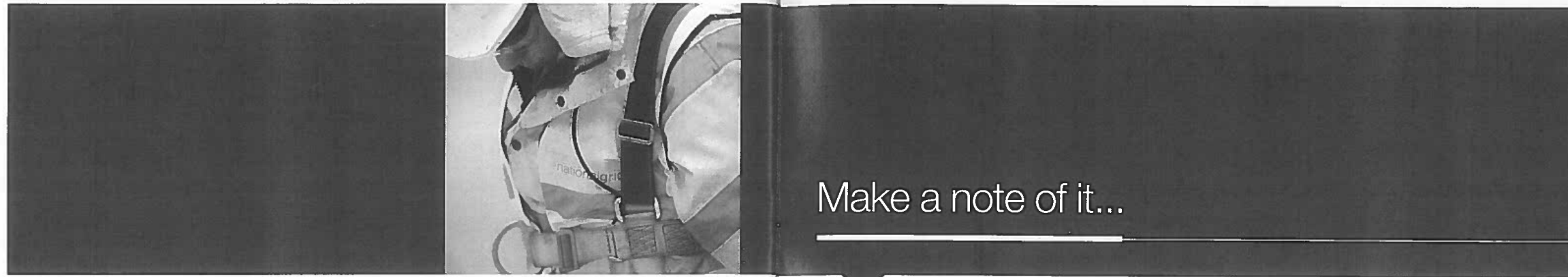
##### **Data Protection**

Aims to avoid breaches of the Data Protection Act 1998 by ensuring that any personal data or information disclosed, takes account of

the eight data protection principles, that any monitoring at work activities are in accordance with the Act and that all CCTV installations on National Grid premises in the UK comply with the Act and the CCTV Code of Practice published by the Information Commissioner.

#### **FAIR COMPETITION**

The Company supports free and fair competition and strives to deal with all parties fairly and equitably. The laws dealing with competitive practices prohibit anti-competitive behaviour and behaviour that gives an unfair advantage to the Company (also known as anti-trust violations). They include (among others) rules regarding the sharing of information with outside parties or entities within National Grid. These rules are designed to prevent unregulated companies from gaining unfair advantages in the competitive market in which they participate as a result of their relationship with a regulated company. More generally they are also intended to minimise the impact of interactions among regulated affiliates on competitive markets. All employees should ensure they understand what information can or can not be shared, and with whom, before sharing any information with others. These are very sensitive and complex areas of the law and you are encouraged to seek advice from the Legal Department if you have any questions about what is or isn't permissible.



Make a note of it...

For more information, see the following:

**UK Policies:**

**Competition**

Highlights typical problem areas which can arise and is aimed at helping to clarify what types of behaviour are acceptable and what are not.

To view the Group Competition Policy, visit the Energy and Regulation page within the Legal Infonet site

**Licences – (Electricity / Gas / Interconnector)**

Up to date copies of the licences and guidance on business separation obligations can be accessed through the **Licence Management** Infonet site.

**US Policies:**

**Federal and State Affiliate Standards**

Provides guidance to the comprehensive rules of the Federal Energy Regulatory Commission (FERC) and the state regulators which require gas and electric utilities to be operated in a manner that protects our utility customers and that does not impede competition. This package has been distributed to US executives and is posted on the US Infonet site.



nationalgrid

nationalgrid

ALWAYS

DOING THE  
RIGHT THING



National Grid House,  
Warwick Technology Park,  
Gallows Hill, Warwick,  
CV34 6DA United Kingdom  
Registered in England and Wales  
No. 4031152  
[www.nationalgrid.com](http://www.nationalgrid.com)



A guide to ethical business conduct  
for all National Grid employees



## WELCOME TO DOING THE RIGHT THING

At National Grid, Doing the Right Thing underpins everything we do. The choices and decisions we make every day really matter. We should all feel confident in voicing our opinions and concerns, and in challenging behavior which is inconsistent with the principle of doing the right thing – even if that might mean missing targets, extra costs or questioning an instruction from your manager.

### Our vision statement is:

**'Connecting you to your energy today, trusted to help you meet your energy needs tomorrow.'**

This vision emphasizes the importance of trust, which we earn not just by meeting our commitments, but by making sure that we do so in the right way. That is why how we work is as important as what we do, and why doing the right thing is at the core of everything we do.

This document applies to all National Grid employees from the Board down. It provides guidance for dealing with different situations that we may face from time to time. Ethical business behavior depends on all of us accepting our responsibility for upholding the highest standards of behavior and decision-making.

If you see something that isn't right, you should voice your concerns and not turn a blind eye. Equally, if we are the ones in the wrong, or if we have made a mistake, we should speak up about it. No matter who is at fault, or the mistake that was made, we should all be prepared to learn from each other.

We rely on you to play your part. In return we will make sure that employees who raise concerns are never victimized as a result. If you think something falls short of these guidelines, please tell your manager or the Ethics and Compliance Team, or contact our confidential external helpline. We can then put the matter right quickly.

Doing the Right Thing is intended to help us protect our reputation as an ethical business and so maintain the trust of everyone we do business with. We urge you to read this document, discuss it with your colleagues and act in line with Doing the Right Thing.



*Peter Gershon*  
**Sir Peter Gershon**  
Chairman



*Steve Holliday*  
**Steve Holliday**  
Chief Executive

# CONTENTS

Foreword.....	01	Rules and values.....	07
Introduction.....	03	Ethical decision-making.....	08
How to raise concerns.....	04	Rules – a trust culture.....	09
National Grid’s Line of Sight .....	06	Guidance areas.....	11

## How this guide works

The introduction on the opposite page provides background information, general advice and information on how to raise a concern or get further guidance. The guidance section highlights main points, dos and don'ts, dilemmas, FAQs and what the guidance means to you. The four guidance areas can be identified by the icons shown on the opposite page.

These guidelines put the 'Group Policy Statement on Requirements for Written Codes of Ethics for Employees (incorporating Whistleblower Protection)' into practice. They apply to all National Grid regulated and non-regulated businesses, all National Grid regulated and non-regulated businesses, and National Grid subsidiary companies which we have a controlling interest in. These guidelines also apply to National Grid employees working overseas. (Those employees also have to keep to the laws and regulations that apply where they are working.)

**i Main points**  
An overview of what you need to know about the guidance.

**✓x Dos and don'ts**  
What to do and what to avoid.

**! Dilemma**  
A situation that may come up at work, and what you should do.

**🗣️ Frequently asked questions (FAQs)**  
Questions that are often asked about the guidance.

**👤 What this guidance means to you**  
A closing thought about how the guidance relates to you.

**Need advice?**

<b>US Employees Internal</b> Toll-Free Helpline 1-888-867-6759 Email businessconduct@nationalgrid.com	<b>US Employees External</b> Toll-Free Alertline (24hrs) 1-800-465-0121 Email www.nationalgrid.com/alertlineus.com
---	--

**nationalgrid**

ALWAYS  
**DOING THE RIGHT THING**

# AN INTRODUCTION TO DOING THE RIGHT THING

Doing the Right Thing sets out **how** we do things at National Grid and offers guidelines for compliance in important policy areas. It applies to all of us and defines the values that underpin our everyday decisions. These guidelines also provide details of how you can report ethical and compliance concerns, and get advice.

Doing the Right Thing sets out values and behaviors that we expect from you, and the support that you can expect from us. We expect you to keep to these values and behaviors, as well as our policies, the codes of any professional bodies you belong to and the laws and regulations that apply where you work.

We have also given details of whistleblowing procedures, as well as practical guidance and points of contact for dealing with ethical and compliance issues that you may face.

## How do I know if there may be a problem?

We have policies and guidelines to help us make sure we all do the right thing. However, they cannot cover every situation. Take time to think. Are you acting in line with our values and policies? If you are not sure, stop and get advice. To help you test any decision you make, here are some questions that you can ask yourself.

### Quick test

- Is it legal?
- Is it right and honest? (That is, there is no intention to deceive or mislead.)
- Is it within the terms or the spirit of Doing the Right Thing, our policies and our values?
- Does it avoid creating a sense of obligation?
- Can I justify it to my manager, director and my family?
- If I belong to a professional body, does it comply with that body's codes?
- Would I feel comfortable reading about it in the press?

If you answer 'yes' to all these questions, you are on the right track.

If you answer 'no' to any of the questions, please follow the steps we have summarized (on the next page).

## Guidance area icons



Corruption and transparency



Information and communications



Acting responsibly



Conflicts of interest

# WHO SHOULD I SPEAK TO IF I THINK THERE MAY BE A PROBLEM?

We recommend that you talk to your manager. If you feel uncomfortable speaking to them there are other options such as contacting the Ethics and Compliance Team.

## What are my responsibilities?

As a National Grid employee you must report any concern where you think these guidelines have not been followed, or might not be followed. This applies even if the concern doesn't relate directly to you.

We, our managers and our employees all have responsibilities and obligations. You can read more about these on page 7.

## Who are the Ethics and Compliance Team?

Ethics and Compliance forms part of the General Counsel & Company Secretariat function, which means that the team acts independently when following up on concerns. The Ethics and Compliance Team (based in the UK and the US) can answer your questions and deal with any concerns you may have about unethical behavior or compliance issues affecting National Grid.

## What does reporting a concern involve?

You will be asked questions about your concerns, so that we have enough information to help our investigation. In some situations, we will appoint an investigation team to look into your case. This could involve colleagues from Ethics and Compliance, Human Resources (HR), Internal Audit or Legal.

### Extra support

If you want to talk to someone independent of the business about any other concerns, the Employee Assistance Program is here to help.

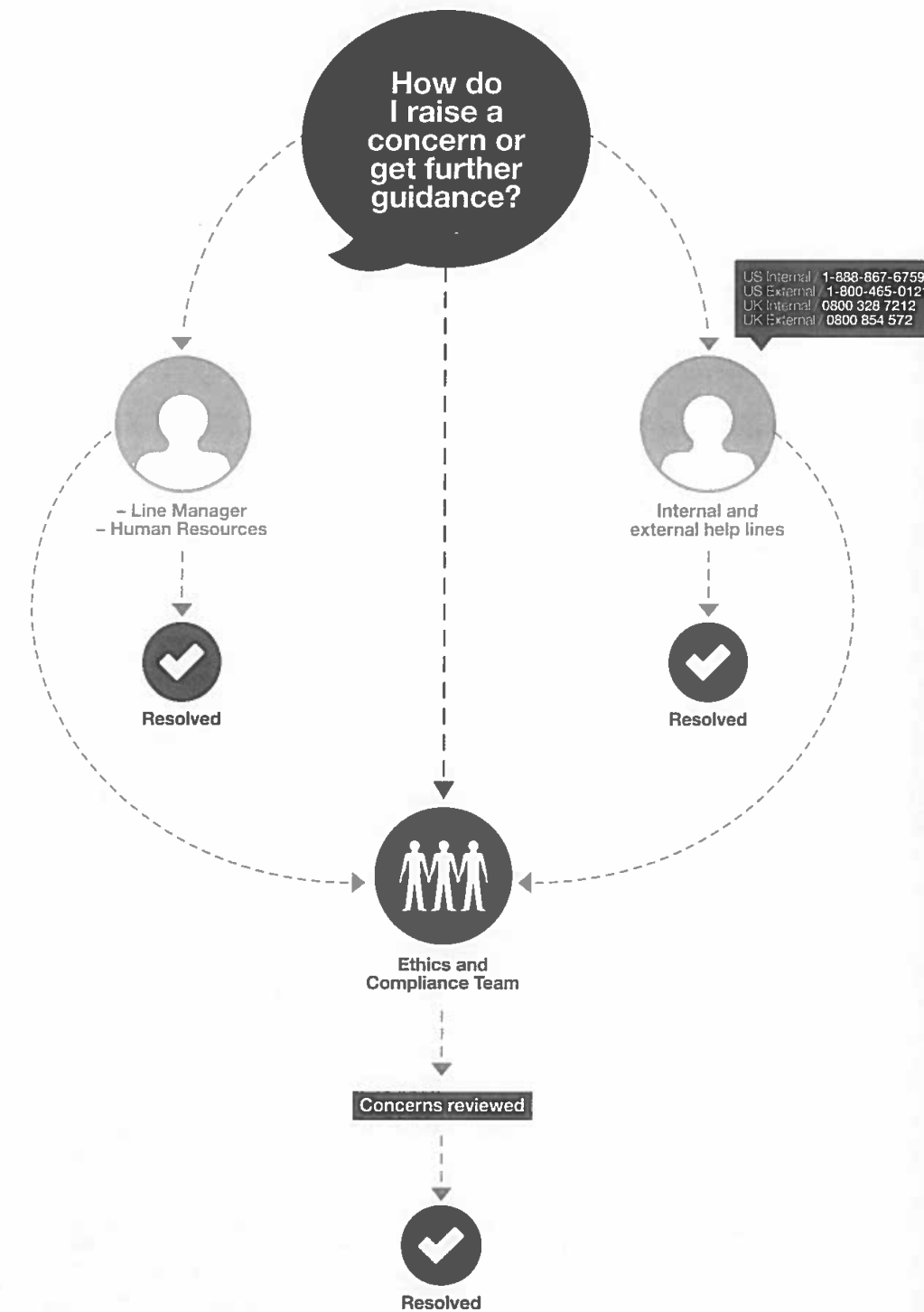
Phone:  
800-833-8707 (US)  
0800 1116387 (UK)

## Can I remain anonymous?

Yes, you can make a report anonymously, but this may make it more difficult for us to confirm the facts you have provided.

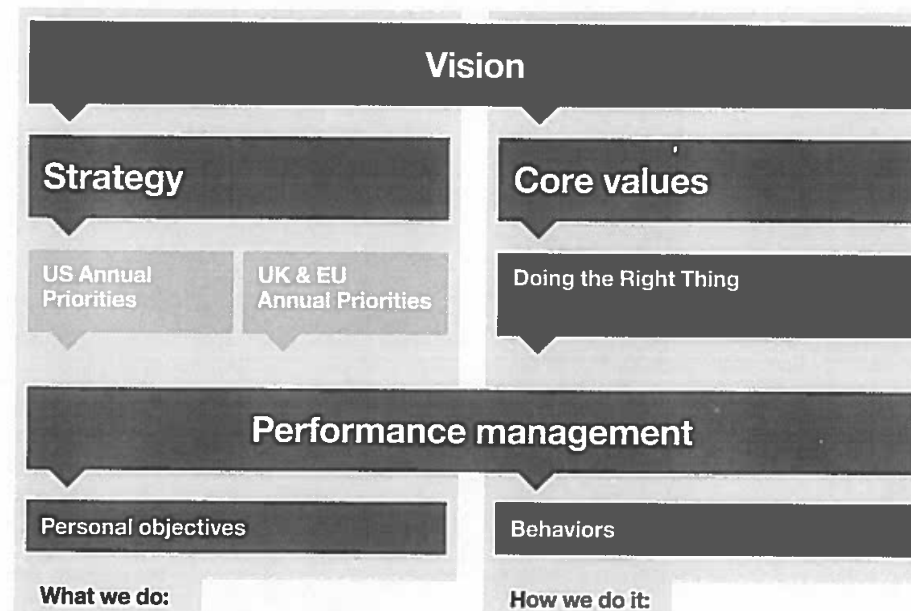
## Will my report be treated confidentially?

Yes, we will make every reasonable effort to keep your identity confidential if you would like us to. However, this may make it difficult for us to confirm the facts you provide. In some circumstances we may also have a legal obligation to reveal your identity (for example, if there are legal proceedings). If this is the case, we will let you know before we reveal your identity.



## OUR LINE OF SIGHT

Our vision, 'Connecting you to your energy today, trusted to help you meet your energy needs tomorrow,' emphasizes the word 'trust'. We earn trust not just by delivering on our commitments, but by also making sure that we do so in the right way. It's all about how we behave. So, how we work is as important as what we do in supporting our vision. Doing the Right Thing is a central part of how we do things at National Grid. Our Line of Sight makes that connection clear.



### Our core values

Our core values define the way in which we are expected to act, as individuals and in teams.

#### We should all:

- respect others and value their diversity;
- take ownership for driving performance;
- demonstrate integrity and openness in all relationships; and
- work as one team, one National Grid.

These values are the foundation of our business and everything we do.

Need advice?  
US internal helpline / 1-888-867-6759  
UK internal helpline / 0800 328 7212  
US email / [businessconduct@nationalgrid.com](mailto:businessconduct@nationalgrid.com)  
UK email / [business.conducthelp@nationalgrid.com](mailto:business.conducthelp@nationalgrid.com)

## RULES AND VALUES

Doing the Right Thing is about acting ethically and keeping to our values at all times, but it doesn't end there. It is also about making sure we comply with the laws and regulations that apply to our company, as well as our own policies.

These two aspects of Doing the Right Thing are equally important.

We need to know the rules. That will help us meet our legal obligations. If we don't know the rules, we may get into trouble without ever acting unethically. But just knowing the rules is not enough. We have to apply our values as well and not try to 'bend' the rules to suit ourselves. In short, behaving ethically means we should understand the difference between having the right to do something and knowing what is actually the right thing to do.

### Values – an ethical culture

We should feel respected and valued at work, while also respecting and valuing those around us. Behaving this way will create an enjoyable environment for everyone. Only we can make that happen.

If we see something that isn't right, we need to say so. If we have made a mistake, we should let others know about it, so we can learn from it and do things right next time, working as one team, one National Grid.

### National Grid's responsibilities

We are committed to the following.

- Promoting an environment where everyone can do the right thing and feel comfortable raising any concerns about actions or decisions that they think are unethical.
- Investigating facts thoroughly, fairly and promptly when you raise a concern.
- Not tolerating retaliation or victimization. Employees who raise concerns play an important role in maintaining a healthy, respectful and productive workplace, as well as protecting our colleagues, those we work with and the public. We will take disciplinary action, which could include dismissal, against any employee who is found to have victimized a person for raising a concern. Employees may also be personally liable, as retaliating against whistleblowers is unlawful in many cases.
- Protecting people against malicious and untrue allegations. In these cases we may take disciplinary action against the person who made the allegation, which could lead to them being dismissed.

If you raise a concern about an issue you are involved in, we will always take into account the fact that you have reported it. This means that you will be treated more favorably as a result of having reported the matter.

### Your responsibilities

Together we will build an open culture in which doing the right thing comes naturally and wrongdoing is unthinkable and unacceptable. To do this, we must all take responsibility for achieving the highest standards of ethical behavior. In return for our commitments, we expect the following commitments from you.

- To follow the guidelines set out in this document.
- Not to tolerate poor ethical standards in others. We expect all our employees to be prepared to challenge unethical behavior. If you believe that any employee, supplier, contractor or customer, or anyone else doing business with us, has acted unethically or unlawfully, you should promptly tell your manager, the Ethics and Compliance Team, or HR.
- To make sure there is a respectful environment and that any unethical behavior involving employees, contractors or suppliers is reported promptly. Examples of such unethical behavior include bullying and harassment in the workplace, discrimination or sexual harassment.
- To co-operate fully with internal and external auditors, lawyers, HR, the Ethics and Compliance Team and other people involved in investigations. If you refuse to co-operate or you obstruct investigations, we will take disciplinary action against you. This could lead to you being dismissed.

### Managers' responsibilities

Managers have the same responsibilities as all employees. They are also responsible for promoting these guidelines and compliance with them. Managers should make sure that their team members understand these guidelines, and support those who raise questions or concerns. Most importantly, managers are responsible for leading by example, doing the right thing and demonstrating National Grid's leadership qualities.

The Guide for Managers and Supervisors helps managers demonstrate and promote ethical behavior. You can find it on the Ethics and Compliance Team's Infonet page.

## ETHICAL DECISION-MAKING

### Why good people may make bad decisions

Most people have good ethical instincts, and can easily distinguish right from wrong. If we are asked, in a safe environment, whether a particular course of action is ethical or not, we are usually comfortable identifying ethical issues and concerns, and can make the right decision.

**Unfortunately, we are often under pressure when we are making decisions. Pressure comes in many different forms. For example:**

- we may have to make a decision very quickly, so we don't have time to weigh the issues;
- we may be asked to do something by a more senior colleague who we are reluctant to question;
- we could feel a sense of loyalty to someone who asks us to behave unethically; or
- everyone else seems to be doing something, so we just assume that it must be alright to follow their lead.

Even if it is clear that what we are being asked to do is ethically wrong, the pressures we may experience can make it hard to make the right choice. It might also feel like any challenge involves questioning the honesty and integrity of others, which is doubly difficult. Because of pressures like this, good people sometimes make poor ethical decisions. Doing the Right Thing is intended to help you make the right decision.



Need advice?

US internal helpline / 1-888-867-6759  
UK internal helpline / 0800 328 7212  
US email / [businessconduct@nationalgrid.com](mailto:businessconduct@nationalgrid.com)  
UK email / [business.conducthelp@nationalgrid.com](mailto:business.conducthelp@nationalgrid.com)

## RULES – A TRUST CULTURE

We all need to understand the rules – laws, policies and procedures – that apply to our roles, but sometimes things will go wrong, and it's important that we all learn from our mistakes. We can only do that if we can share our mistakes freely. That's why, when it comes to compliance, we are committed to creating a culture of trust.

### At National Grid, we make a clear distinction between **accountability** and **blame**.

- We won't blame you where a compliance breach results from events beyond your control.
- We know there are risks associated with the work that we do every day. We ask our employees to make difficult decisions, and we trust them to do so. We won't blame you if, with the benefit of hindsight, a breach results from a good faith judgment call which you have been entrusted to make.
- We will make sure we make available the policies and training you need to understand the compliance obligations that apply to your role.
- We welcome challenges if you have concerns about compliance issues.

### Being trusted doesn't mean that we are not accountable for our actions. Examples of where we will hold an employee accountable include where:

- they have deliberately breached a compliance obligation;
- there are repeated accidental breaches, for example where we fail to learn from mistakes;
- a non-compliance is not reported or covered up;
- they act beyond the trust that has been given them, for example, where they make a decision that is beyond their authority to make; and
- they do not reasonably believe that they are working within the bounds of the law, regulations and company policy.

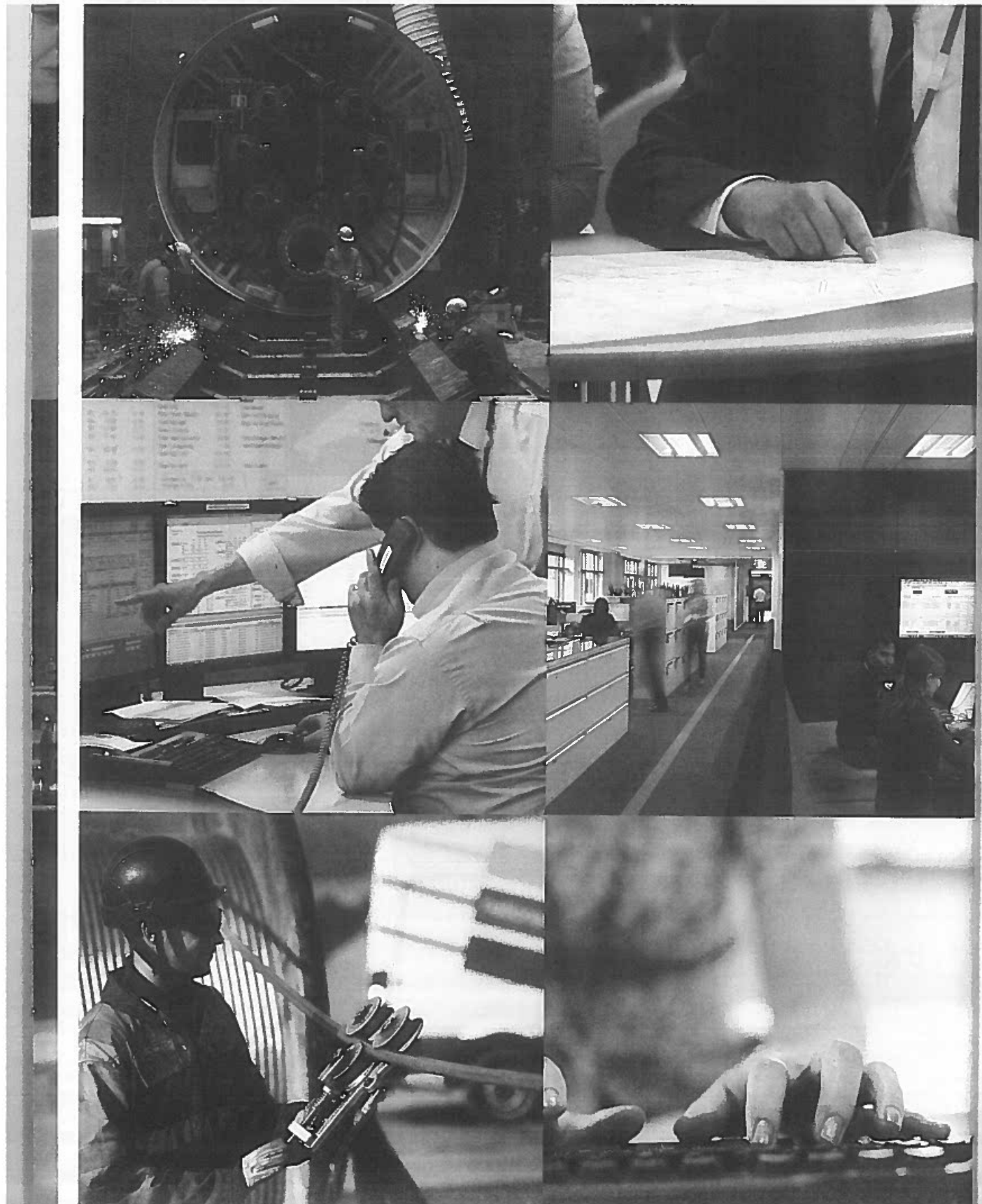
In these circumstances we may take disciplinary action, which could lead to dismissal.

Speak up!

To learn from our mistakes and address unethical behavior, we all need to be prepared to speak up, so we can share issues with each other. That means being open and honest about ethics and compliance matters and being prepared to raise concerns.

If you have a concern, you should raise it with your manager. If you think no action is being taken, or you do not feel comfortable speaking to your manager, you can discuss it with the HR Team, report it direct to the Ethics and Compliance Team (see page 5) or raise it with your trade union representative, if appropriate.

In return, we are committed to making sure that if you raise a concern, you won't be victimized or suffer any retaliation as a result.



## GUIDANCE AREAS



### Corruption and transparency

Fraud, bribery and corruption	13
Gifts and hospitality	14
Political interactions and lobbying	16
Use of company resources	16
Competition	19
Community volunteering, investment and sponsorship	21



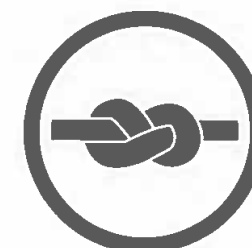
### Information and communications

Data privacy	23
Information security	24
Managing records	25
Global email and the internet	26
Social media	27



### Acting responsibly

Drugs and alcohol	29
Safety	30
Environmental protection	31
Insider threats	32
Physical security	33



### Conflicts of interest

General conflicts of interest	35
Price-sensitive information, insider trading and material non-public information	37
Human Resources	38

Need advice?

US internal helpline / 1-888-867-6759  
UK internal helpline / 0800 328 7212  
US email / [businessconduct@nationalgrid.com](mailto:businessconduct@nationalgrid.com)  
UK email / [business.conducthelp@nationalgrid.com](mailto:business.conducthelp@nationalgrid.com)

# CORRUPTION AND TRANSPARENCY



## What's in this section?

Fraud, bribery and corruption.....	13
Gifts and hospitality.....	14
Political interactions and lobbying.....	16
Use of company resources.....	18
Competition.....	19
Community volunteering, investment and sponsorship.....	21

**Need advice?**

US internal helpline / 1-888-867-6759  
UK internal helpline / 0800 328 7212  
US email / [businessconduct@nationalgrid.com](mailto:businessconduct@nationalgrid.com)  
UK email / [business.conducthelp@nationalgrid.com](mailto:business.conducthelp@nationalgrid.com)

## CORRUPTION AND TRANSPARENCY

# FRAUD, BRIBERY AND CORRUPTION

We are committed to preventing, deterring and detecting fraud, bribery and all other corrupt business practices.

### **i** Main points

Our reputation for acting responsibly and within the law is one of our greatest assets.

Fraud, bribery and other corrupt business practices can seriously damage our reputation, as well as cost us money. For this reason we have a compliance program to detect and prevent these activities.

We're all responsible for controlling the risks of fraud, bribery and corruption. We always investigate all concerns and have a 'zero-tolerance' approach (meaning that we will always take action if we discover any fraud, bribery or corruption).

Employees, suppliers and agents must comply with the laws that prohibit bribery and corruption, wherever we work in the world.

Any employee who doesn't follow these rules is likely to be dismissed, and we usually take legal action against those involved in fraudulent or corrupt business practices.

### **x** Dos and don'ts

You must never do the following.

- Ask for, offer or pay a bribe. (This rule applies to anyone acting on our behalf, such as a service provider, agent or contractor.)
- Accept a bribe.
- Falsify any company records, such as time sheets, expense reports, mileage reports or inspection reports.
- Make a facilitation payment. (A facilitation payment is a payment made to someone in order to secure prompt or proper performance of routine duties.) For example, you should not pay money to speed products through customs, or to speed up a permit. The only exception to this rule is where you believe that not making the payment would result in a threat to your freedom or safety. If you find yourself in this situation, contact your manager and the Ethics and Compliance Team as soon as you can.

### **!** Dilemma

I'm working on a critical project that's already behind schedule. My manager is worried that we won't be able to get the necessary permits in time, so asked me to have an 'off the record' chat with the public officials responsible for issuing the permits. I did, and the person I spoke to asked for tickets to a major sporting event in return for fast-tracking our permits. My manager has told me to go ahead and provide the tickets, but I'm not convinced that's ethical.

### **!** What you should do

It's not ethical and it is illegal. You definitely should not provide the tickets. You must report the matter immediately to the Ethics and Compliance Team and ask them for advice.

It's important to understand that providing a benefit to a public official in order to influence them in their duties is a serious crime. You would risk being sent to prison, and we could also be prosecuted.

### **?** FAQs

#### **What is fraud?**

Fraud is a crime. It's a deception that's designed to benefit someone or cause a loss to someone else.

#### **What is bribery?**

Bribery is when anything of value is given in return for influencing the way someone performs their duty. In this context, it could include a duty to carry out a public office (such as a policeman or official who approves permits), a commercial duty (such as an employee who should act in the best interest of their employer), or some other legal duty.

Bribery doesn't have to involve an actual payment changing hands. In fact, it can take many forms, including:

- a gift;
- lavish treatment during a business trip;
- property;
- an offer of employment; or
- tickets to an event.

Examples include:

- bribing an agent acting for a landowner in order to get permission to build on the land;
- bribing a foreign official to make sure goods get through customs; and
- bribing a health and safety inspector so they turn a blind eye to problems.

### **!** What this guidance means to you

You must keep to the highest standards of honesty, integrity and ethics at all times when working for us.

Every employee is responsible for controlling the risks of fraud, bribery and corruption.

If you know about, or suspect, any illegal activity, you must report it to the Ethics and Compliance Team, regardless of who is responsible. You should never 'look the other way'.





CORRUPTION AND TRANSPARENCY

# GIFTS AND HOSPITALITY

We do business with many people, such as suppliers, vendors and customers. Sometimes they (or we) might offer meals, hospitality and business entertainment. There may also be certain circumstances where we receive gifts from, or offer them to, people outside National Grid.

All of this may seem harmless, but it can create a real or perceived obligation, potentially leaving us vulnerable to accusations of unfairness, bias, deceit or even bribery. Our commercial relationships may be seen as biased and our reputation may be put at risk.

## i Main points

You must not allow your decisions to be influenced – or appear to be influenced – by gifts or hospitality that our suppliers, vendors, customers or others may offer.

Similarly, you should not try to influence – or appear to be trying to influence – others by providing gifts or hospitality.

The important questions to ask yourself are, 'Am I serving a legitimate business purpose?' and 'Is the hospitality or gift proportionate to the business purpose?'

You must formally record all gifts and hospitality regardless of value and whether you accepted or refused them. You can find the gifts and hospitality register and the relevant forms on the Ethics and Compliance pages on Infonet.

The rules on gifts and hospitality also extend to your family members.

If you have any concerns, contact the Ethics and Compliance Team.

### Gifts

Although we discourage it, you may, in certain circumstances, accept or give gifts as part of a business relationship. The gift must be approved by your manager before you give or receive it.

- Gifts with a value of less than **£20/\$40** can be offered and accepted. However, you need prior approval from your manager, and must keep a record of the gift.
- You should not offer or accept gifts worth more than **£20/\$40**.

If you receive a gift that does not meet these rules, you must tell your manager, make every effort to return it, and keep a record of the actions you have taken.

In exceptional circumstances (for example, when visiting a country where gift-giving may be customary and expected), you may offer a gift worth more than **£20/\$40**. However, you will need prior written approval from the Group General Counsel and Company Secretary.

### Meals, entertainment and hospitality

If you are happy that the entertainment or hospitality you are receiving or offering serves a legitimate business purpose, you must follow the rules set out below.

- With your manager's prior permission, you may accept or offer an invitation that has a legitimate business purpose and a value of up to **£50/\$100** per person.
- Invitations valued at over **£50/\$100** per person are generally considered to be excessive. You should not offer or accept such invitations without prior written approval from your manager and a Band A leader or SVP within your directorate or jurisdiction.
- Hospitality – offered or received – valued at over **£500/\$1,000** per person is generally considered to be extravagant. However, in some circumstances it may be allowed if you receive prior written permission from a member of the Executive Committee as well as the approvals listed above.

You must keep a record of any invitation offered or received.

### Further questions to consider before accepting hospitality

- Can you reciprocate with an offer of entertainment that has a similar value?
- Does the hospitality serve a genuine business purpose or help develop business relations?
- Will the host be present? If not, the hospitality should be considered to be a gift instead.
- Was the entertainment openly offered rather than sought?
- Is there a pattern of regular entertainment being offered by one person or organization? If so, it might raise questions.
- Is the hospitality being offered at a sensitive time? For example, if we are tendering for services in a particular area and a company that is involved in bidding for work offers hospitality, you should generally refuse it.
- For some invitations, you should consider whether the hospitality is offensive or inappropriate, or whether attendance could cause embarrassment if it was made public.

Need advice?

US internal helpline / **1-888-867-6759**  
UK internal helpline / **0800 328 7212**  
US email / **businessconduct@nationalgrid.com**  
UK email / **business.conducthelp@nationalgrid.com**

CORRUPTION AND TRANSPARENCY

## ✖ Dos and don'ts

Regardless of value, you must **never accept or offer**.

- benefits in return for influence or a specific decision;
- cash, loans, shares, gift certificates or gift vouchers;
- an invitation to offensive or inappropriate entertainment; or
- gifts to or from a public official.

**In the US** we cannot provide gifts, hospitality, meals or entertainment to any public official or public employee.

A 'public official' means anyone carrying out a public function, such as a customs official, police officer, council inspector, state employee, fire department official or judge.

**If you work in Global Procurement** buying goods, works or services for National Grid, you are not allowed to give or receive any gift or entertainment.

Note: If you receive an invitation or gift from a vendor or supplier that is involved in a current tender with us, you should let your manager know and also discuss it with the Ethics and Compliance Team.

## ! Dilemma

### Gifts

I attended an industry workshop that was sponsored by a number of suppliers. Unexpectedly, a week after the workshop I received a digital camera from the sponsors.

#### What you should do

This is clearly a gift worth more than **£20/\$40**.

You should return the camera to the workshop sponsor as soon as possible, politely turning down the gift and making the sponsor aware of our rules. You should also record the gift and its return, and report it to your line manager.

### Hospitality

One of our suppliers has invited me to a major tennis tournament (such as the US Open or Wimbledon).

#### What you should do

If you are satisfied that by attending you are serving a legitimate business purpose, and that it is proportionate to the business purpose, you will need to consider the value of the entertainment offered. If it is more than **£50/\$100** – which is likely for a major tennis tournament – you will need approval in advance from your manager and your Band A leader or SVP.

If it's the final of the tournament, the value of the hospitality may well be more than **£500/\$1,000**. So, you would need prior written approval from a member of the Executive Committee. In either case, keep a record of the hospitality offered.

## FAQs

### Gifts

#### Can I accept a gift worth more than £20/\$40 and then donate it to charity?

If you have done everything reasonably possible to return the gift, but the provider will not take it back, you should tell them that you will donate the gift to charity.

If you are worried that giving the gift back might cause offense, you should tell your manager and contact the Ethics and Compliance Team for guidance. You should get approval for the donation, and record the details, as described earlier.

#### Can I accept alcohol as a gift?

Yes, as long as it keeps to the rules described above and you do not drink it while working for or on behalf of us, or while on National Grid premises.

### Hospitality

#### My partner and children have been invited to an event. Can they go?

Partners and children may attend events, but the event must serve a legitimate business purpose. If you are not attending the event yourself, or your host will not be there, it is unlikely that there will be any legitimate business purpose. In this case, the event would be viewed as a gift and you must keep to these rules.

## What this guidance means to you

You should not allow gifts or hospitality to influence your decisions and personal judgment, or appear to do so.

If you have any concerns or need more guidance, speak to your manager or contact the Ethics and Compliance Team.



CORRUPTION AND TRANSPARENCY

# POLITICAL INTERACTIONS AND LOBBYING

With so much of our work in the public eye, it's only natural that we'll come into contact with politicians and government officials. While it's important for us to build and develop good relationships, it's even more important that we manage them appropriately.

## i Main points

### US guidance

A public official or public employee is anyone who is on the payroll of a municipality, city, state, town, county or federal government.

Anyone at National Grid could come into contact with public officials or employees. These interactions are not limited to the Corporate Affairs Team. If, in your work for National Grid, you find yourself in a situation where you are working with a public official or public employee, you must not provide gifts or entertainment to that person. This policy applies to any interactions with public officials or public employees in any setting, on or off National Grid property. This policy applies in all jurisdictions we work in.

Lobbying laws are very complex, and carry severe penalties if you break them. You and your manager must first get advice from Corporate Affairs and the legal department when working with public officials or public employees.

Please note that lobbying laws vary from state to state in the US and that there are strict restrictions on providing any kind of benefit to foreign public officials under the UK Bribery Act 2010 and to foreign officials under the US Foreign Corrupt Practices Act 1977.

### UK guidance

Always let the UK and EU Public Affairs Team know when you're meeting or working with any of the following on our behalf:

- a politician;
- a member of a central government department (such as the Department of Energy & Climate Change or Her Majesty's Treasury);
- a non-governmental organization (such as the Committee on Climate Change); or
- an interest group (such as Greenpeace or Green Alliance).

Being open and honest about who we're meeting and why we're meeting them is a vital part of protecting our reputation and the reputation of the people we're working with.

Keeping to our rules on gifts and hospitality is particularly important when dealing with politicians, government officials or regulators. Giving or receiving gifts could be seen as bribery, no matter how innocent your intentions are.

It's fine to give the people you're working with a token business memento. It's also okay to accept or offer occasional hospitality (for example, business lunches that are in line with our rules on hospitality).

When you're working with politicians, government officials or regulators, it's important that you keep your own political interests or activities separate from your role as a National Grid employee.

You should also comply with the Association of Professional Political Consultants (APPC) Code, the Bribery Act and the Political Parties, Elections and Referendum Act.

### EU guidance

We are registered on the EU Transparency Register, which regulates relationships between stakeholders and EU officials. You must respect the related code of conduct when dealing with EU officials, and follow our rules on gifts and hospitality.

Ask the UK and EU Public Affairs Team for advice on national regulations that may apply in the EU.

## ✕ Dos and don'ts

Never give money or expensive gifts to politicians, government officials or regulators, and never accept these items from them either.

**In the US,** you should never give any money, gifts or hospitality to public officials – even if it's just a cup of coffee.

Always be open and honest when dealing with government officials.

**Need advice?**  
US internal helpline / 1-888-867-6759  
UK internal helpline / 0800 328 7212  
US email / [businessconduct@nationalgrid.com](mailto:businessconduct@nationalgrid.com)  
UK email / [business.conducthelp@nationalgrid.com](mailto:business.conducthelp@nationalgrid.com)

CORRUPTION AND TRANSPARENCY

## ! Dilemma

I've invited two well-known Members of Parliament (MPs) to speak at an event that my team is hosting in the UK. They've accepted the invitation, but have asked for a small payment in return for attending. We think their contribution will be really useful for us.

### What you should do

While the MPs' contribution may be valuable, you must not give them money for their time under any circumstances. As an alternative, your team could make a token donation to an independent registered charity as a gesture of thanks for them attending.

## FAQs

### Does the company policy on political interactions apply only to elected officials in the US?

No, it applies to all public officials, including, for example, employees of the regulatory agency, a municipal clerk, a fire chief or a professor at a state university.

### In the US, I am holding an all-day meeting with the Public Service Commission to review our proposed new rate plan. Am I allowed to provide food and drinks to those attending?

You must not offer **any** gifts or hospitality to a public official in the US. This includes food and drink.

### What should I do if an MP in the UK only agrees to attend a meeting or function if we pay for their travel and accommodation?

You can offer expenses, but only if they're reasonable. This would include situations where MPs have to travel from their usual location to attend a meeting, or where they would have to stay overnight to attend a meeting or function.

### If an EU Commission official agrees to attend a meeting, are we allowed to offer refreshments, lunches or dinner?

Yes, as long as it is in line with our rules on gifts and hospitality.

## What this guidance means to you

Working with politicians and government officials is an important part of the work we do, but we need to keep it professional. So always be open and honest in any dealings with politicians and public and government officials.



CORRUPTION AND TRANSPARENCY

# USE OF COMPANY RESOURCES

The company assets you rely on for your work (for example, computers and phones) are intended to be used for our business.

## Main points

Where appropriate, we have provided you with the things you need to do your job, such as a computer or a phone. It's OK to occasionally use these for personal use, but this must not interfere with your work, breach IS policies, or break any laws.

Using our vehicles (cars, vans and aircraft) for personal use is not allowed unless it's specifically authorized (for example, company cars that are provided for private and company use).

## Dos and don'ts

Never use company resources such as facilities, equipment or information for personal purposes.

## Dilemma

A couple of my colleagues have been using a company excavator or backhoe to do some work on their gardens.

**What you should do**  
Using company resources for personal purposes is not allowed. You should raise your concern with your line manager or speak to the Ethics and Compliance Team.

## FAQs

### Can I use spare construction materials for some home improvements?

No, these materials are intended to be used for our business only.

## What this guidance means to you

We're all responsible for protecting our resources and making sure they're used as intended.

**Need advice?**  
US internal helpline / 1-888-867-6759  
UK internal helpline / 0800 328 7212  
US email / [businessconduct@nationalgrid.com](mailto:businessconduct@nationalgrid.com)  
UK email / [business.conducthelp@nationalgrid.com](mailto:business.conducthelp@nationalgrid.com)

CORRUPTION AND TRANSPARENCY

# COMPETITION

There's always an element of competition in business, even when it is regulated. Competition law recognizes this, but it sets boundaries to make sure that businesses don't compete unfairly or improperly.

## Main points

Competition law is designed to uphold fair play in business. For instance, it stops companies which have a strong position in a market, such as monopolies, from abusing their position or making anti-competitive agreements.

Competition law applies to many different areas, including:

- discussing confidential information with competing companies;
- taking actions that could lead to competitors co-ordinating their prices, costs, or strategies; and
- agreeing with other businesses not to compete with each other (for example, by sharing customers, suppliers, or geographical or product markets).

Competition law applies to all parts of National Grid, whether or not they are licensed by Ofgem.

Every document you write (including emails and deleted files) may be read and interpreted by the competition authorities if they decide to investigate. Always adopt a professional writing style and steer clear of sensationalizing information.

If you break competition law, there could be serious consequences – for you and for National Grid.

Also, **in the US**, there are federal and state standards to make sure that we work in a way that protects our customers and doesn't get in the way of competition.

## Dos and don'ts

### Do

- Get legal advice if you think you may be about to enter into what could be an anti-competitive arrangement (including sharing confidential or commercially sensitive information).
- Always make sure we act fairly and don't place anyone at an unfair commercial advantage or disadvantage.
- Be objective and don't discriminate.
- Remember that an informal understanding or agreement will be treated in the same way as a legal agreement.
- Keep records to explain why you took your decisions and to provide evidence of the contact you've had with customers, suppliers and competitors.
- Write clearly, professionally and responsibly – careless language in business communications can be very damaging.

### Don't

- Communicate with competitors (except those who are our customers or suppliers, and then only to the extent necessary) about your prices, costs, terms of business or other confidential or commercially sensitive information.
- Impose or quote unreasonably high or low prices, or restrict any third party's freedom to deal with others.
- Communicate with competitors (even if they are customers) about our business strategy or other suppliers, contractors or customers.
- Sell products or services only on a 'bundled' basis (when someone buying product 'A' also has to buy product 'B').
- Allow the resources (financial or other) of a National Grid group licensed business to subsidize any other National Grid group business.
- Allow a National Grid group licensed business to be subsidized using the resources of any other National Grid group business.
- Refuse to deal with an existing or potential customer or supplier, except for clear, genuine, unbiased reasons.
- Allow discussions about regulatory issues, or about technical or quality standards, to result in a discussion about prices, costs, terms of business or business strategy.



CORRUPTION AND TRANSPARENCY

# COMPETITION CONTINUED

## ! Dilemma

We are bidding for work from customers. During the negotiations, one of my colleagues suggests that one customer should be given a better price than the price other customers will get.

### What you should do

You should make sure that you get advice from the Legal Team. Before you do, think about whether there is any clear, genuine, unbiased reason why one customer should get a better price than the others. Without that, the deal could well be discriminatory and we will not enter into such deals.

## FAQs

### What do I do if I'm worried that I might be about to break competition law?

Contact the legal department, who will be able to give you advice.

### What takes priority, competition law or the licenses?

Neither – both apply where relevant. Competition law also applies to all our activities, not just our regulated businesses.

### Need advice?

US internal helpline / 1-888-867-6759  
UK internal helpline / 0800 328 7212  
US email / [businessconduct@nationalgrid.com](mailto:businessconduct@nationalgrid.com)  
UK email / [business.conducthelp@nationalgrid.com](mailto:business.conducthelp@nationalgrid.com)

CORRUPTION AND TRANSPARENCY

# COMMUNITY VOLUNTEERING, INVESTMENT AND SPONSORSHIP

We play a vital role in connecting people to the energy we all use, and we recognize the effect our work can have on people and communities. We're at the heart of communities, so investing in and connecting with them is the way we do business.

We also believe in supporting charitable, civic and community organizations at global, national and local levels.

## i Main points

### Volunteering and fundraising

Our comprehensive volunteering programs give employees the opportunity to work with a variety of different organizations in the UK and US, and to take part in a range of activities.

Employees who donate money or raise funds for a registered charity may be able to apply to one of our fundraising incentive schemes (UK) or Matching Gift Program (US).

- **UK:** personal donations are matched up to £100, as long as you donate £50 or more as a lump sum.
- **US:** the Matching Gift Program matches personal donations of up to \$500, as long as you donate \$20 or more as a lump sum.

### Community investment

All requests to contribute to community projects must be handled in line with our policy on charitable donations, and must meet 'delegations of authority' requirements.

**US charitable donations** are governed by a policy that sets out the process for making, reviewing and approving funding requests.

## ⚡ Dos and don'ts

Never make a commitment to match donations or fundraising to charities or other not-for-profit organizations until your application has been approved.

Don't promise corporate funding or a sponsorship commitment without the proper approval. You must also meet our delegations of authority requirements.

Never make corporate donations to encourage a customer to buy or recommend our products, or to receive favorable treatment from a vendor, regulator or public official.

## ! Dilemma

Replacing mains in a small community has caused lots of disruption. Representatives from the community have asked us to make a donation toward a new recreational area in the local park. As the overall project has come in under budget, I would like to help.

## What you should do

**UK** – You can authorize donations only if you have the level of delegation of authority for community investment. If you don't have authority, contact the Community Helpline (see below). All requests for donations should be made through the Community Investment Team, who will carry out the necessary checks.

**US** – You can agree to the donation only if you have the proper approval to do so. All requests for donations to charities must go through the Economic Development and Corporate Citizenship department, which is part of the US customer organization. Community contributions such as this should also be reviewed by local jurisdiction leadership to make sure they meet our community strategy and priorities.

## FAQs

### Can I ask for donations from our suppliers, vendors or customers?

Speak to the Ethics and Compliance Team or the Community Investment Team before asking for any donations.

### How can I find out more?

**In the UK,** if you have any questions about community volunteering, investment, sponsorship or donations you can call our Community Helpline on 01285 841 912. For more information you can also visit the community investment pages on Infonet.

**In the US,** you can find out more by reading the US Fundraising section of the Workplace Guidelines, which are available on the US Ethics and Compliance Infonet site. You can also find guidance on the types of fundraising we allow, as well as how you may advertise a fundraiser and get any approvals you may need. Company policies relating to charitable donations and sponsorships are available on the US Finance SharePoint hub. You can also contact the Corporate Citizenship Team at 315 428 6891.

## ! What this guidance means to you

Getting involved with communities is the way we do business at National Grid. There are lots of ways in which you can make a difference – from volunteering your time and skills to donating money and fundraising.



# INFORMATION AND COMMUNICATIONS



## What's in this section?

Data privacy.....	23
Information security.....	24
Managing records.....	25
Global email and the internet.....	26
Social media.....	27

**Need advice?**

US internal helpline / 1-888-867-6759  
UK internal helpline / 0800 328 7212  
US email / [businessconduct@nationalgrid.com](mailto:businessconduct@nationalgrid.com)  
UK email / [business.conducthelp@nationalgrid.com](mailto:business.conducthelp@nationalgrid.com)

## INFORMATION AND COMMUNICATIONS

# DATA PRIVACY

We're committed to protecting people's privacy rights by making sure we handle their personal information responsibly.

We must make sure personal information is protected and processed fairly and in line with the law to maintain the confidence and trust of our employees, customers, vendors, suppliers and regulators.

### **i** Main points

We believe that the privacy of others must be protected at all times. When data privacy laws apply, we must always comply with them.

Each country we work in has its own privacy and data-protection laws. These laws focus on the importance of handling personal information in a responsible way. This also includes making sure that there are adequate controls in place to continue to protect the information when it's transferred across borders or to third parties.

As a responsible organization, we're fully committed to keeping to these laws. We are all responsible for taking great care to deal with personal information in a safe and secure way, and to reduce the risk of it being lost, misused, inappropriately accessed, released, altered or destroyed.

### **⚡** Dos and don'ts

#### Do

- Keep personal information safe.
- Assume that anything you write about a person could be discovered.
- Only collect personal information that is necessary.
- Get consents when collecting sensitive personal information.
- Only use personal information for the purpose it was collected for.
- Make sure personal information is accurate and up to date.
- Keep to all relevant guidelines and dispose of information and records in a safe, secure way.
- Know who you are allowed to share personal information with, and only release it to people who need it.
- Keep to our data-protection and information-security policies, standards and guidelines.
- Ask for advice if you're not sure about anything.

#### Don't

- Ignore potential risks. You must report incidents or concerns.
- Get access to personal information if you are not authorized to do so.
- Email sensitive information, unless you are sure it is safely encrypted.
- Store or send personal information on unencrypted removable media (for example, memory sticks or disks).
- Assume you can share personal information with another member of staff.
- Leave sensitive personal information lying around.
- Share passwords, or use ones that are easy to guess.

### **!** Dilemma

I think my work colleague is accessing personal information without authorization.

#### What you should do

If you know that someone – an employee, contractor or anyone else – has access to information that they shouldn't be looking at, you must raise the concern immediately. You should do this by telling your line manager, Ethics and Compliance, Digital Risk and Security or the Global Data Privacy Manager. You can also raise your concerns by calling the internal or external helplines.

Privacy and data protection laws are designed to protect private information and how it is collected, stored, accessed, used and passed on.

If you don't follow the relevant laws, we could be reprimanded by the regulator, have legal proceedings taken against us or be fined. Our reputation or commercial interests could also be damaged.

You may be personally liable and so face disciplinary action. This could lead to you being dismissed.

### **🗉** FAQs

#### What counts as 'personal information' and 'sensitive personal information'?

Personal information relates to living people who could be identified by the information. It can be factual, such as a person's name, address, contact details and date of birth. Or it can be an opinion, such as how a manager thinks you performed at an interview or an appraisal.

Sensitive personal information is a special category and needs to be treated even more carefully. This includes information about a person's identity (for example, their social security or medical insurance number, details from their driver's license or passport, employment details such as sickness, absence and disciplinary action, financial details such as debit or credit-card details, racial or ethnic background, political opinions, religious beliefs, trade union membership, health, sexuality, alleged crimes and court proceedings).

### **👤** What this guidance means to you

This guidance is to help you make sure that we all process personal information in a safe, secure, fair and lawful way.



INFORMATION AND COMMUNICATIONS

# INFORMATION SECURITY

We're all responsible for protecting information from deliberate, accidental or unauthorized access, and from being altered, destroyed or disclosed. This applies to information held electronically (soft copy) and on paper (hard copy).

## Main points

Sharing information and ideas within National Grid is great for our business and allows us to make the most of information technology. But there are risks.

If our confidential information falls into the wrong hands, it could be used to damage our (and our partners') reputation and business operations. The same applies to confidential information we have about our business partners or suppliers.

It's important to classify and protect information in line with our information-protection standards. You should also make sure that any employees who have access to the information understand what the classifications mean, and what could happen if they break the rules.

## Dos and don'ts

You must never:

- tell anyone your password (even if they are your manager or work in IS support); or
- share confidential information with unauthorized parties.

## Dilemma

I know I'm not supposed to share my log-in ID and password, but we really need to get this work done while I'm on vacation.

### What you should do

The reason you must never share your log-in ID and password is simple – if you do this, you're effectively allowing someone else to 'be you' on our systems, and that's not acceptable under any circumstances.

You are expected to act responsibly whenever you log on to our systems. If you reveal your log-in details to someone else, you're breaking that trust.

If you know there is going to be a problem, contact the IS help desk or the Digital Risk and Security Team as soon as possible and explain the situation. They will then start working on a secure solution for you.

Need advice?

US internal helpline / 1-888-867-6759  
UK internal helpline / 0800 328 7212  
US email / [businessconduct@nationalgrid.com](mailto:businessconduct@nationalgrid.com)  
UK email / [business.conducthelp@nationalgrid.com](mailto:business.conducthelp@nationalgrid.com)

## FAQs

### What do we mean by 'information'?

Information covers all forms of written, printed and electronic documents. It includes information that:

- you talk about or hear in meetings;
- originates from informal discussions or conversations;
- is saved on storage media (for example, disk, memory stick or hard drive);
- is held on a computer;
- is being sent over communications lines;
- is held in digital, graphic, text, voice or image format; and
- is held in an electronic form on your personal devices.

### Are there extra security measures I could put in place for information held on paper copies?

You could consider numbering each copy and recording when you received it.

## What this guidance means to you

We're all responsible for protecting information.

You should always be on your guard because the content of some emails, faxes (some fax machines and printers have a memory store), text messages, voicemail messages and other recorded conversations could cause significant problems if they're not protected and an unauthorized person has access to them.

INFORMATION AND COMMUNICATIONS

# MANAGING RECORDS

Regulators, auditors and shareholders rely on accurate company accounts and other records. And so do we. We have to create and maintain complete and accurate records, in good time. The entire record must accurately reflect the relevant activity or dealing.

We must keep our information and records safe, and make sure no one has unauthorized access to them. They need to be kept in line with our policies on storing documents.

## Main points

We're all responsible for protecting National Grid's assets, including records and other written or electronic information.

Our financial and accounting records need to be accurate, and we must follow all accounting and internal control procedures.

You must not do any of the following, or ask anyone else to do them for you.

- Enter false, misleading or incomplete information in any company account, expense statement, purchase order or other record.
- Leave out any information that makes a company account, expense statement, purchase order or other record inaccurate or misleading.
- Alter, hide or destroy any information in order to produce false or misleading records or reports, or to hold up an investigation.
- Interfere with an audit.
- Try to influence an audit.

If there is legal action in the pipeline or you're issued a 'legal hold' order because of legal action, you must keep all related company information.

Save whatever is required under a legal or contractual obligation, internal control or best practices. If you're not sure what to save, ask the legal department.

## Dos and don'ts

Never misstate facts or leave out relevant information.

Don't hide, alter, falsify or disguise the true nature of any dealings.

Don't forge endorsements, approvals or authorizing signatures for any payment.

Don't process, enter into a system, or approve a record or information that you know is false or misleading.

## Dilemma

I've just finished a project. The documents are taking up a lot of room, so I'd like to get rid of them.

### What you should do

Don't throw them away. They may be needed for legal, regulatory or business reasons. Read the Global Information and Records Management Procedure and refer to the appropriate Retention Schedule for the business activity.

## FAQs

### I was supposed to calibrate a machine on Friday but forgot and did it on Monday. Is it OK to backdate the inspection form for Friday?

No. That would be falsification of company records, which is a serious issue.

All information must be accurate and truthful. You should record the date when the inspection actually took place.

## What this guidance means to you

Accurate records are vital, so you should make sure that all company records, information and communications are full, fair, accurate, easy to understand and made in good time. You should also make sure that they can be retrieved when they're needed.



INFORMATION AND COMMUNICATIONS

# GLOBAL EMAIL AND THE INTERNET

Electronic communication, which includes email and the internet, brings many benefits to businesses. It can reach many people, over great distances, almost instantly. However, it also brings a number of risks and potential problems.

## **i** Main points

When it comes to electronic communications, be cautious. You should always be aware that they have the potential to damage our company or people. For example, they may carry computer viruses that can infect our systems, or they may be misinterpreted and cause offense. They could also affect our reputation and electronic messages may need to be disclosed in court proceedings or investigations.

You are responsible for following all National Grid policies when you use your devices to get access to company files and systems.

### Personal use

We allow you limited personal use of the internet, including online social networking, on work computers and communications systems. But that use must not:

- interfere with your work;
- take priority over your work;
- give rise to any risk, liability, potential loss or expense for the company; or
- have any negative effect on the company.

Also, your use must always be within the law, and comply with relevant policies and procedures.

## **x** Dos and don'ts

You should never do the following.

- Download or pass on material that's dangerous, offensive or illegal.
- Open attachments from unknown external sources, as they may contain viruses. Instead, contact Information Security through the helpdesk.
- Send or solicit messages that are political, religious or activist.
- Use electronic communications or internet facilities for illegal activities.
- Violate any license agreement, copyright or trademark law.
- Download software or programs without the authority you need. If you are not sure, contact the helpdesk.
- Get around National Grid's security controls to gain unauthorized access to our communications systems or internet facilities.

Need advice?

US internal helpline / 1-888-867-6759  
UK internal helpline / 0800 328 7212  
US email / [businessconduct@nationalgrid.com](mailto:businessconduct@nationalgrid.com)  
UK email / [business.conducthelp@nationalgrid.com](mailto:business.conducthelp@nationalgrid.com)

INFORMATION AND COMMUNICATIONS

# SOCIAL MEDIA

People are talking about us through social media services and sites – such as Twitter, Facebook, YouTube and LinkedIn – and it's important that we listen to what they say and respond. Through these channels we can join online conversations about National Grid. This will help us to understand the needs of our customers and the communities we serve.

## **i** Main points

A conversation that takes place online can be just as important as a letter or email. Remember that conversations on social media may need to be disclosed in court proceedings or investigations.

### Personal use

We allow limited personal use of online social networking on work computers and communications systems. But that use must not:

- interfere with your work;
- take priority over your work;
- give rise to any risk, liability, potential loss or expense for the company; or
- have a negative effect on the company.

Also your use must always be within the law, and comply with relevant policies and procedures.

## **x** Dos and don'ts

### Do

- Be sensible and responsible. If you post anything about National Grid or our business, you must keep to our core values.
- Contact your local Communications Team for advice if you plan to use social media for any business activity.
- Remember that not all postings are done with the best of intentions. Be careful and, if in doubt, ask for help.

### Don't

- Post personal information that could put you at risk.
- Include any information that is copyrighted without getting advice first. If in doubt, ask your manager.
- Publish any views on behalf of National Grid unless your job role entitles you to do so.
- Post personal information such as customer details, user names and IDs, or passwords.
- Make false or derogatory statements about anyone's business practices, character, financial status, morals or reputation.
- Upload confidential or sensitive company information to an external site without getting advice first.

## **!** Dilemma

Some of my colleagues are using Facebook to make derogatory comments about people on their team, both inside and outside working hours.

### What you should do

This is unacceptable. You should tell your line manager, Human Resources or a member of the Ethics and Compliance Team.

## **?** FAQs

### A couple of journalists contacted me after I placed a post on Twitter. Can I talk to them?

No. You must not talk to journalists if they phone you or approach you on a social media site. Comments you make could be used to damage our reputation. Take the journalists' details and pass them on to the Media Relations Team.

## **!** What this guidance means to you

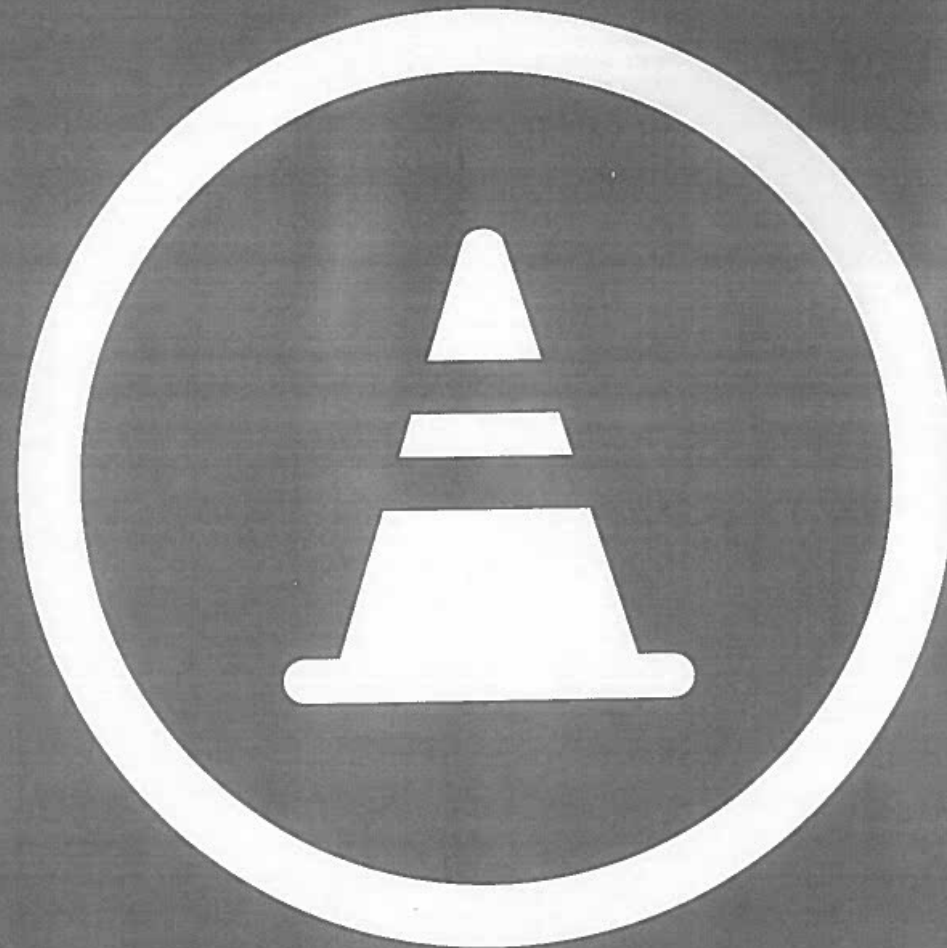
Remember that anything posted on the internet is likely to be permanent, even if you delete it – the information could have been copied and reposted.

You're accountable for any actions taken using your user name and password.

Misusing the social media facilities provided at work is serious, and could damage your and our reputation. Sharing sensitive information in this way could also open us to risk of malicious attack. If you don't follow company rules you may be disciplined, which could lead to you being dismissed. And if it's appropriate, the relevant authorities (including the police) will be informed.



# ACTING RESPONSIBLY



## What's in this section?

Drugs and alcohol.....	29
Safety.....	30
Environmental protection.....	31
Insider threats.....	32
Physical security.....	33

Need advice?

US internal helpline / 1-888-867-6759  
UK internal helpline / 0800 328 7212  
US email / [businessconduct@nationalgrid.com](mailto:businessconduct@nationalgrid.com)  
UK email / [business.conducthelp@nationalgrid.com](mailto:business.conducthelp@nationalgrid.com)

## ACTING RESPONSIBLY

# DRUGS AND ALCOHOL

We are committed to having a workplace free from alcohol and drugs that may affect an employee's ability to safely perform all aspects of their job. We have a duty to keep our employees and the public safe from the risk of harm by employees who work while they're under the influence of alcohol and drugs.



### **i** Main points

No employee or contractor is allowed to work if they're under the influence of alcohol or illegal drugs.

The controlled use and possession of prescribed drugs is an exception. If you're taking prescribed drugs that may affect your performance at work you must get advice from your doctor. If your doctor tells you that a prescribed drug you are taking could affect your work, you must tell your manager.

If a manager or supervisor suspects that someone has not followed these rules they must take appropriate action.

If an employee openly admits that they've developed an alcohol or drug-related problem, we'll support them in getting professional help.

You must not drink alcohol during working hours or on company property. There may be rare exceptions to this policy, but they need to be approved by a senior manager (Band A/B or VP/SVP).

We can carry out tests for alcohol and drugs, in order to protect the health and safety of employees and others. Testing can be carried out:

- if required by law;
- before we offer a job;
- after an incident; or
- if there is good reason to believe that a person's work is affected by their use of alcohol or drugs.

### **x** Dos and don'ts

Never come to work when you are under the influence of alcohol or drugs that may affect your ability to safely perform all aspects of your job.

### **!** Dilemma

I'm taking prescription medication that could affect my ability to work, but I don't want to tell my supervisor because I don't want to reveal my medical condition.

#### What you should do

You don't have to tell your supervisor the type of medication you're taking or why you're taking it. If you think that the medication you are taking could affect your performance, you must let your supervisor know. Your supervisor can then get advice from the Occupational Health Team or Medical Services to decide if you can do your work safely and efficiently.

### **?** FAQs

#### If I have a drug or alcohol problem, how can National Grid help?

We will support you if you have a genuine problem and want help. Our Employee Assistance Program (EAP) can also give employees and managers confidential support and advice on a wide range of issues at any time of the day or night, every day of the year.

### **u** What this guidance means to you

We aim to maintain a safe, healthy and productive working environment for all employees, customers, contractors and visitors who are involved with our work. You should never work if you are under the influence of alcohol or drugs.



ACTING RESPONSIBLY

# SAFETY

Our activities, and those of our contractors, involve risks, but we do all we can to keep ourselves and the public safe. Safety is our number one priority.

## Main points

We believe that we can remove or minimize safety risks. Our aim is to have no work-related injuries or harm, and to keep the public safe.

We all have a part to play in achieving that.

## Dos and don'ts

You should report all accidents and near misses, however minor.

You should never cover up or not report a safety incident in order to meet a safety target.

## Dilemma

I've worked with the same team for a few years. Recently, one of them has cut corners in following safety procedures. I feel that this has put him and the rest of the team at risk. Other team members have noticed it too, but they haven't told our manager. They say I shouldn't worry about this and that our colleague is just going through a tough time. I don't want an accident to happen, but I also don't want to distance myself from the other team members or get this employee into trouble.

### What you should do

It's good to be loyal to your team, but that loyalty should prompt you to report your concerns to your manager. There could be many reasons for your colleague's unsafe behavior, but whatever the reason, it can't continue. Remember that having an accident is much worse than getting your colleague into trouble, or angering the team. We will investigate your concerns and make sure that you don't suffer any reprisals for reporting them.

### Need advice?

US internal helpline / 1-888-867-6759  
UK internal helpline / 0800 328 7212  
US email / [businessconduct@nationalgrid.com](mailto:businessconduct@nationalgrid.com)  
UK email / [business.conducthelp@nationalgrid.com](mailto:business.conducthelp@nationalgrid.com)

ACTING RESPONSIBLY

# ENVIRONMENTAL PROTECTION

Protecting the environment is a legal requirement in all areas of our work and contributes significantly toward our reputation as a responsible business. We're all responsible for protecting the environment.



## Main points

We're committed to protecting the environment.

We will comply with relevant regulations, and aim to find new ways to reduce our effect on the environment as well as to improve it. We use our environmental-management systems and innovation to improve our performance.

## Dos and don'ts

You must follow our environmental procedures, using permits and other documents where necessary.

You should report all environmental incidents and near misses, however minor.

You should never cover up or not report an environmental incident.

## Dilemma

During a recent site visit we found that we hadn't inspected on-site controls and monitoring records, which we have to do as part of our regulatory commitments.

### What you should do

Tell your manager straight away. You may also need to contact your local Environmental Team, the Environmental Operations Team or the Legal Department to inform them of the matter. They will discuss it with you and give advice.

## FAQs

### Do I still have to report an environmental incident if no pollution was caused?

Yes. You must report all environmental incidents, no matter how minor. We investigate all incidents that are reported – however trivial they may seem – to identify any hazards, and so we can take action before serious harm is caused.

## What this guidance means to you

This guidance helps you understand how environmental policies, procedures and processes apply to your job. Remember that to meet our environmental commitments, we must all support the environmental policy in all areas of our work.

ACTING RESPONSIBLY

# INSIDER THREATS

We need to make sure employees and contractors keep our property safe and protect the access they have to our assets, including information. If an employee or contractor uses their position or information to harm our company, this is referred to as an 'insider threat'. An insider threat could include criminal activities, such as theft, sabotage, terrorism or commercial espionage.

## **i** Main points

To help keep insider threats to a minimum, we make sure we employ reliable people. We look out for suspicious or unusual behavior and deal with security concerns once they have become apparent.

An insider threat could come from an employee or a contractor. A person from outside National Grid could also pose a threat by exploiting the relationship they have with one of our employees or contractors.

We use background checks when people are joining our company, to help us detect issues that could cause problems. However, we need to stay vigilant in our workplace too. During the course of their employment, a person's attitude, mindset and loyalties can change. This can sometimes result in people becoming more likely to use their access to our systems and assets in ways that could cause us harm.

If you are worried about a change in a colleague's behavior, speak to your line manager. Or you can contact the Security Team or phone the Business Conduct Helpline (UK 0800 328 7212, US 1-800-465-0121).

## **✓x** Dos and don'ts

### Do

- Raise any concerns with your line manager, or talk to Security for advice.
- Talk to the colleague to see if they are alright.

### Don't

- Jump to conclusions. You shouldn't assume that a change in a person's behavior means that they are doing something wrong. Talking to them to show your concern may help.

## **!** Dilemma

A usually lively team member has changed their working patterns and is now working unusual hours. They are also reluctant to take any vacation. I've noticed they have started to regularly take files home with them. Some of the files appear to contain sensitive information about our infrastructure and security measures.

### What you should do

You have a number of options, depending on your relationship with this colleague. It might be appropriate to talk to them first, and ask if they are OK. The problem could be that they have a heavy workload. If you still have concerns after this, or don't feel comfortable with this suggestion, discuss the situation with your line manager.

## **🗨️** FAQs

### What should I do if I don't feel comfortable raising a concern with the person or my line manager?

You can talk to the Security Team or the Ethics and Compliance Team, or contact the helpline.

### What should I do if I talk to the person and they ignore my attempt to help?

In this case you should talk to your line manager, the Security Team or the Ethics and Compliance Team, or contact the helpline – particularly if the cause for concern continues or becomes worse.

## **👤** What this guidance means to you

The security of our people, assets and information is vital to us and the national infrastructure. Taking appropriate security measures is an important way in which we can help protect ourselves against people who may cause us harm.

Need advice?

US internal helpline / 1-888-867-6759  
UK internal helpline / 0800 328 7212  
US email / [businessconduct@nationalgrid.com](mailto:businessconduct@nationalgrid.com)  
UK email / [business.conducthelp@nationalgrid.com](mailto:business.conducthelp@nationalgrid.com)

ACTING RESPONSIBLY

# PHYSICAL SECURITY

Having effective security in place helps keep our people and assets safe and secure. It helps us guard against criminal activity, such as theft, vandalism and potentially terrorism.



## **i** Main points

The safety of employees, contractors and members of the public is our number one priority.

We have responsibilities as the owner and operator of infrastructure that's critical to the countries we work in. So, we take steps that are necessary to protect the security of this infrastructure, including appropriate physical security measures.

The level of physical security measures we take is proportionate to the level of risk to the company. We use best-practice guidelines within each country we work in and comply with all relevant laws.

A corporate security adviser will work with you and, where appropriate, help liaise with other bodies such as the local neighborhood policing team.

## **✓x** Dos and don'ts

### Do

- Challenge anyone who isn't wearing an employee access or visitor badge.
- Report any loss or theft from National Grid to the police.
- Make sure that you use the security arrangements we have in place (for example, locking gates and doors) or report them if they're not working correctly.
- Contact the UK Corporate Security Team by emailing [groupsecurity@nationalgrid.com](mailto:groupsecurity@nationalgrid.com) or at 01926 653194.
- Contact the US Corporate Security Team at 844-290-0722.

### Don't

- Ignore incidents – they may indicate a trend or persistent problem.
- Reveal security arrangements or sensitive information about our sites to people outside our company, or to those who don't need to know these details as part of their job.
- Use cameras or recording equipment in secure areas.
- Follow closely behind someone to avoid security barriers or allow others to do so.

## **!** Dilemma

I have noticed an unmarked van has been parked on site for a number of days. I'm quite sure that it hasn't moved during that time as leaves have collected on the windshield.

### What you should do

Contact your on-site security team or Corporate Security as soon as you can. There could be an innocent explanation, but the security team will be able to investigate to make sure that there is no threat to our people or assets.

## **🗨️** FAQs

### What should I do if I see a bag or package that has been left unattended?

Contact your on-site security team. They will decide on the best course of action to take.

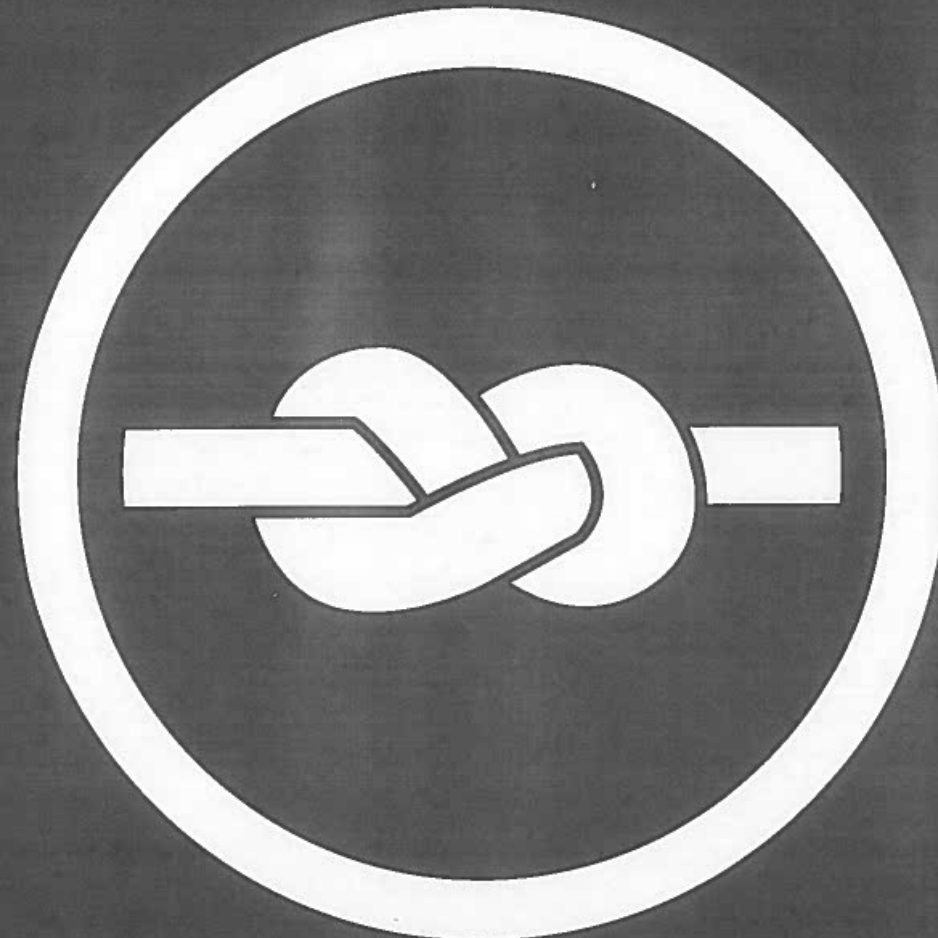
### I have noticed a visitor walking around our site unescorted. Should I challenge them?

Absolutely. You should always challenge unescorted visitors. Visitors who are not authorized to be on our premises could have criminal intentions, and threaten the security of our people and assets.

## **👤** What this guidance means to you

Everyone can help keep our people and assets safe. Be personally accountable – don't be afraid to own up to a mistake, and be willing to report it. Challenge behavior that could threaten our security and report any concerns you have.

# CONFLICTS OF INTEREST



## What's in this section?

General conflicts of interest.....	35
Price-sensitive information, insider trading and material non-public information.....	37
Human Resources.....	38

**Need advice?**

US internal helpline / 1-888-867-6759  
UK internal helpline / 0300 328 7212  
US email / [businessconduct@nationalgrid.com](mailto:businessconduct@nationalgrid.com)  
UK email / [business.conducthelp@nationalgrid.com](mailto:business.conducthelp@nationalgrid.com)

## CONFLICTS OF INTEREST

# GENERAL CONFLICTS OF INTEREST

We must avoid situations where our personal interests could be in conflict with those of National Grid. A conflict of interest arises when our personal interests or activities affect our ability to perform our work or make unbiased decisions on behalf of National Grid.

### **i** Main points

#### **Financial interests**

You must not allow your financial, employment or other interests – or indeed those of your family or friends – to affect (or appear to affect) the decisions you make on our behalf.

This situation could come up if a family member or friend holds a responsible position in a company that does business with us, or if you own (or are promised a job with) a company that does business with us.

In both cases, our reputation is at risk because of that relationship. Even if you have no involvement at all in their dealings with us, the fact that there appears to be a conflict could be very damaging.

It's always better to be safe than sorry, so as soon as you become aware of any potential conflict of interests, tell your manager.

If you or a family member holds a financial interest in a company that does business with us, you must tell your manager straight away.

#### **Outside directorships, second jobs and other outside activities**

Many of our employees get involved in public duties outside of work, including belonging to charities or public organizations, Parent Teacher Associations and the governing body of their local school.

We're happy to encourage and support this participation, but only if there is no conflict of interest, or the appearance of one. If you're not sure whether your involvement would give rise to a conflict of interest, talk it through with your manager and explain what your commitments are likely to be.

If you or your manager has any concerns, you should contact the Ethics and Compliance Team.

In the case of paid work or a directorship, you should always get the prior approval of your manager or supervisor. That approval will only be given if it's clear that the work or directorship:

- won't cause a real or apparent conflict of interest (such as taking on a second job with a competitor of ours);
- doesn't affect our obligations under any relevant laws (such as the Working Time Regulations in the UK);
- doesn't affect your ability to do your job, or conflict with your responsibilities as a National Grid employee;
- won't involve you using company time, equipment or other resources to carry out your second job or directorship duties; and
- for the UK only, meets the terms and conditions set out in your contract of employment.

#### **Workplace relationships**

Relationships and friendships can have a big effect on daily business, and can sometimes have negative effects on other employees. Make sure you tell your manager about any relationship that could give rise to a potential conflict of interest. If the relationship is between a manager and someone who reports to them, or when one party may be in a position to influence areas like pay, performance or commercial decisions, the senior person must tell their HR business partner, manager or the Ethics and Compliance Team.

**In the US**, employees are also expected to comply with the US Fraternalization Policy section of the Employment Policy. The US policy covers the employment of relatives, and its principles also apply in the UK.

#### **Workplace pressures**

At times we may feel under pressure to act in a way that's not in line with Doing the Right Thing, just so we can meet our business objectives. If that happens, you should follow the guidance contained in this document, speak to your line manager, or contact Human Resources or the Ethics and Compliance Team.

#### **Certificate of Compliance and Disclosure**

All management employees (in the US) and managers (in the UK) must report any potential conflict of interests on their Certificate of Compliance and Disclosure.

### **✕ Dos and don'ts**

Never hide any of your personal interests (including outside financial interests) that could conflict with our interests. Transparency is the key – always admit actual and potential conflicts of interest, promptly and in full.

Never alter a business record or incident report to achieve a business objective. Competing pressures such as costs, time and management direction can make it difficult, but we shouldn't compromise our ethical standards.

Never take a second job or a directorship without a manager or supervisor's approval.

Always report any relationships that could result in a conflict of interest.



CONFLICTS OF INTEREST

# GENERAL CONFLICTS OF INTEREST CONTINUED

## ! Dilemma

The business unit I work in isn't performing very well. An employee recently had a lost-time incident and my manager asked me to record it as annual leave instead. I know that reporting the lost-time incident will affect our performance measures.

### What you should do

Everyone is responsible for keeping accurate records and you should report the lost-time incident correctly. Your manager's request is inappropriate and has put you in a difficult position, so you should also contact Human Resources or the Ethics and Compliance Team for help and guidance.

## FAQs

### What if one of my relatives or a close friend works for one of National Grid's suppliers?

If you don't deal with the supplier at work, or have an influence on the procurement process, there's no need to tell your manager about this relationship. Otherwise, you must report it, even if you don't work directly with the supplier.

### My cousin is part-owner of a business that's bidding on a contract to provide services for National Grid, and I've been asked to get involved in the bid evaluation process. Who should I tell about the request?

You should tell your manager immediately. It's likely that we will then prevent you from getting involved in any decisions that relate to your cousin's business, now and in the future.

### I was recently elected to public office. Will this create any conflicts of interest with my job at National Grid?

Ideally, you would have gained approval from your manager before running for election. You should tell your manager about the commitment and make sure that:

- it doesn't conflict with your working hours at National Grid; and
- you don't use your position to look for favors for National Grid, or to grant any favors.

You must take all steps necessary to avoid even the appearance of a conflict of interest. In your public-office role, if you come across anything concerning National Grid, you must declare your interest. Don't get involved or make any decisions about the matter in question.

## What this guidance means to you

As an employee, you must report any financial, employment or other interests that could create a possible conflict of interest between you and National Grid.

Need advice?

US internal helpline / 1-888-867-6759  
UK internal helpline / 0800 328 7212  
US email / [businessconduct@nationalgrid.com](mailto:businessconduct@nationalgrid.com)  
UK email / [business.conducthelp@nationalgrid.com](mailto:business.conducthelp@nationalgrid.com)

CONFLICTS OF INTEREST

# PRICE-SENSITIVE INFORMATION, INSIDER TRADING AND MATERIAL NON-PUBLIC INFORMATION



Information is 'price sensitive' when it's not yet public knowledge and, if it's disclosed, might lead to a significant movement (up or down) in the price of shares or other securities such as National Grid retail bonds.

We have a policy in place to manage the disclosure of price-sensitive information.

## i Main points

You must make sure you keep price-sensitive information confidential.

If you use the information to influence your share dealing, this is called 'insider trading', which is illegal. Insider trading isn't limited to financial information. It also covers information about the activities and future prospects of any company listed on the stock market.

## ✘ Dos and don'ts

Never make investment decisions (buying or selling shares or other listed securities) based on price-sensitive information (UK) or material non-public information (US). This rule applies whether you are doing this in person or through an intermediary. You may also be responsible if you pass price-sensitive information on to a third party who then uses it to buy or sell shares.

## ! Dilemma

Recently I overheard two employees talking about the possibility of National Grid buying another company. I checked the market listings and found out the other company's share price is down because they haven't been performing well. If National Grid announces its plans to buy this company, the value of that company's stock will increase. I realize I can't invest in this company because I work for National Grid. However, my parents just sold their home and have a large sum of money they are looking to invest. Can I tell them that National Grid is thinking about buying this company?

### What you should do

No. It's illegal to pass on price-sensitive information to others, even if you don't make any investments yourself. The laws on insider trading contain severe civil and criminal penalties. You should never use price-sensitive information to make, or encourage others to make, investments in National Grid shares or other securities. This also applies to investments in other companies. National Grid might be planning to buy or merge with...

## FAQs

### What is 'price-sensitive information'?

Price-sensitive information is positive or negative information that is not available to the general public and could influence a reasonable investor to buy, sell or hold shares or other securities.

The term 'price-sensitive' applies to information about securities of any company listed on the stock market. In the UK it's also known as 'inside information' and in the US it's referred to as 'material non-public information'.

### What are examples of potentially price-sensitive information?

- Annual or half-yearly financial results and interim management statements
- Major business developments (such as substantial projects or regulatory developments)
- Dividend announcements
- Major deals to buy or sell a business
- Significant changes in our financial condition or business performance
- Significant changes in expectations of our performance
- People being appointed to, or leaving, our Board of Directors
- Significant share dealings by directors
- Major contracts awarded
- Significant potential legal action

## What this guidance means to you

Never trade using price-sensitive information because that's insider trading, which is illegal.

Be aware at all times – never disclose price-sensitive information to a third party because this could lead to insider trading.

If you use or pass on price-sensitive information you could face disciplinary action and criminal proceedings.

CONFLICTS OF INTEREST

# HUMAN RESOURCES

We believe in treating everyone fairly and respectfully.

## **i** Main points

We must make sure our workplace is free from discrimination, bullying and harassment.

Harassment includes anything that creates an intimidating, offensive or hostile work environment.

It can take many forms, including physical action, spoken and written remarks, and videos or pictures. It has a negative effect on a person's performance and our workplace as a whole, so is not acceptable.

If you experience, or become aware of, any discrimination or harassment, you should report it. We support employees who report concerns, and we will take action to address any retaliation.

Anything that threatens the safety of the workplace or any person is not allowed. This includes threats or violence against other employees, customers or property. It also includes any other type of behavior that puts, or could put, the safety of anyone at risk.

As part of our commitment to a safe environment, you must never carry weapons or other dangerous objects and substances while working, or when representing National Grid.

**In the UK**, gambling (such as office betting pools) on National Grid property or during working hours is not allowed, unless it has been authorized by a senior manager (Band B or above). This does not apply to activities sponsored by us.

**In the US**, gambling is never allowed on National Grid property or during working hours under any circumstances.

## **✓x** Dos and don'ts

Always report discriminatory behavior or harassment.

Never make rude, insensitive or offensive comments or jokes about another person. This includes matters relating to race, sex, age, religion or disability.

Never display or distribute discriminatory or offensive jokes or anecdotes, or those which may cause harassment. This includes posting pictures or sending emails.

Need advice?

US internal helpline / 1-888-867-6759  
UK internal helpline / 0800 328 7212  
US email / [businessconduct@nationalgrid.com](mailto:businessconduct@nationalgrid.com)  
UK email / [business.conducthelp@nationalgrid.com](mailto:business.conducthelp@nationalgrid.com)

## **!** Dilemma

I recently joined a new team. My colleagues have made a number of comments about another female team member. I've found the comments uncomfortable but I'm concerned about raising my concerns because I'm new to the team.

### What you should do

If you're uncomfortable speaking to the people making the comments, you should raise your concerns with your line manager as soon as you can. If you don't want to do that, you should contact Human Resources or the Ethics and Compliance Team, or call the internal or external helpline.

## **?** FAQs

**Where can I find copies of relevant policies?**  
**In the UK** you can find Human Resources policies on the UK Human Resources Infonet site.

**In the US**, Human Resources guidance can be found in the HR section of Infonet.

## **!** What this guidance means to you

At National Grid we are committed to maintaining a work environment that respects people's differences. None of us should tolerate discrimination, bullying or harassment of any kind.

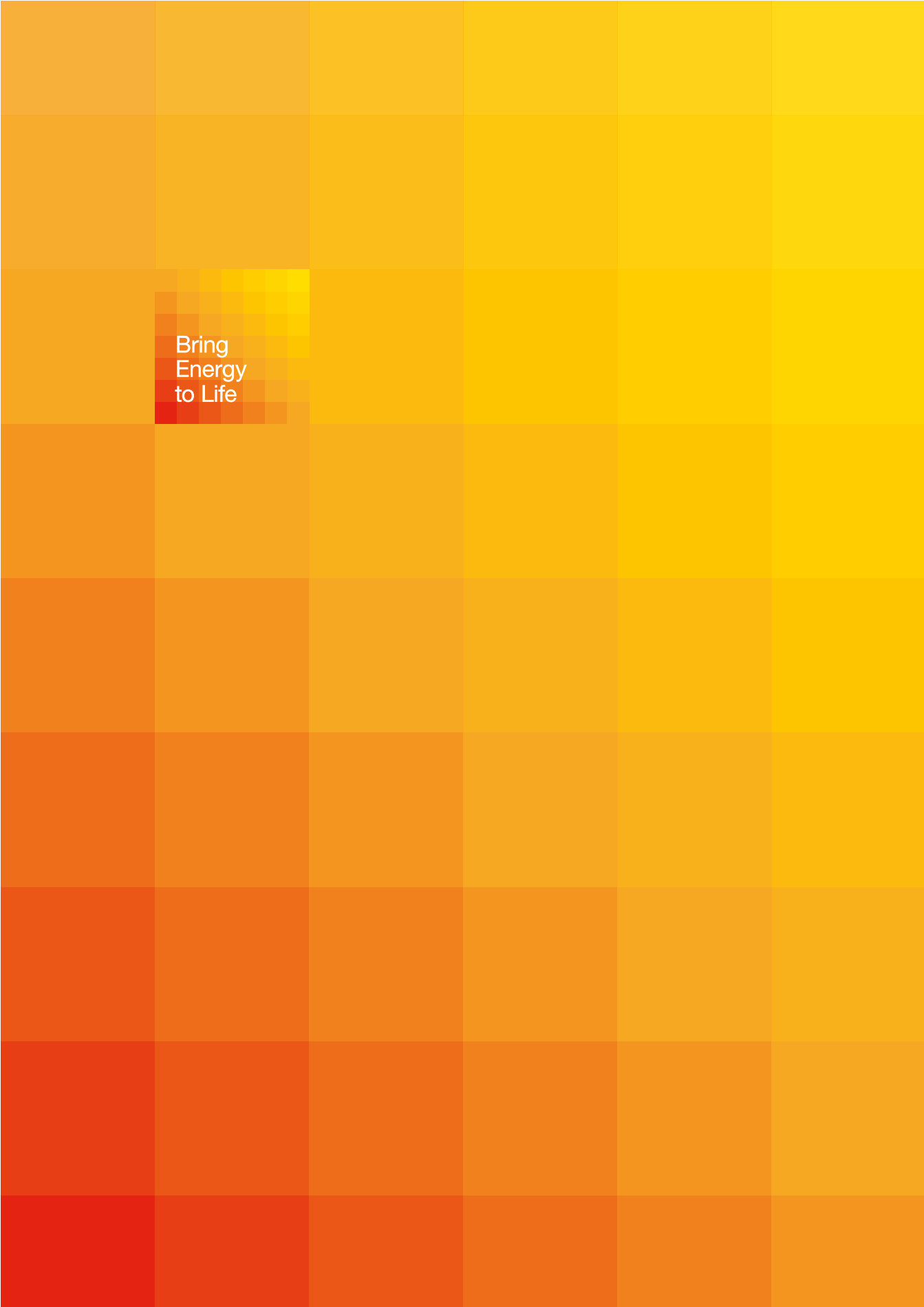




# Code of ethical business conduct for all National Grid employees



Do the right thing



Bring  
Energy  
to Life

National Grid | July 2017



## Do the right thing

### Welcome to our 'Code of ethical business conduct'

#### Our Purpose

Our purpose, 'Bring Energy to Life', combined with our vision and values, guide us to serve our customers and look after the communities in which we operate.

Our vision is to exceed the expectations of our customers, shareholders and communities today and make possible the energy systems of tomorrow. The vision emphasises the importance of trust, which we earn not just by meeting our commitments, but by making sure we do so in the right way. That is why **how** we work is as important as **what** we do.

Our original guide, 'Always doing the right thing' was an important foundation and integral part of our values today: Do the Right Thing and Find a Better Way. They guide what we believe and how we behave. Our refreshed, 'Code of ethical business conduct for all National Grid employees' is at the heart of our values. It sets the tone and shapes our culture.

The code applies to everyone from the Board down. It is intended to help protect our reputation as an ethical business and so maintain the trust of everyone that we do business with. The choices and decisions we make every day really matter and we should all feel confident in voicing our opinions and in challenging behaviour which doesn't feel right.

We have policies and guidelines to help us make sure that we all do the right thing. You will also find information about where to get further advice or how to raise a concern. If you see something that isn't right, you should speak up. No matter who is at fault, or the mistake that was made, we should all be prepared to learn from each other.

So, take the time to read and reflect on this guide, and apply its principles on how you do things every day.



**Sir Peter Gershon**  
Chairman



**John Pettigrew**  
Chief Executive



# Contents

## What's in this document?

How this guide works	03
Our Purpose, Vision and Values	04
Responsibilities	05
Who should I talk to if there is a problem?	07
Rules – a trust culture	09
Guidance areas	10
People and behaviour	12
Anti-corruption and transparency	18
Information and communications	28
Acting responsibly	36
Conflicts of interest	44

Bring  
Energy  
to Life



National Grid | July 2017



## Do the right thing

### How this guide works

Our values of Do the Right Thing and Find a Better Way, guide what we believe and how we behave. This guide is to specifically support you in how you comply with our rules, regulations and policies, which is part of our Do the Right Thing value. It provides background information, general advice and information on how to raise a concern or get further guidance. (See page 4 for more information on our values).

The guidance section highlights main points, dos and don'ts, dilemmas, FAQs and what the guidance means to you.

The guidance areas covered are:

- People and behaviour
- Anti-corruption and transparency
- Information and communications
- Acting responsibly
- Conflicts of interest.

These guidelines put the 'Group Policy Statement on Requirements for Written Codes of Ethics for Employees (incorporating Whistleblower Protection)' into practice. They apply to all National Grid operations, Corporate Centre, all National Grid regulated and non-regulated businesses, and National Grid subsidiary companies in which we have a controlling interest. These guidelines also apply to National Grid employees working overseas. (Those employees also have to keep to the laws and regulations that apply where they are working.)

This document is written in British English, following the common practice for multinational companies to use the language of their corporate base.



National Grid | July 2017



## Do the right thing

### Our Purpose, Vision and Values



#### **Our Purpose is simple: Bring Energy to Life**

We exist to Bring Energy to Life. It means real life, real people, meeting real needs to make a real difference.

Having a clear sense of what we stand for as a company and what it is that binds us all together is vitally important. This is what we call our purpose.

In its simplest form, Bring Energy to Life means getting the heat, light and power that our residential customers rely on, to their homes and businesses. But for us, Life means not only working with our partners to keep energy flowing for our industry, businesses and homes, it also means supporting the communities that we're all part of and ultimately the economic growth and sustainability of wider society.

**Our Vision** is what we aim to achieve. We will exceed the expectations of our customers, shareholders and communities today and make possible the energy systems of tomorrow. Our vision provides a clear direction on how we will create value today and how we aspire to create value tomorrow.

**Our Values** of Do the Right Thing and Find a Better Way, guide what we believe and how we behave. This guide outlines the behaviours that are expected of us all and applies to all employees from the Board down. Ethical business behaviour depends on all of us accepting our responsibility for upholding the highest standards of behaviour and decision making.

**Our Purpose, Vision and Values**, combined with our strategy, provide a clear framework for delivery. They empower us to serve our customers and look after the communities who place their trust in us to the best of our ability every day.

#### **Our Values:**

##### **Do the Right Thing and Find a Better Way**

We know that how we deliver is as important as what we deliver. If our Purpose is the why, our values are the how. Our values describe what we stand for and guide our behaviour. They set the tone and shape our culture for the organisation. As the demands of customers, competition and technology change we need Values that reflect what we need to do as an organisation to meet these expectations.

With this in mind, we have developed two values that build on and protect our organisation's strong foundations while looking to the future.

##### **Every day we do the right thing**

To do this we:

- Keep each other and the public safe
- Comply with all rules, regulations and policies
- Respect our colleagues, customers and communities
- Say what we think and challenge constructively.

##### **Every day we find a better way**

- Deliver excellent performance for our customers
- Share knowledge and implement best practices for continuous improvement
- Make decisions and implement them quickly
- Embrace opportunities to grow ourselves and the business.

##### **This guide will help you to:**

- Understand how to comply with all rules, regulations and policies and to always do the right thing
- Understand what we expect from you and the support that you can expect from us
- Understand the whistleblowing procedures as well as practical guidance and points of contact for dealing with ethical and compliance issues that you may face.

National Grid | July 2017



## Do the right thing

### Responsibilities

We have policies and guidelines to help us make sure we all do the right thing. However, they cannot cover every situation. Take time to think. Do your behaviours reflect our values? Are you acting in line with our policies? If you are not sure, stop and get advice. To help you test any decision you make, here are some questions you can ask yourself.

#### Quick test:

- Is it legal?
- Is it right and honest? (That is there is no intention to deceive or mislead.)
- Is it within the spirit of our values and policies?
- Does it avoid creating a sense of obligation?
- Can I justify it to my manager, director and my family?
- If I belong to a professional body, does it comply with that body's codes?
- Would I feel comfortable reading about it in the press?

If you answer 'yes' to all these questions, you are on the right track. If you answer 'no' to any of these questions, follow the steps described below.

#### Who should I speak to if I think there may be a problem?

We recommend that you talk to your manager. If you feel uncomfortable speaking to them there are other options such as contacting the Ethics and Compliance Team.

#### What are my responsibilities?

As a National Grid employee you must report any concern when you think these guidelines have not been followed, or might not have been followed. This applies even if the concern doesn't relate directly to you. We, our managers and our employees all have responsibilities and it's important that we know the legislative and regulatory obligations that apply to each of our roles and understand the impact that they could have on the business if something went wrong. Following are the specific responsibilities that support and ensure we all do the right thing.

#### National Grid's responsibilities

- We are committed to the following.
- Promoting an environment where everyone can do the right thing and feel comfortable raising any concerns about actions or decisions that they think are unethical.
  - Investigating facts thoroughly, fairly and promptly when you raise a concern.
  - Not tolerating retaliation or victimisation. Employees who raise concerns play an important role in maintaining a healthy, respectful and productive workplace, as well as protecting our colleagues, those we work with and the public. We will take disciplinary action, which could include dismissal, against any employee who is found to have victimised a person for raising a concern. Employees may also be personally liable, as retaliating against whistleblowers is unlawful in many cases.
  - Protecting people against malicious and untrue allegations. In these cases we may take disciplinary action against the person who made the allegation, which could lead to them being dismissed.

If you raise a concern about an issue you are involved in, we will always take into account the fact that you have reported it. This means that you will be treated more favourably as a result of having reported the matter.

#### Your responsibilities

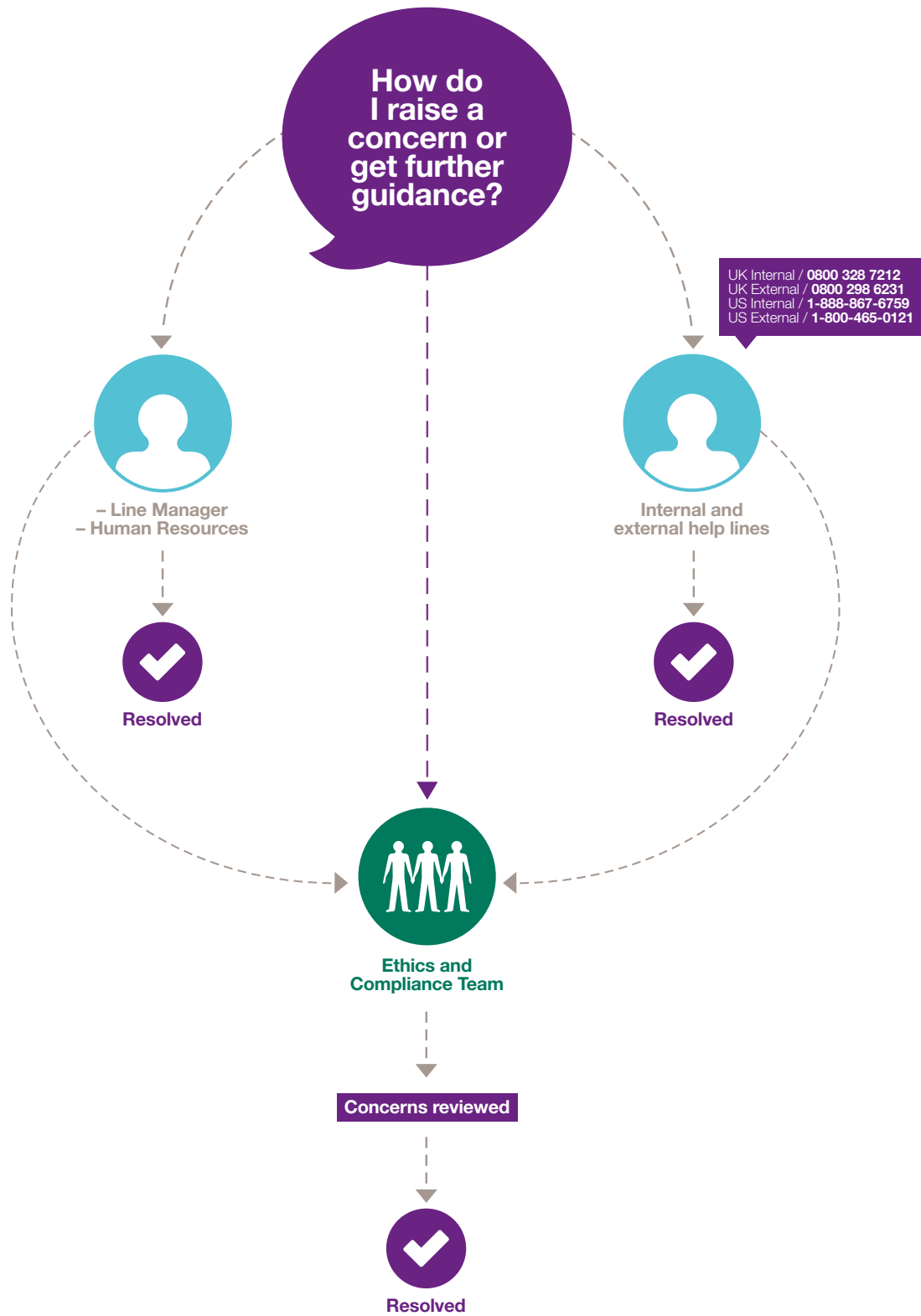
Together we will build an open culture in which doing the right thing comes naturally and wrongdoing is unthinkable and unacceptable. To do this, we must all take responsibility for achieving the highest standards of ethical behaviour. In return for our commitments, we expect the following commitments from you.

- To follow the guidelines set out in this document.
- Not to tolerate poor ethical standards in others. We expect all our employees to be prepared to challenge unethical behaviour. If you believe that any employee, supplier, contractor or customer, or anyone else doing business with us, has acted unethically or unlawfully, you should promptly tell your manager, the Ethics and Compliance Team, or HR.
- To make sure there is a respectful environment and that any unethical behaviour involving employees, contractors or suppliers is reported promptly. Examples of such unethical behaviour include bullying and harassment in the workplace, discrimination or sexual harassment.
- To co-operate fully with internal and external auditors, lawyers, HR, the Ethics and Compliance Team and other people involved in investigations. If you refuse to co-operate or you obstruct investigations, we will take disciplinary action against you. This could lead to you being dismissed.

#### Managers' responsibilities

Managers have the same responsibilities as all employees. They are also responsible for promoting these guidelines and compliance with them. Managers should make sure that their team members understand these guidelines, and support those who raise questions or concerns. Most importantly, managers are responsible for leading by example, doing the right thing and demonstrating National Grid's leadership qualities.

National Grid | July 2017

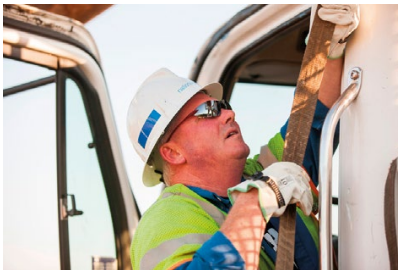


National Grid | July 2017



## Do the right thing

### Who should I talk to if there is a problem?



We recommend that you talk to your managers. If you feel uncomfortable speaking to them there are other options such as contacting the Ethics and Compliance Team.

#### **Who are the Ethics and Compliance Team?**

Ethics and Compliance forms part of the General Counsel & Company Secretariat function, which means that the team acts independently when following up on concerns. The Ethics and Compliance Team (based in the UK and the US) can answer your questions and deal with any concerns you may have about unethical behaviour or compliance issues affecting National Grid.

#### **What does reporting a concern involve?**

You will be asked questions about your concerns, so that we have enough information to help our investigation. In some situations, we will appoint an investigation team to look into your case. This could involve colleagues from Ethics and Compliance, Human Resources (HR), Internal Audit or Legal.

#### **Can I remain anonymous?**

Yes, you can make a report anonymously, but this may make it more difficult for us to confirm the facts you have provided.

#### **Will my report be treated confidentially?**

Yes, we will make every reasonable effort to keep your identity confidential if you would like us to. However, this may make it difficult for us to confirm the facts you provide. In some circumstances we may also have a legal obligation to reveal your identity (for example, if there are legal proceedings). If this is the case, we will let you know before we reveal your identity.

#### **Ethics Liaisons/Champions**

National Grid has a programme of ethics liaisons (in the US) and ethics champions (in the UK) who are available to assist if you have an ethics-related enquiry. These individuals are located within the various functions or lines of business. Find out who your ethics liaison/champion is by referring to the Group Assurance [infontet](#) site.



National Grid | July 2017



## Do the right thing

### Rules – a trust culture



#### Speak up!

To learn from our mistakes and address unethical behaviour, we all need to be prepared to speak up, so we can share issues with each other. That means being open and honest about ethics and compliance matters and being prepared to raise concerns. If you have a concern, you should raise it with your manager. If you think no action is being taken, or you do not feel comfortable speaking to your manager, you can discuss it with the HR team or report it direct to the Ethics and Compliance Team.

In return, we are committed to making sure that if you raise a concern, you won't be victimised or suffer any retaliation as a result.

We all need to understand the rules – laws, policies and procedures – that apply to our roles, but sometimes things will go wrong, and it's important that we all learn from our mistakes. We can only do this if we can share our mistakes freely. That's why, when it comes to compliance, we are committed to creating a culture of trust.

At National Grid, we make a clear distinction between accountability and blame.

- We won't blame you where a compliance breach results from events beyond your control.
- We know there are risks associated with the work that we do every day. We ask our employees to make difficult decisions, and we trust them to do so. We won't blame you if, with the benefit of hindsight, a breach results from a good faith judgement call which you have been entrusted to make.
- We will make sure we make available the policies and training you need to understand the compliance obligations that apply to your role.
- We welcome challenges if you have concerns about compliance issues.

Being trusted doesn't mean that we are not accountable for our actions. Examples of where we will hold an employee accountable include where:

- they have deliberately breached a compliance obligation
- there are repeated accidental breaches, for example where we fail to learn from mistakes
- a non-compliance is not reported or covered up
- they act beyond the trust that has been given them, for example, where they make a decision that is beyond their authority to make
- they do not reasonably believe that they are working within the bounds of the law, regulations and company policy.

In these circumstances we may take disciplinary action, which could lead to dismissal.



National Grid | July 2017



## Do the right thing

### Guidance areas



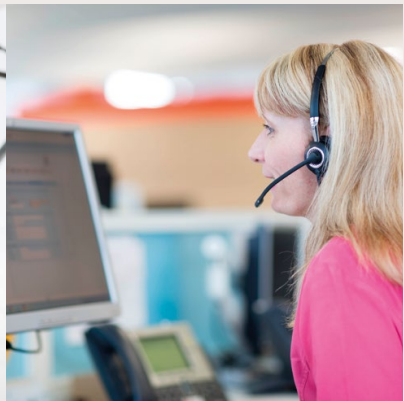
#### People and behaviour

Drugs and alcohol	13
Discrimination, harassment and bullying	14
Business travel and employee expenses	15
Workplace violence	16



#### Anti-corruption and transparency

Fraud, bribery and corruption	19
Gifts and hospitality	20
Use of company resources	22
Political interactions and lobbying	24
Competition	26



#### Information and communications

Data privacy	29
Information security	31
Managing records	32
Global email and the internet	33
Social media	34

National Grid | July 2017



## Acting responsibly

Safety	37
Environmental protection	38
Insider threats	39
Physical security	40
Community volunteering, investment and sponsorship	41
Human rights	42

## Conflicts of interest

General conflicts of interest	45
Price-sensitive information, insider trading and material non-public information	47
Relationships with third parties	48

# People and behaviour

## What's in this section?

Drugs and alcohol	13
Discrimination, harassment and bullying	14
Business travel and employee expenses	15
Workplace violence	16



Bring  
Energy  
to Life

## Need advice?

UK Internal helpline: **0800 328 7212**  
US Internal helpline: **1-888-867-6759**  
UK email: **[business.conducthelp@nationalgrid.com](mailto:business.conducthelp@nationalgrid.com)**  
US email: **[businessconduct@nationalgrid.com](mailto:businessconduct@nationalgrid.com)**

National Grid | July 2017

## Drugs and alcohol

We are committed to having a workplace free from alcohol and drugs (including psychoactive substances) that may affect an employee's ability to safely perform all aspects of their job.



We have a duty to keep our employees and the public safe from the risk of harm by employees who work while they're under the influence of alcohol and drugs. The use of alcohol and/or being under the influence of alcohol while on company premises, conducting National Grid business, in company vehicles, or otherwise representing National Grid at any time or place is prohibited.

### Main points

No employee or contractor is allowed to work if they're under the influence of alcohol or illegal drugs.

If you're taking prescribed drugs that may affect your performance at work you must get advice from your doctor. If your doctor tells you that a prescribed drug you are taking could affect your work, you must tell your manager. Employees who take over-the-counter or prescribed medications must proactively report to a manager or Integrated Health Management the use of medication which they are aware is likely to impair their ability to do their job. Employees who take over-the-counter or prescribed medications contrary to instruction will be subject to discipline if such action causes an employee to be unfit for duty and such misuse was knowing and intentional.

If a manager or supervisor suspects that someone has not followed these rules they must take appropriate action.

If an employee openly admits that they've developed an alcohol or drug-related problem, we'll support them in getting professional help.

You must not drink alcohol during working hours or on company property.

We can carry out tests for alcohol and drugs, in order to protect the health and safety of employees and others. Testing can be carried out:

- if required by law
- before we offer a job
- after an incident
- if there is good reason to believe that a person's work is affected by their use of alcohol or drugs.

In the UK, ongoing random drug and alcohol testing is being introduced during 2017.

### Do

- Raise any drug and alcohol dependency issues you may have, enabling access to the help and support available.

### Don't

- Come to work when you are under the influence of alcohol or drugs that may affect your ability to safely perform all aspects of your job.

### Dilemma

*I'm taking prescription medication that could affect my ability to work, but I don't want to tell my supervisor because I don't want to reveal my medical condition.*

### What you should do

You don't have to tell your supervisor the type of medication you're taking or why you're taking it. If you think that the medication you are taking could affect your performance, you must let your supervisor know. Your supervisor can then get advice from the Occupational Health Team or Medical Services to decide if you can do your work safely and efficiently.

### Dilemma

*I believe one of my employees may be working under the influence of drugs? What should I do?*

### What you should do

As per our Drug and Alcohol Policy, if a line manager, team leader or supervisor believes that an employee may be impaired due to drugs and/or alcohol, it is their responsibility to hold an interview with the employee to determine whether a test should be carried out by the company's appointed specialist external testing provider.

### FAQs

#### If I have a drug or alcohol problem, how can National Grid help?

We will support you if you have a genuine problem and want help. Our Employee Assistance Programme (EAP) can also give employees and managers confidential support and advice on a wide range of issues at any time of the day or night, every day of the year.

#### What this guidance means to you

We aim to maintain a safe, healthy and productive working environment for all employees, customers, contractors and visitors who are involved with our work. You should never work if you are under the influence of alcohol or drugs.

National Grid | July 2017

## Discrimination, harassment and bullying

We believe in treating everyone fairly and respectfully.

### Main points

We must make sure our workplace is free from discrimination, harassment and bullying. We are committed to maintaining a work environment free from discrimination and harassment whether based upon race, religion, gender, sexual orientation, age, physical and mental disability, marriage and civil partnership, pregnancy and maternity.

Harassment includes anything that creates an intimidating, offensive or hostile work environment.

It can take many forms, including physical action, spoken and written remarks, and videos or pictures. It has a negative effect on a person's performance and our workplace as a whole, so it's not acceptable.

Sexual harassment includes unwelcome sexual advances, requests for sexual favours, and all other verbal or physical conduct of a sexual nature.

Bullying or harassment can be between two individuals or it may involve groups of people. It may be persistent or an isolated incident and can occur in written communications, by phone or through email, not just face to face. If you experience, or become aware of, any discrimination, harassment or bullying, you should report it. We support employees who report concerns, and we will take action to address any retaliation.

### Do

- Report any instances of discriminatory behaviour or harassment.

### Don't

- Make rude, insensitive or offensive comments or jokes about another person. This includes matters relating to race, sex, age, religion or disability.
- Display or distribute jokes or anecdotes that are discriminatory, offensive, or may cause harassment. This includes posting pictures or sending emails.

### Dilemma

*I recently joined a new team. My colleagues have made a number of comments about another female team member. I've found the comments uncomfortable but I'm worried about raising my concerns because I'm new to the team.*

### What you should do

If you're uncomfortable speaking to the people making the comments, you should raise your concerns with your line manager as soon as you can. If you don't want to do that, you should contact Human Resources or the Ethics and Compliance Team, or call the internal or external helpline.

### Dilemma

*I was recently at a team meeting and one of my colleagues began to shout at me and put down the suggestions I raised. Is this considered bullying?*

Yes. We expect employees to act in a professional manner and shouting or yelling at an individual is not professional and can be considered bullying. You should let your manager know about your concern. If you are not comfortable with that, you should contact Human Resources or the Ethics and Compliance team, or call the internal or external hotline.

### FAQs

#### Where can I find copies of relevant policies?

In the UK you can find Human Resources policies on the UK Human Resources Infonet site.

In the US, Human Resources guidance can be found in the HR section of Infonet.

#### What this guidance means to you

At National Grid we are committed to maintaining a work environment that respects people's differences. None of us should tolerate harassment, bullying or discrimination of any kind.



National Grid | July 2017

## Business travel and employee expenses

We have policies and guidelines for incurring reimbursable business-related expenses on behalf of the company.

### Main points

The company will reimburse ordinary, allowable and reasonable expenses you incur on behalf of the company when you: properly submit claims for these expenses, comply with the Business Travel and Expenses Policy.

As employees, we are responsible for the legitimacy of expenses that we claim, and the adequacy and authenticity of supporting documents that we submit, including any required receipts.

All employees who have authority to submit and authorise expense reimbursement requests need to be familiar with relevant policies, cost allocation guidelines, supporting systems and reimbursement procedures.

As an approving manager make sure all claims are accurate. Check claimed business expenses including checking all receipts match the employee's claim to make sure they are prudent and reasonable, have been incurred wholly and exclusively for legitimate business purposes and have proper back-up documentation. As a company control, approving expense reports needs to be done with due diligence.

As an overriding principle, you should generally get management approval for all categories of business travel and expenses before you incur them where practical.

### Do

- Make sure you understand and comply with the relevant US/UK Business Travel & Expense Policy.
- Submit expenses in a timely way.
- Use National Grid Travel Management providers (companies under contract with NG to manage their travel management arrangements) to book your accommodation, flights and rail travel.
- Ensure you understand and adhere to any policy limits, for example, hotel and meal rates.
- Account for, and submit, your own transportation and lodging expenses. Employees are individually responsible for submitting expense reimbursement requests for their own airfare and hotel.
- Ensure all expense claims are accurate and complete.
- Record all business entertainment on the gifts and hospitality SharePoint Site.

### Don't

- Let frequent traveller programmes influence the carrier you choose to use.
- Submit personal expenses for company reimbursement.

### Dilemma

*I'm a manager and have taken my team out for a group dinner to recognise their work for a recently completed project. Who should pay and claim reimbursement?*

### What you should do

As the most senior individual attending, you should be the one who pays and claims reimbursement. Also, you should include the names of all employees in attendance on the receipt.

### FAQs

#### Can I book my overnight accommodation directly with the hotel if I can get a cheaper price than booking through the National Grid Travel Management providers?

No, you must always book through the National Grid Travel Management provider so that in the event of an emergency both National Grid and the Travel Management provider would know where to contact you and how to provide support if needed. If the booking is made outside of these arrangements there is no security protection for employees.

#### What this guidance means to you

National Grid is committed to giving you clear and consistent guidelines for incurring reimbursable business-related expenses on behalf of the company.

Be familiar with policies, guidelines, any online learning offerings and processes related to reimbursable business and travel expenses, as well as the different types of acceptable expense categories.



National Grid | July 2017

## Workplace violence

We believe in providing a safe work environment for our employees.



### Main points

Anything that threatens the safety of the workplace or any person is not allowed. This includes threats or violence against other employees, customers or property as well as statements or actions which have the potential to bring or cause apprehension of harm or injury to an individual. It also includes any other type of behaviour that puts, or could put, the safety of anyone at risk or instils the fear of such risk. We have a zero tolerance for workplace violence. This means we will not tolerate any form of violence, threats of violence, intimidation or attempts to instil fear in employees, consultants, vendors, customers or contractors.

As part of our commitment to a safe environment, you must never carry weapons or other dangerous objects and substances while working, or when representing National Grid.

### Do

- Report any form of workplace violence.

### Don't

- Make threatening comments to employees or customers.
- Carry weapons or other dangerous objects and substances while working or representing National Grid.

### Dilemma

*I witnessed an altercation between two employees in which one employee pushed the other employee. How should this situation be handled?*

### What you should do

You should notify your supervisor and Security immediately.

### FAQs

**Workplace violence is any verbal or physical conduct that is violent, threatens violence, intimidates, attempts to instil fear, degrades or shows hostility towards an individual.**

### What this guidance means to you

At National Grid we are committed to maintaining a work environment that is free from violence.

People and behaviour





# Anti-corruption and transparency

## What's in this section?

Fraud, bribery and corruption	19
Gifts and hospitality	20
Use of company resources	22
Political interactions and lobbying	24
Competition	26



Bring  
Energy  
to Life

## Need advice?

UK Internal helpline: **0800 328 7212**

US Internal helpline: **1-888-867-6759**

UK email: **[business.conducthelp@nationalgrid.com](mailto:business.conducthelp@nationalgrid.com)**

US email: **[businessconduct@nationalgrid.com](mailto:businessconduct@nationalgrid.com)**

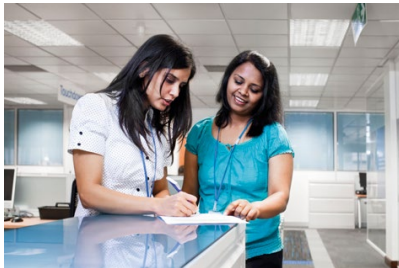
National Grid | July 2017

## Fraud, bribery and corruption

We are committed to preventing, deterring and detecting fraud, bribery and all other corrupt business practices.

### Main points

Our reputation for acting responsibly and within the law is one of our greatest assets.



Fraud, bribery and other corrupt business practices can seriously damage our reputation, as well as cost us money. For this reason we have a compliance programme to detect and prevent these activities.

We're all responsible for controlling the risks of fraud, bribery and corruption. We always investigate all concerns and have a 'zero-tolerance' approach, meaning that we will always take action if we discover any fraud, bribery or corruption.

Employees, suppliers and agents must comply with the laws that prohibit bribery and corruption, wherever we work in the world.

Any employee who doesn't follow these rules is likely to be dismissed, and we usually take legal action against those involved in fraudulent or corrupt business practices.

### Do

- Contact your manager and the Ethics and Compliance Team as soon as you can if you find yourself in a situation where you are being pressured to provide a gift, money or any other benefit in exchange for the performance of a routine duty.

### Don't

- Ask for, offer or pay a bribe. (This rule applies to anyone acting on our behalf, such as a service provider, agent or contractor.)
- Accept a bribe.

- Falsify any company records, such as time sheets, expense reports, mileage reports or inspection reports.
- Make a facilitation payment. (A facilitation payment is a payment made to someone in order to secure prompt or proper performance of routine duties.) For example, you should not pay money to speed products through customs, or to speed up the issuing of permits. The only exception to this rule is where you believe that not making the payment would result in a threat to your freedom or safety. If you find yourself in this situation, contact your manager and the Ethics and Compliance Team as soon as you can.

### Dilemma

*A customer has put in an application for a connection, this is followed by an invitation to a high-profile sporting event. Should the offer of hospitality be accepted?*

### What you should do

We recommend that you initially thank the customer for the kind offer, but refuse. You could advise the customer that National Grid has recognition schemes in place for our employees. You can suggest that if the customer is happy with the service they've received, they can contact your manager to let them know.

If you feel that your personal safety may be compromised, you should take the gift and report it immediately to your manager and the Ethics and Compliance Team.

It's important to understand that providing a benefit to a public official in order to influence them in their duties is a serious crime. You would risk being sent to prison, and we could also be prosecuted.

Cash or cash equivalents (gift cards, vouchers, tips) are never allowed to be accepted. You should let the individual know that although it is appreciated, by accepting it you would be violating our ethical standards and could potentially face disciplinary action.

They may also be breaching their company's rules.

### FAQs

#### What is fraud?

Fraud is a crime. It's a deception that's designed to benefit someone or cause a loss to someone else.

#### What is bribery?

Bribery is when anything of value is given in return for influencing the way someone performs their duty. In this context, it could include a duty to carry out a public office (such as a policeman or official who approves permits), a commercial duty (such as an employee who should act in the best interest of their employer), or some other legal duty.

Bribery doesn't have to involve an actual payment changing hands. In fact, it can take many forms, including:

- a gift
- lavish treatment during a business trip
- property
- an offer of employment
- tickets to an event.

Examples include:

- bribing an agent acting for a landowner in order to get permission to build on the land
- bribing a foreign official to make sure goods get through customs
- bribing a health and safety inspector so they turn a blind eye to problems.

#### What this guidance means to you

You must keep to the highest standards of honesty, integrity and ethics at all times when working for us.

Every employee is responsible for controlling the risks of fraud, bribery and corruption.

If you know about, or suspect, any illegal activity, you must report it to the Ethics and Compliance Team, regardless of who is responsible. You should never 'look the other way'.

National Grid | July 2017

## Gifts and hospitality

We do business with many people, such as suppliers, vendors and customers.

Sometimes they (or we) might offer meals, hospitality and business entertainment. There may also be certain circumstances where we receive gifts from, or offer them to, people outside National Grid.



All of this may seem harmless, but it can create a real or perceived obligation, potentially leaving us vulnerable to accusations of unfairness, bias, deceit or even bribery. Our commercial relationships may be seen as biased and our reputation may be put at risk.

### Main points

You must not allow your decisions to be influenced – or appear to be influenced – by gifts or hospitality that our suppliers, vendors, customers or others may offer.

Similarly, you should not try to influence – or appear to be trying to influence – others by providing gifts or hospitality.

Before offering or accepting gifts or hospitality, ask yourself these important questions – ‘Am I serving a legitimate business purpose?’ and ‘Is the hospitality or gift proportionate to the business purpose?’

You must formally record all gifts and hospitality you have accepted or offered regardless of value. You can find the Gifts and Hospitality system (currently hosted via a SharePoint site) on the Group Assurance homepage on the Infonet. The rules on gifts and hospitality also extend to your family members.

The rules around gifts and hospitality are often difficult to navigate. If you have any concerns, contact the Ethics and Compliance Team.

### Gifts

Although we discourage it, you may, in certain circumstances, accept or give gifts as part of a business relationship. The gift must be approved by your manager before you give or receive it and logged in the Gifts and Hospitality system.

- Gifts with a value of less than £20/\$40 can be offered and accepted. However, you need prior approval from your manager, and must keep a record of the gift.
- You should not offer or accept gifts worth more than £20/\$40.

- You must not accept gifts of cash or cash value such as gift cards, or gift certificates of any value.

If you receive a gift that does not meet these rules, you must tell your manager, make every effort to return it, and keep a record of the actions you have taken.

In exceptional circumstances (for example, when visiting a country where gift-giving may be customary and expected), you may offer a gift worth more than £20/\$40. However, you will need prior written approval from the Group General Counsel and Company Secretary.

### Meals, entertainment and hospitality

If you are happy that the entertainment or hospitality you are receiving or offering serves a legitimate business purpose, you must follow the rules set out below.

- With your manager’s prior permission, you may accept or offer an invitation that has a legitimate business purpose and a value of up to £100/\$100 per person.
- Invitations valued at over £100/\$100 and less than £500/\$1000 per person are generally considered to be excessive. You should not offer or accept such invitations without prior written approval from your manager and a Band A leader or SVP within your directorate or jurisdiction.
- Hospitality – offered or received – valued at over £500/\$1000 per person is generally considered to be extravagant. However, in some circumstances it may be allowed if you receive prior written permission from a member of the Executive Committee as well as the approvals listed above.
- Log the hospitality in the Gifts and Hospitality system.

National Grid | July 2017

**Further questions to consider before accepting hospitality**

- Can you reciprocate with an offer of entertainment that has a similar value?
- Does the hospitality serve a genuine business purpose or help develop business relations?
- Will the host be present? If not, the hospitality should be considered to be a gift instead.
- Was the entertainment openly offered rather than sought?
- Is there a pattern of regular entertainment being offered by one person or organisation? If so, it might raise questions.
- Is the hospitality being offered at a sensitive time? For example, if we are tendering for services in a particular area and a company that is involved in bidding for work offers hospitality, you should generally refuse it.
- For some invitations, you should consider whether the hospitality is offensive or inappropriate, or whether attendance could cause embarrassment if it was made public.

**Do**

- Log all gifts and hospitality received or offered in the Gifts and Hospitality system.

**Don't**

accept or offer:

- benefits in return for influence or a specific decision
- cash, loans, shares, gift certificates or gift vouchers
- an invitation to offensive or inappropriate entertainment; or gifts and or hospitality to or from a public official.



In the US we cannot provide gifts, hospitality, meals or entertainment of any value to any public official or public employee.

A 'public official' means anyone carrying out a public function, such as a customs official, police officer, council inspector, state employee, fire department official or judge.

If you work in Global Procurement buying goods, works or services for National Grid, you are not allowed to give or receive any gift or entertainment.

If you receive an invitation or gift from a vendor or supplier that is involved in a current tender event of which you are a participant, you should not accept such offers and should let your manager know.

**Dilemma – Gifts**

*Recently I attended a conference where there were more than 2000 attendees. My name was drawn from a raffle and I won an iPad. Can I keep it?*

**What you should do**

Yes. Everyone had an equal chance to win the prize, so you can keep it. However, you should notify your manager.

**Dilemma – Hospitality**

*One of our suppliers has invited me to a major tennis tournament (such as the US Open or Wimbledon).*

**What you should do**

If you are satisfied that by attending you are serving a legitimate business purpose, and that it is proportionate to the business purpose, you will need to consider the value of the entertainment offered. If it is more than £100/\$100 – which is likely for a major tennis tournament – you will need approval in advance from your manager and your Band A leader or SVP.

If it's the final of the tournament, the value of the hospitality may well be more than £500/\$1,000. So, you would need prior written approval from a member of the Executive Committee.

**Dilemma**

*After an association conference a group of us go out to dinner together. One person in our party offers to pay the tab for everyone. I'm not sure who he is or what company he represents, but I know some of our suppliers were attending the event.*

**What you should do**

Whenever you are in doubt or you do not have time to obtain prior approval, you should politely decline the offer and pay for your own meal.

**FAQs**

**Gifts – Can I accept a gift worth more than £20/\$40 and then donate it to charity?**

If you have done everything reasonably possible to return the gift, but the provider will not take it back, you should tell them that you will donate the gift to charity.

If you are worried that giving the gift back might cause offence, you should tell your manager and contact the Ethics and Compliance Team for guidance. You should get approval for the donation, and record the details, as described above.

**Can I accept alcohol as a gift?**

Yes, as long as it keeps to the rules described above and you do not drink it while working for or on behalf of us, or while on National Grid premises.

**Hospitality – My partner and children have been invited to an event. Can they go?**

Partners and children may attend events, but the event must serve a legitimate business purpose. If you are not attending the event yourself, or your host will not be there, it is unlikely that there will be any legitimate business purpose. In this case, the event would be viewed as a gift and you must apply the gift rules.

**What this guidance means to you**

You should not allow gifts or hospitality to influence your decisions and personal judgement, or appear to do so.

You should keep an accurate log, using the Gifts and Hospitality system, of all gifts and hospitality you provide and receive.

If you have any concerns or need more guidance, speak to your manager or contact the Ethics and Compliance Team.

National Grid | July 2017

## Use of company resources

The company assets you rely on for your work (for example, computers and phones) are intended to be used for our business.

### Main points

Where appropriate, we have provided you with the things you need to do your job, such as a computer or a phone. It's OK to occasionally use these for personal use, but this must not interfere with your work or the work of others, breach Information Security (IS) policies, break any laws, or incur significant cost to the company.

Using our vehicles (cars, vans and aircraft) for personal use is not allowed unless it's specifically authorised and insured (for example, company cars that are provided for private and company use).

In the UK, gambling (such as office betting pools) on National Grid property or during working hours is not allowed, unless it has been authorised by a senior manager (Band B or above). This does not apply to activities sponsored by us.

In the US, gambling is never allowed on National Grid property or during working hours under any circumstances.

### Do

- Make sure that any personal use of company resources is authorised and doesn't interfere with the conduct of business. Use of company resources for company business should always take priority.

### Don't

- Use company resources such as facilities, equipment or information for personal purposes. Access to these resources should only serve a legitimate business purpose.



### Dilemma

*A couple of my colleagues have been using a company excavator or backhoe to do some work on their gardens.*

### What you should do

Using company resources for personal purposes is not allowed. You should raise your concern to your line manager or speak to the Ethics and Compliance Team. The unauthorised use of company equipment is considered theft which is fraud.

### Dilemma

*One of my colleagues is using his company computer to run an accounting side business.*

### What you should do

Company resources should only be used for company business purposes. You should raise your concern with your line manager or speak to the Ethics and Compliance Team.

### FAQs

#### Can I use spare construction materials for some home improvements?

No, these materials are intended to be used for our business only.

#### Can I use overnight mailing supplies to post some important personal papers?

No, use of postage stamps and overnight envelopes coded to be billed to the company is not allowed. You may place personal mail in the outgoing mail tray only if you have already paid the postage.

### What this guidance means to you

We're all responsible for protecting our resources and making sure they're used for company business purposes only.

Anti-corruption and transparency



nationalgrid

National Grid | July 2017

## Political interactions and lobbying

With so much of our work in the public eye, it's only natural that we'll come into contact with politicians and government officials. While it's important for us to build and develop good relationships, it's even more important that we manage them appropriately.

### Please note:

Lobbying laws vary between states and some local governments such as New York City have also adopted local lobbying laws. In the US there are strict restrictions on providing any kind of benefit to foreign officials under the US Foreign Corrupt Practices Act 1977.



### US guidance

A public official or public employee is anyone who is on the payroll of a municipality, city, state, town, county or federal government.

Anyone at National Grid could come into contact with public officials or employees. These interactions are not limited to the Corporate Affairs Team. If, in your work for National Grid, you find yourself in a situation where you are working with a public official or public employee, you must not provide gifts or entertainment to that person. This policy applies to any interactions with public officials or public employees in any setting, on or off National Grid property. This policy applies in all jurisdictions we work in.

Lobbying laws are very complex, and carry severe penalties if you break them. You and your manager must first get advice from Corporate Affairs and the legal department when working with public officials or public employees.

### UK guidance

Always let the UK and EU Public Affairs Team know when you're meeting or working with any of the following on our behalf:

- a politician
- a member of a central government department (such as the Department of Energy & Climate Change or Her Majesty's Treasury)
- a non-governmental organisation (such as the Committee on Climate Change)
- an interest group (such as Greenpeace or Green Alliance).

Being open and honest about who we're meeting and why we're meeting them is a vital part of protecting our reputation and the reputation of the people we're working with.

Keeping to our rules on gifts and hospitality is particularly important when dealing with politicians, government officials or regulators. Giving or receiving gifts could be seen as bribery, no matter how innocent your intentions are.

It's fine to give the people you're working with a token business memento. It's also OK to accept or offer occasional hospitality (for example, businesses lunches that are in line with our rules on hospitality).

When you're working with politicians, government officials or regulators, it's important that you keep your own political interests or activities separate from your role as a National Grid employee.

You should also comply with the Association of Professional Political Consultants (APPC) Code, the Bribery Act and the Political Parties, Elections and Referendum Act.

### EU guidance

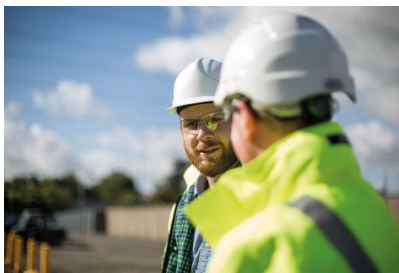
We are registered on the EU Transparency Register, which regulates relationships between stakeholders and EU officials. You must respect the related code of conduct when dealing with EU officials, and follow our rules on gifts and hospitality.

Ask the UK and EU Public Affairs Team for advice on national regulations that may apply in the EU.

National Grid | July 2017

#### Political interests:

Keep your own political interests or activities separate from your role as a National Grid employee.



#### Do:

- Always be open and honest when dealing with government officials.

#### Don't:

- Ever give money or expensive gifts to politicians, government officials or regulators, and never accept these items from them either.
- Ever give any money, gifts or hospitality to public officials in the US – even if it's just a cup of coffee.

#### Dilemma

*I've invited two well-known Members of Parliament (MPs) to speak at an event that my team is hosting in the UK. They've accepted the invitation, but have asked for a small payment in return for attending. We think their contribution will be really useful for us.*

#### What you should do

While the MPs' contribution may be valuable, you must not give them money under any circumstances. As an alternative, your team could make a token donation to an independent registered charity as a gesture of thanks for them attending.

#### Dilemma

*I am a US engineer, specialising in gas pipeline safety. Two minor changes to an outdated pipeline regulation would improve customer safety and simplify our compliance process. I would like to invite a regulator to lunch to propose these changes.*

#### What you should do

You should contact the Government Relations team to discuss the regulatory fix before attempting to influence the officials or carry out any lobbying activity. Providing meals or giving gifts to regulators is not permitted in the US.

#### FAQs

**My team is hosting a training conference on emergency preparedness for commercial customers. We would like to invite an elected official to speak and a few regulators to participate as guests. Can we provide them with the same meal as other participants?**

You may invite government officials to participate in company events. But if you want to provide meals or give gifts to public officials, you will need to consult with the US Ethics and Compliance Team before the event.

**In the US, I am holding an all-day meeting with the Public Service Commission to review our proposed new rate plan. Am I allowed to provide food and drinks for those attending?**

You must not offer any gifts or hospitality to a public official in the US. This includes food and drink.

**What should I do if an MP in the UK only agrees to attend a meeting or function if we pay for their travel and accommodation?**

You can offer expenses, but only if they're reasonable. This would include situations where MPs have to travel from their usual location to attend a meeting, or where they would have to stay overnight to attend a meeting or function.

**If an EU Commission official agrees to attend a meeting, are we allowed to offer refreshments, lunches or dinner?**

Yes, as long as it is in line with our rules on gifts and hospitality.

#### What this guidance means to you

Working with politicians and government officials is an important part of the work we do, but we need to keep it professional. So always be open and honest in any dealings with politicians and public and government officials.



National Grid | July 2017

## Competition

There's always an element of competition in business, even when it is regulated. Competition law recognises this, but it sets boundaries to make sure that businesses don't compete unfairly or improperly.



### Main points

Competition law is designed to uphold fair play in business. For instance, it stops companies making anti-competitive agreements and restricts companies that have a strong position in a market, such as monopolies, from abusing their position.

Competition law applies to many different areas, including:

- sharing confidential information with competing companies, including competitive affiliates of National Grid
- taking actions that could lead competitors to coordinate their prices, costs or strategies
- agreeing with other businesses not to compete with each other (for example, by sharing customers, suppliers, or geographical or product markets).

Competition law applies to all parts of National Grid, whether or not they are licensed by Ofgem or another regulator.

Every document you write (including emails and deleted files) may be read and interpreted by the competition authorities if they decide to investigate. Always adopt a professional writing style and steer clear of sensationalising information.

If you break competition law, there could be serious consequences – for you and for National Grid.

Also, in the US, there are federal and state standards to make sure that we work in a way that protects our customers and doesn't get in the way of competition.

### Do

- Get legal advice if you think you have or may be about to enter into an arrangement that might be viewed as anti-competitive (including sharing confidential or commercially sensitive information).
- Always make sure we act fairly and don't place anyone at an unfair commercial advantage or disadvantage, including affiliated entities.
- Be objective and don't discriminate.
- Remember that an informal understanding or agreement that may affect competition will be treated by the competition authorities in the same way as a formal legal agreement.
- Keep records to explain why you took your decisions and to provide evidence of the contact you've had with customers, suppliers and competitors.
- Write clearly, professionally and responsibly – careless language in business communications can be very damaging.

National Grid | July 2017

### Don't

- Communicate with competitors (except those who are our customers or suppliers, and then only to the extent necessary) about your prices, costs, terms of business or other confidential or commercially sensitive information.
- Impose or quote unreasonably high or low prices, or restrict any third party's freedom to deal with others.
- Communicate with competitors (even if they are customers) about our business strategy or other suppliers, contractors or customers.
- Sell products or services only on a 'bundled' basis (when someone buying product 'A' also has to buy product 'B').
- Allow the resources (financial or other) of a National Grid group licensed business to subsidise any other National Grid group business.
- Allow a National Grid group licensed business to be subsidised using the resources of any other National Grid group business.
- Refuse to deal with an existing or potential customer or supplier, except for clear, genuine, unbiased reasons.
- Allow discussions about regulatory issues, or about technical or quality standards, to result in a discussion about prices, costs, terms of business or business strategy.

### Dilemma

*You are bidding to win work through a competitive tender process. You have not had explicit discussions with any competitors or other sources, but you are generally aware of the types of prices your competitors may bid for such work.*

### What you should do

Make sure you consider your prices on a standalone basis rather than based solely on what your competitors may bid. As a minimum, you should aim to recover all your costs, and ideally a reasonable profit.

General market intelligence can be useful but it cannot be obtained through inappropriate means, such as:

- directly from competitors
- discussing competitors' prices with customers
- from other parts of the National Grid business that may use a competitor as a supplier.

If you have any queries or concerns about discussions relating to competitors or how you price your bids, please contact the Legal Team.

### FAQs

#### What do I do if I'm worried that I might have broken or be about to break competition law?

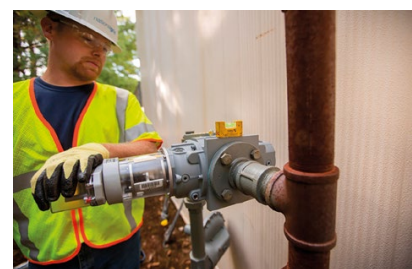
Contact the Legal Team, who will be able to give you advice.

#### What takes priority, competition law or the licences?

Neither – both apply where relevant, although Ofgem is required to consider using its competition powers, where appropriate, before using its regulatory powers. Competition law applies to all our activities, not just our regulated businesses.

#### What this guidance means to you

This guidance will help you make sure we act fairly and don't give anyone an unfair commercial advantage or disadvantage. You should never agree to 'fix' any market and you must be seen to be acting in a non-discriminatory way at all times. To show what you are doing doesn't break the rules, always record the reasons behind your decisions.



# Information and communications

## What's in this section?

Data privacy	29
Information security	31
Managing records	32
Global email and the internet	33
Social media	34



Bring  
Energy  
to Life

## Need advice?

UK internal helpline: **0800 328 7212**

US internal helpline: **1-888-867-6759**

UK email: **[business.conducthelp@nationalgrid.com](mailto:business.conducthelp@nationalgrid.com)**

US email: **[businessconduct@nationalgrid.com](mailto:businessconduct@nationalgrid.com)**

National Grid | July 2017

## Data privacy

We're committed to protecting people's privacy rights by making sure we handle their personal information responsibly.

We must make sure personal information is protected and processed fairly and in line with the law to maintain the confidence and trust of our employees, customers, vendors, suppliers and regulators.



### Main points

We believe that the privacy of others must be protected at all times. When data-privacy laws apply, we must always comply with them.

Each country we work in has its own privacy and data-protection laws. These laws focus on the importance of handling personal information in a responsible way. This also includes making sure that there are adequate controls in place to continue to protect the information when it's transferred across borders or to third parties.

As a responsible organisation, we're fully committed to keeping to these laws. We are all responsible for taking great care to deal with personal information in a safe and secure way, and to reduce the risk of it being lost, misused, inappropriately accessed, released, altered or destroyed.

### Do

- Keep personal information safe.
- Assume that anything you write about a person could be discovered.
- Only collect personal information that is necessary.
- Ensure you have a legal basis for collecting personal information.
- Only use personal information for the purposes compatible with what it was collected for.
- Make sure personal information is accurate and up to date.
- Keep to all relevant guidelines and dispose of information and records in a safe, secure way.

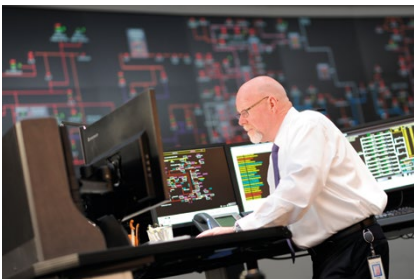
- Know who you are allowed to share personal information with, and only release it to people who are authorised to have it.
- Adhere to our data-protection and information-security policies, standards and guidelines.
- Ask for advice if you're not sure about anything.
- Refer any requests for personal information you may receive to the Data Protection Team, and Global Information and Records Management Team as soon as possible.

### Don't

- Ignore potential risks. You must report incidents or concerns.
- Get access to personal information if you are not authorised to do so.
- Email sensitive information, unless you are sure it is safely encrypted.
- Store or send personal information on unencrypted removable media (for example, memory sticks or disks).
- Assume you can share personal information to another member of staff.
- Leave sensitive personal information unprotected.
- Share passwords, or use ones that are easy to guess.
- Retain records beyond their retention period.

National Grid | July 2017

## Data privacy continued



### **Dilemma**

*I realise that my work colleague is accessing personal information without authorisation.*

### **What you should do**

If you know that someone – an employee, contractor or anyone else – has access to information that they shouldn't be looking at, you must raise the concern immediately. You should do this by telling your line manager, Ethics and Compliance, Digital Risk and Security or the Global Data Privacy Manager. You can also raise your concerns by calling the internal or external helplines.

Privacy and data-protection laws are designed to protect private information and how it is collected, stored, accessed, used and passed on.

If you don't follow the relevant laws, we could be reprimanded by the regulator, have legal proceedings taken against us or be fined. Our reputation or commercial interests could also be damaged.

You may be personally liable and so face disciplinary action. This could lead to you being dismissed.

### **FAQs**

#### **What counts as 'personal information' and 'sensitive personal information'?**

Personal information relates to living people who could be identified from that information, either by itself, or when combined with other information available to the organisation. It can be factual, such as a person's name, address, contact details and date of birth. Or it can be an opinion, such as how a manager thinks you performed at an interview or an appraisal.

There are certain categories of information which need to be treated more carefully due to the harm that could result from their loss or unauthorised disclosure. For example – a person's social security or medical insurance number, details from their driver's licence or passport, employment details such as sickness, absence and disciplinary action, financial details such as debit or credit-card details, racial or ethnic background, political opinions, religious beliefs, trade union membership, health, sexuality, alleged crimes and court proceedings.

#### **What this guidance means to you**

This guidance is to help you make sure that we all process personal information in a safe, secure, fair and lawful way.

National Grid | July 2017

## Information security

We're all responsible for protecting information from deliberate, accidental or unauthorised access, and from being altered, destroyed or disclosed. This applies to information held electronically (soft copy), on paper (hard copy), or in our minds (have knowledge of).

### Main points

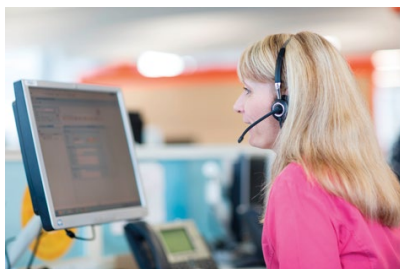
Sharing information and ideas within National Grid is great for our business and allows us to make the most of information technology, but there are risks.

If our confidential information falls into the wrong hands, it could be used to damage our (and our partners') reputation and business operations. The same applies to confidential information we have about our business partners or suppliers.

To protect information, it's important to classify and handle it in line with our information-protection standards. You should also make sure that any employee who has access to the information understands what the classifications mean, and what could happen if they don't handle the information properly. Proper handling of information includes how information is stored when not in use, transferred between people or locations, and destroyed when it's no longer relevant.

Protecting our access to information is just as important. This includes having strong passwords, being careful where we have confidential conversations, and keeping our workspace clean.

If you are unsure about how to do the right thing in terms of information security, please visit the Security Knowledge Zone on the Infonet site for guidance.



### Do

- Before giving out any information always make sure the person requesting it is entitled to that information.

### Don't

- Tell anyone your password (even if they are your manager or work in IS support).
- Share confidential information with unauthorised parties.
- Click on links in an email when you are unsure about the sender or the content.

### Dilemma

*I know I'm not supposed to share my log-in ID and password, but we really need to get this work done while I'm on holiday.*

### What you should do

The reason you must never share your log-in ID and password is simple – if you do this, you're effectively allowing someone else to 'be you' on our systems, and that's not acceptable under any circumstances.

You are expected to act responsibly whenever you log on to our systems. If you reveal your log-in details to someone else, you're breaking that trust.

If you know there is going to be a problem, contact the IS help desk or the Digital Risk and Security Team as soon as possible and explain the situation. They will then start working on a secure solution for you.

### FAQs

What do we mean by 'information'? Information covers all forms of written, printed and electronic documents. It includes information that:

- you talk about or hear in meetings
- originates from informal discussions or conversations
- is saved on storage media (for example, disk, memory stick or hard drive)
- is held on a computer
- is being sent over communications lines
- is held in digital, graphic, text, voice or image format
- is held in an electronic form on your personal devices.

### Dilemma

*Are there extra security measures I could put in place for information held on paper copies?*

### What you should do

You could consider numbering each copy and recording when you received it. If the information should not be released to the general public, include some type of marking on the document to show the classification level of the information.

### What this guidance means to you

We're all responsible for protecting information.

You should always be on your guard because the content of some emails, faxes (some fax machines and printers have a memory store), text messages, voicemail messages and other recorded conversations could cause significant problems if they're not protected and an unauthorised person has access to them.

Be aware of social engineers. These are people who pretend to be someone they are not so they can gain information about yourself or National Grid.

National Grid | July 2017

## Managing records

Regulators, auditors and shareholders rely on accurate company accounts and other records. And so do we. We have to create and maintain complete and accurate records, in good time. The entire record must accurately reflect the relevant activity or dealing.



We must keep our information and records safe, and make sure no one has unauthorised access to them. They need to be kept in line with our policies on storing documents.

### Main points

We're all responsible for protecting National Grid's assets, including records and other written or electronic information.

Our financial and accounting records need to be accurate, and we must follow all accounting and internal control procedures.

You must not do any of the following, or ask anyone else to do them for you.

- Enter false, misleading or incomplete information in any company account, expense statement, purchase order or other record.
- Leave out any information that makes a company account, expense statement, purchase order or other record inaccurate or misleading.
- Alter, hide or destroy any information in order to produce false or misleading records or reports, or to hold up an investigation.
- Interfere with an audit.
- Try to influence an audit.

If there is legal action in the pipeline or you're issued a 'legal hold' order because of legal action, you must keep all related company information.

Save whatever is required under a legal or contractual obligation, internal control or best practices. If you're not sure what to save, ask the legal department.

### Do

- Do find out who your Records Coordinator is, and get access to the current Record Retention Schedule for your business area.

### Don't

- Use incorrect facts or leave out relevant information.
- Hide, alter, falsify or disguise the true nature of any dealings.
- Forge endorsements, approvals or authorising signatures for any payment.
- Process, enter into a system, or approve a record or information that you know is false or misleading.

### Dilemma

*I've just finished a project. The documents are taking up a lot of room, so I'd like to get rid of them.*

### What you should do

Don't throw them away. They may be needed for legal, regulatory or business reasons. Read the Global Information and Records Management Procedure and refer to the appropriate Retention Schedule for the business activity.

### FAQs

**I was supposed to calibrate a machine on Friday but forgot and did it on Monday. Is it OK to backdate the inspection form for Friday?**

No. That would be falsification of company records, which is a serious issue.

All information must be accurate and truthful. You should record the date when the inspection actually took place.

### What this guidance means to you

Accurate records are vital, so you should make sure that all company records, information and communications are full, fair, accurate, and easy to understand and made in good time. You should also make sure that they can be retrieved when they're needed.

National Grid | July 2017

## Global email and the internet

Electronic communication, which includes email and the internet, brings many benefits to businesses. It can reach many people, over great distances, almost instantly. However, it also brings a number of risks and potential problems.

### Main points

When it comes to electronic communications, be cautious. You should always be aware that they have the potential to damage our company or people.

For example, they may carry computer viruses that can infect our systems, be from an untrustworthy source, or they may be misinterpreted and cause offence. They could also affect our reputation and electronic messages may need to be disclosed in court proceedings or investigations.

You are responsible for following all National Grid policies when you use your devices to get access to company files and systems.

### Personal use

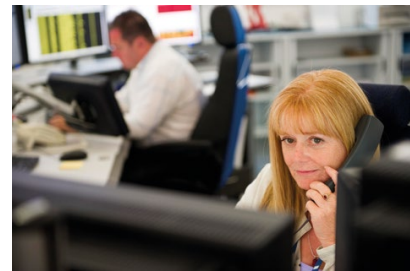
We allow you limited personal use of email and the internet, including online social networking, on work computers and communications systems. But that use must not:

- interfere or create conflict with your work
- take priority over your work
- give rise to any risk, liability, potential loss or expense for the company
- have any negative effect on the company.

Also, your use must always be within the law, and comply with relevant policies and procedures.

### Don't

- Download or pass on material that's dangerous, offensive or illegal.
- Open attachments from unknown external sources, as they may contain viruses. Instead, contact IS through the helpdesk.
- Send or solicit messages that are political, religious or activist.
- Use electronic communications or internet facilities for illegal activities.
- Violate any licence agreement, copyright or trademark law.
- Download software or programmes without the authority you need. If you are not sure, contact the helpdesk.
- Get around National Grid's security controls to gain unauthorised access to our communications systems or internet facilities.
- Connect to, or try to connect to, the internet (except through our internet gateways or proxies).
- Use a 'virtual private network' (VPN) facility on your laptop to connect to any non-National Grid remote network.
- Attach your own equipment to get wireless access to our internal networks.
- Impersonate anyone online or maliciously change any messages.
- Buy, order or reserve goods or services online on our behalf, unless you are authorised to do so.
- Produce, introduce or forward chain letters or personal video clips.
- Send unsolicited junk messages.



### Dilemma

*Members of my team have been circulating an email that refers to obscene material.*

### What you should do

That is unacceptable. You should tell your line manager, HR or a member of the Ethics and Compliance Team immediately.

### FAQs

#### What's so important about links or attachments in emails?

We've all seen movies where a person infects an entire organisation by sending a virus through an email attachment or an improper link. The bad news is that it happens in real life too. However, most computer viruses and malicious programmes need some type of action to be activated, such as clicking on a link or opening an attachment. If you are not sure whether an attachment or link is safe, contact the helpdesk.

#### What this guidance means to you

We allow you to use the internet in moderation for personal reasons, and within the law, as long as it doesn't affect your work or expose the network to the risk of computer viruses.



National Grid | July 2017

## Social media

People are talking about us through social media services and sites – such as Twitter, Facebook, YouTube and LinkedIn – and it’s important that we listen to what they say and respond. Through these channels we can join online conversations about National Grid. This will help us to understand the needs of our customers and the communities we serve.

### Main points

A conversation that takes place online can be just as important as a letter or email. Remember that conversations on social media may need to be disclosed in court proceedings or investigations.

### Personal use

We allow limited personal use of online social networking on work computers and communications systems. But that use must not:

- interfere with your work
- take priority over your work
- give rise to any risk, liability, potential loss or expense for the company
- have a negative effect on the company.

Also your use must always be within the law, and comply with relevant policies and procedures.

### Do

- Be sensible and responsible. If you post anything about National Grid or our business, you must keep to our values.
- Contact your local Communications Team for advice if you plan to use social media for any business activity.
- Remember that not all postings are done with the best of intentions. Be careful and, if in doubt, ask for help.

### Don't

- Post personal information, or detail about your job that could put you at risk.
- Include any information that is copyrighted without getting advice first. If in doubt, ask your manager.
- Publish any views on behalf of National Grid unless your job role entitles you to do so.
- Post personal information such as customer details, user names and IDs, or passwords.

- Make false or derogatory statements about anyone’s business practices, character, financial status, morals or reputation.
- Upload confidential or sensitive company information to an external site without getting advice first.

### Dilemma

*Some of my colleagues are using Facebook to make derogatory comments about people in their team, both inside and outside working hours.*

### What you should do

This is unacceptable. You should tell your line manager, Human Resources or a member of the Ethics and Compliance Team.

### FAQs

#### A couple of journalists contacted me after I placed a post on Twitter. Can I talk to them?

No. You must not talk to journalists if they phone you or approach you on a social media site. Comments you make could be used to damage our reputation. Take the journalists’ details and pass them on to the Media Relations Team.

#### What if I make a mistake on social media?

Social media is forgiving, so if you make a mistake, admit it. Be upfront and be quick with your correction. If you are posting to a blog, you may choose to modify an earlier post – just make it clear that you have done so. In some instances with certain platforms, you can delete your message or post, so check that option if you think you need it.

#### What if a National Grid customer asks me a question?

If you are able to correctly answer the question, identify yourself as a National Grid employee and answer the question. If you can’t answer the question or don’t feel comfortable answering it, please send the question to the Media Relations Team.

#### When in doubt, what do I do?

If you have any questions, contact a member of the Media Relations Team. If they can’t answer your question, they will recommend the appropriate subject matter expert.

#### What this guidance means to you

Remember that anything posted on the internet is likely to be permanent, even if you delete it – the information could have been copied and reposted.

You’re accountable for any actions taken using your user name and password.

Remember, perception is reality. Be sure that all content associated with you is consistent with your work and with National Grid’s values and professional standards. We want our employees to have fun and talk about the positive work National Grid is doing throughout its service territory, but you are still responsible for your individual content.

Misusing the social media facilities provided at work is serious, and could damage your and our reputation. Sharing sensitive information in this way could also open us to risk of malicious attack. If you don’t follow company rules you may be disciplined, which could lead to you being dismissed. And if it’s appropriate, the relevant authorities (including the police) will be informed.

Information and communications



# Acting responsibly

## What's in this section?

Safety	37
Environmental protection	38
Insider threats	39
Physical security	40
Community volunteering, investment and sponsorship	41
Human rights	42



Bring  
Energy  
to Life

## Need advice?

UK internal helpline: **0800 328 7212**  
US internal helpline: **1-888-867-6759**  
UK email: **[business.conducthelp@nationalgrid.com](mailto:business.conducthelp@nationalgrid.com)**  
US email: **[businessconduct@nationalgrid.com](mailto:businessconduct@nationalgrid.com)**

National Grid | July 2017

## Safety

Our activities, and those of our contractors, involve risks, but we do all we can to keep ourselves and the public safe. Safety is our number one priority.

### Main points

We believe that we can remove or minimise safety risks. Our aim is to have no work-related injuries or harm, and to keep the public safe.

We all have a part to play in achieving that.

### Do

- Report all incidents and near misses, however minor.

### Don't

- Cover up or not report a safety incident in order to meet a safety target.

### Dilemma

*I've worked with the same team for a few years. Recently, one of them has cut corners in following safety procedures.*

*I feel that this has put him and the rest of the team at risk. Other team members have noticed it too, but they haven't told our manager. They say I shouldn't worry about this and that our colleague is just going through a tough time. I don't want an incident to happen, but I also don't want to distance myself from the other team members or get this employee into trouble.*

### What you should do

It's good to be loyal to your team, but that loyalty should prompt you to report your concerns to your manager. There could be many reasons for your colleague's unsafe behaviour, but whatever the reason, it can't continue. Remember that having an incident is much worse than getting your colleague into trouble, or angering the team. We will investigate your concerns and make sure that you don't suffer any reprisals for reporting them.

### FAQs

#### **Do I really have to report a minor incident if nobody had to take time off work?**

Yes. You must report all incidents. The information gathered through incident reporting helps build a picture of the safety risks across our business.

#### **What this guidance means to you**

We strive to be world class when it comes to safety. It's important that you always work safely and comply with health and safety rules and regulations. You must report all incidents and near misses so we can investigate them and take appropriate action.



National Grid | July 2017

## Environmental protection

As a minimum, protecting the environment is a legal requirement in all areas of our business. However as a responsible business we also look for opportunities to leave a net positive environmental benefit where we can. We're all responsible for protecting the environment.



### Main points

We're committed to protecting and enhancing the environment.

We will comply with relevant regulations, and aim to find new ways to reduce our impact on the environment as well as to improve it. We use our environmental-management systems and innovation to improve our performance.

### Do

- Follow our environmental procedures, using permits, plans and other documents where necessary.
- Report all environmental incidents and near misses, however minor they may seem.

### Don't

- Cover up or not report an environmental incident.

### Dilemma

*During a recent site visit we found that we hadn't inspected on-site controls and monitoring records, which we have to do as part of our regulatory commitments.*

### What you should do

Tell your manager straight away. You may also need to contact your local Environmental Team, the Environmental Operations Team or the Legal Department to inform them of the matter. They will discuss it with you and give advice.

### FAQs

#### **Do I still have to report an environmental incident if no pollution was caused?**

Yes. You must report all environmental incidents, no matter how minor. We investigate all incidents that are reported – however trivial they may seem – to identify any hazards, and so we can learn and implement change to prevent reoccurrence.

#### **What this guidance means to you**

This guidance helps you understand how environmental policies, procedures and processes apply to your job. Remember that, to meet our environmental commitments, we must all support the environmental policy in all areas of our work.

National Grid | July 2017

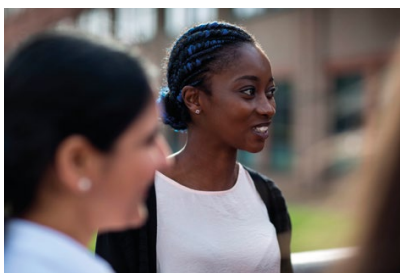
## Insider threats

If an employee or contractor misuses information or access that they have as part of their job role to harm our company, this is referred to as an 'insider act'. Insider acts could include criminal activities, such as theft, fraud, sabotage, terrorism or commercial espionage.

### Main points

An insider act could be committed by an employee or a contractor. A person from outside National Grid could also pose a threat by exploiting the relationship they have with one of our employees or contractors.

We use background checks when people are joining our company, to help us detect issues at an early stage which could cause problems. To help mitigate the insider threat we need to stay vigilant in our workplace too. During the course of their employment, a person's attitude, mindset and loyalties can change. This can sometimes result in people becoming more likely to use their access to our systems and assets in ways that could cause us harm, therefore we look out for suspicious or unusual behaviour and deal with security concerns once they have become apparent.



If you are worried about a change in a colleague's behaviour, speak to your line manager. Alternatively you can contact the UK Corporate Security Team by emailing [groupsecurity@nationalgrid.com](mailto:groupsecurity@nationalgrid.com) or on 01926 653194. You can reach the US Corporate Security Team by calling 844-290-0722 or by emailing [scnbo@nationalgrid.com](mailto:scnbo@nationalgrid.com).

### Do

- Raise any concerns with your line manager, or talk to Security for advice.
- Talk to the colleague to see if they are all right.

### Don't

- Jump to conclusions. You shouldn't assume that a change in a person's behaviour means that they are doing something wrong. Talking to them to show your concern may help.

### Dilemma

*A usually lively outgoing team member has become withdrawn and seems anxious. They have changed their working patterns and have frequently been observed working unusual hours, and are reluctant to take any holiday. I've noticed they have started to regularly take files home with them. Some of the files appear to contain sensitive information about our infrastructure and security measures.*

### What you should do

You have a number of options, depending on your relationship with this colleague. It might be appropriate to talk to them first, and ask if they are OK. The problem could be that they have a heavy workload. If you still have concerns after this, or don't feel comfortable with this suggestion, discuss the situation with your line manager.

### FAQs

#### What should I do if I don't feel comfortable raising a concern with the person or my line manager?

You can talk to the Security Team or the Ethics and Compliance Team, or contact the helpline.

#### What should I do if I talk to the person and they ignore my attempt to help?

In this case you should talk to your line manager, or contact the helpline – particularly if the cause for concern continues or becomes worse.

#### What this guidance means to you

The security of our people, assets and information is vital to us and the national infrastructure. Taking appropriate security measures is an important way in which we can help protect ourselves against people who may cause us harm.

National Grid | July 2017

## Physical security

Having effective security in place helps keep our people and assets safe and secure. It helps us guard against criminal activity, such as theft, vandalism and potentially terrorism.

### Main points

The safety of employees, contractors and members of the public is our number one priority.

We have responsibilities as the owner and operator of infrastructure that's critical to the countries we work in. So we take steps that are necessary to protect the security of this infrastructure, including appropriate physical security measures.

The level of physical security measures we take is proportionate to the level of risk to the company. We use best-practice guidelines within each country we work in and comply with all relevant laws and regulations.

A member of the Corporate Security Team will work with you and, where appropriate, help liaise with other bodies such as local law enforcement.



### Do

- Challenge anyone who isn't wearing an ID badge/pass or visitor badge.
- Store your ID badge/pass securely when not in use.
- Report any loss or theft from National Grid to the police.
- Report suspicious activity – If You See Something... Say Something.
- Make sure that you use the security arrangements we have in place (for example, locking gates and doors) or report them if they're not working correctly.
- Contact the UK Corporate Security Team by emailing [groupsecurity@nationalgrid.com](mailto:groupsecurity@nationalgrid.com) and or on 01926 653194. You can reach the US Corporate Security Team by calling 844-290-0722 or by emailing [sccnbo@nationalgrid.com](mailto:sccnbo@nationalgrid.com).

### Don't

- Ignore incidents – they may indicate a trend or persistent problem.
- Reveal security arrangements or sensitive information about our sites to people outside our company, or to those who don't need to know these details as part of their job.
- Use cameras or recording equipment in secure areas.
- Follow closely behind someone to avoid security barriers or allow others to do so.
- Wear your ID badge/pass when not at work.

### Dilemma

*An individual has tailgated through the door behind me without presenting their badge to the card reader.*

### What you should do

Ask the individual to see their badge. If they cannot produce one, escort them to the reception desk, if at a location where one exists. If no reception exists and it is an employee ask who their manager is and contact them to verify the employee belongs in the building. If a visitor, ask who they are there to see and contact the individual to escort their visitor.

### FAQs

#### **Why should I challenge an unescorted visitor (e.g. those tailgating or acting suspiciously on National Grid premises)? Isn't that Security's job?**

Security is everyone's responsibility. By having every employee look for and challenge unescorted visitors, National Grid becomes a much safer environment for everyone and deters those who wish to do the organisation harm. In every instance, know that safety is of primary importance. Do not do anything that would obviously result in physical harm to you. Contact Corporate Security immediately if you see suspicious activity. If you see something... say something.

#### **I have noticed some activity that may compromise our physical security at a location. How do I report it?**

If you are at a facility with a local security office or an onsite security guard, notify the office or the person as soon as possible. Otherwise, you can contact Security at the numbers above.

#### **What's the reason for keeping security doors closed – especially to limited access areas? If we are all National Grid employees, why are the extra security measures needed?**

Security doors and security access areas are kept closed and secure for various reasons. The basic determination is that the potential risk incurred while leaving the door open is greater than the current action in making sure it is constantly closed. In certain areas, there are regulations in place that designate certain areas as secure areas. Violations of these regulations can result in serious fines and reputational damage to the company.

#### **What this guidance means to you**

Security is everyone's responsibility. Everyone can help keep our people and assets safe. Challenge behaviour that could threaten our security and report any concerns you have.

National Grid | July 2017

## Community volunteering, investment and sponsorship

We play a vital role in connecting people to the energy we all use, and we recognise the effect our work can have on people and communities. We're at the heart of communities, so investing in and connecting with them is the way we do business.



We also support charitable, civic and community organisations at global, national and local levels because we want to see the communities in which we operate thrive.

### Main points

#### Volunteering and fundraising

Our comprehensive volunteering programmes give employees the opportunity to work with a variety of different organisations in the UK and US, and to take part in a range of activities.

Employees who donate money or raise funds for a registered charity may be able to apply to one of our fundraising incentive schemes (UK) or Matching Gift Program (US).

- UK: personal donations are matched up to £100, as long as you donate £50 or more as a lump sum. Money raised for charities can be matched up to £400.
- US: the Matching Gift Program matches personal donations of up to \$500, as long as you donate \$20 or more as a lump sum.

#### Community investment

All requests to contribute to community projects must be handled in line with our policy on charitable donations, and must meet 'delegations of authority' requirements.

UK: All request from community groups, charities, not-for-profit organisations for community investment/donations must go through The National Grid Community Grants scheme – <http://betl.nationalgrid.com/>. Applications have to come from the community not from employees.

US charitable donations are governed by a policy that sets out the process for making, reviewing and approving funding requests.

#### Don't

- Ever make a commitment to match donations to charities or other not-for-profit organisations until your application has been approved.
- Promise corporate funding or a sponsorship commitment without the proper approval. UK: Proper approval is through the Corporate Responsibility Team in Corporate Affairs to ensure funding/sponsorship supports our responsibility priorities and business strategy. If it is a significant value (financial or strategic) it will go to the Responsibility and Sustainability Committee or appropriate regional committee for approval. US: Approval is coordinated through the Economic Development and Corporate Citizenship team within the Customer function. All donations must be reviewed according to the US Delegations of Authority framework for charitable contributions, which includes separate approval requirements for donations that exceed certain levels of funding.

- Make corporate donations to encourage a customer to buy or recommend our products, or to receive favourable treatment from a vendor, regulator or public official.

#### Dilemma

*Carrying out work in a small community has caused lots of disruption. Representatives from the community have asked us to make a donation towards a new recreational area in the local park. As the overall project has come in under budget, I am keen to help.*

#### What you should do

- UK: You cannot donate money from the project. You must ask the community to apply through The National Grid Community Grants scheme – <http://betl.nationalgrid.com/>

- US: You can agree to the donation only if you have the proper approval to do so. All requests for donations to charities must go through the Economic Development and Corporate Citizenship department, which is part of the US customer organisation. Community contributions such as this should also be reviewed by local Jurisdiction leadership to make sure they meet our community strategy and priorities.

#### FAQs

##### Can I ask for donations from our suppliers, vendors or customers?

Speak to the Ethics and Compliance Team or the Community Investment Team before asking for any donations.

##### How can I find out more?

In the UK, if you have any questions about community volunteering, investment, sponsorship or donations you can call our Community Helpline on 01285 841 912. For more information you can also visit the Corporate Responsibility and Citizenship pages on Infonet.

In the US, you can find out more by reading the US Fundraising section of the Workplace Guidelines, which are available on the US Ethics and Compliance Infonet site. You can also find guidance on the types of fundraising we allow, as well as how you may advertise a fundraiser and get any approvals you may need. Company policies relating to charitable donations and sponsorships are available on the US Finance SharePoint hub. You can also contact the Corporate Citizenship Team on 315 428 6891.

##### What this guidance means to you

Getting involved with communities is the way we do business at National Grid. There are lots of ways in which you can make a difference – from volunteering your time and skills to fundraising.



National Grid | July 2017

## Human rights

Respect for human rights is incorporated into our employment practices and our values.

### Main points

We are all entitled to human rights which are inherent to all human beings and are non-discriminatory.

We are responsible for ensuring that our colleagues and those working on our behalf are able to work freely and receive fair pay in return.

Our HR policies and processes ensure that all direct employees are treated fairly and in a way that safeguards their human rights. We communicate these requirements to our suppliers via our Global Supplier Code of Conduct (GSCoC), which sets out the expectations of our suppliers in that they keep to all laws relating to their business, as well as adhering to the principles of the United Nations Global Compact, the Ethical Trading Initiative Base Code, the UK Modern Slavery Act 2015 and, in the UK, the requirements of the Living Wage Foundation.

### Do

- Raise any identified concerns (whether internal or in our supply chains) that contravene human rights, with your line manager and/or the Ethics and Compliance Team.

### Don't

- Ignore your instinct if you witness a situation that feels wrong.

### Dilemma

*I am working on a National Grid site with a contractor. Some of the contractor's employees seem unseasonably dressed, have incorrect or no safety equipment and appear to be restricted in the way they are allowed to engage with me.*

### What you should do

These three observations may be indicators of forced labour practices. Please discuss this with your manager and contact the Ethics and Compliance Team for guidance.

### FAQs

**I travel to the Far East as part of my role where working conditions are very different. Do these rules apply?**

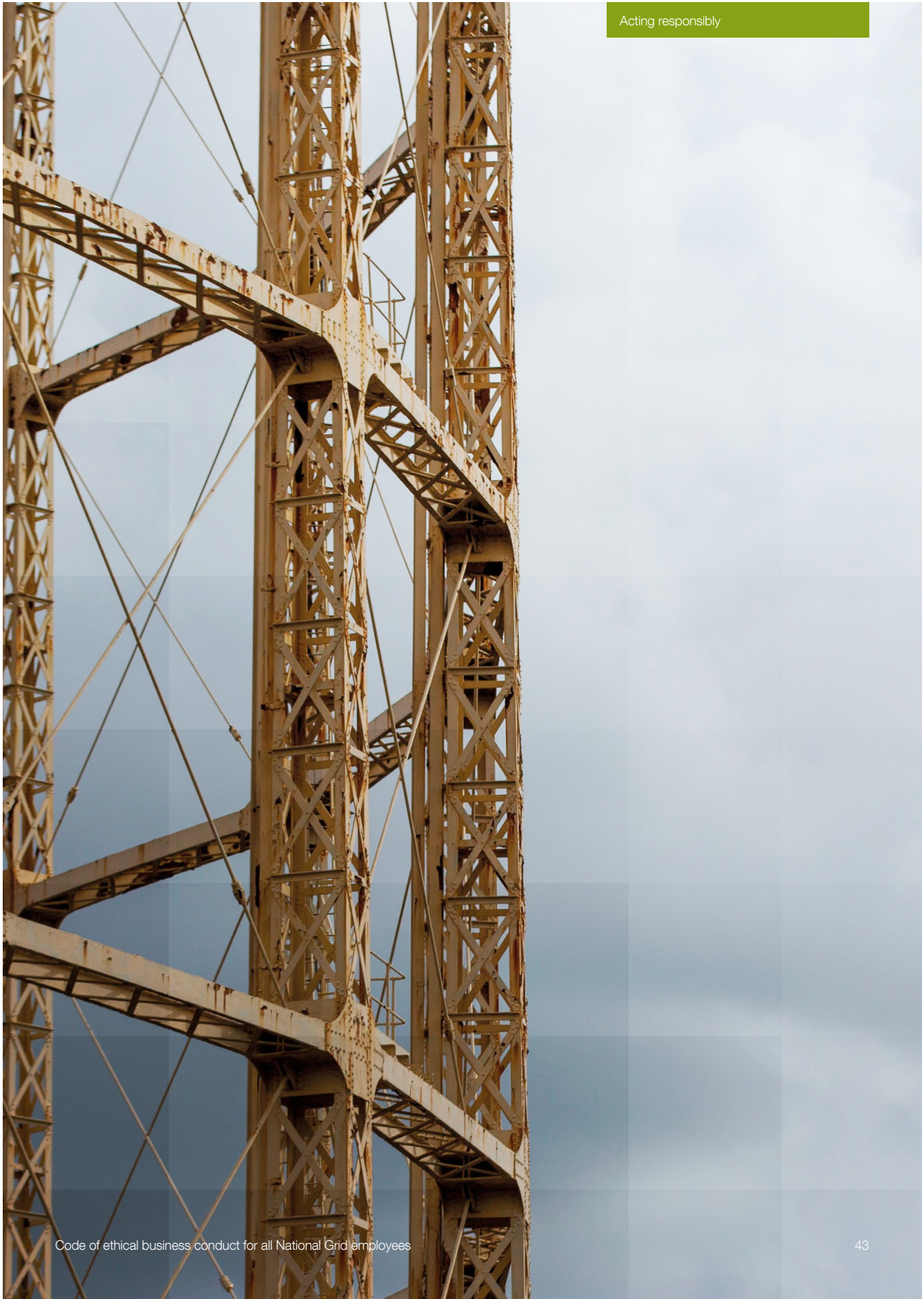
Yes, they apply to anyone that we employ and throughout our supply chain.

### What this guidance means to you

At National Grid we are committed to maintaining a work environment and supply chain that recognises and upholds the importance of human rights.



Acting responsibly



# Conflicts of interest

## What's in this section?

General conflicts of interest	45
Price-sensitive information, insider trading and material non-public information	47
Relationships with third parties	48



Bring  
Energy  
to Life

## Need advice?

UK internal helpline: **0800 328 7212**  
US internal helpline: **1-888-867-6759**  
UK email: **[business.conducthelp@nationalgrid.com](mailto:business.conducthelp@nationalgrid.com)**  
US email: **[businessconduct@nationalgrid.com](mailto:businessconduct@nationalgrid.com)**

National Grid | July 2017

## General conflicts of interest

We must avoid situations where our personal interests could conflict with those of National Grid. A conflict of interest arises when our personal interests or activities affect our ability to perform our work or make unbiased decisions on behalf of National Grid.

### Main points

#### Financial interests

You must not allow your financial, employment or other interests – or those of your family or friends – to affect (or appear to affect) the decisions you make on our behalf.

This situation could come up if a family member or friend holds a responsible position in a company that does business with us, or if you own (or are promised a job with) a company that does business with us.

In both cases, our reputation is at risk because of that relationship. Even if you have no involvement in their dealings with us, if there appears to be a conflict, it could be very damaging.

It's always better to be safe than sorry, so as soon as you become aware of any potential conflicts of interest, tell your manager.

If you or a family member holds a financial interest in a company that does business with us, you must tell your manager straight away.



#### Outside directorships, second jobs and other outside activities

Many of our employees get involved in public duties outside of work, including belonging to charities or public organisations, Parent Teacher Associations and the governing body of their local school.

We're happy to encourage and support this participation, but only if there is no conflict of interest, or the appearance of one. If you're not sure whether your involvement would give rise to a conflict of interest, talk it through with your manager and explain what your commitments are likely to be.

You should also amend your Certificate of Compliance and Disclosure to reflect any potential conflicts of interest.

If you or your manager has any concerns, contact the Ethics and Compliance Team.

In the case of paid work or a directorship, you should always get prior written approval from your manager or supervisor. That approval will only be given if it's clear that the work or directorship:

- won't cause a real or apparent conflict of interest (such as taking on a second job with a competitor of ours)
- doesn't affect our obligations under any relevant laws (such as the Working Time Regulations in the UK)
- doesn't affect your ability to do your job, or conflict with your responsibilities as a National Grid employee
- won't involve you using company time, equipment or other resources to carry out your second job or directorship duties
- for the UK only, meets the terms and conditions set out in your contract of employment.

#### Workplace relationships

Relationships and friendships can have a big effect on daily business, and can sometimes have negative effects on other employees. Make sure you tell your manager about any relationship that could lead to a potential conflict of interest. If the relationship is between a manager and someone who reports to them, or when one party may be in a position to influence areas like pay, performance or commercial decisions, the senior person must tell their HR business partner, manager or the Ethics and Compliance Team. Also, you should never direct the work or supervise someone who is either a relative or close acquaintance of yours. Doing so could be perceived as favouritism.

#### Workplace pressures

At times we may feel under pressure to act in a way that's not in line with doing the right thing, just so we can meet our business objectives. If that happens, you should follow the guidance contained in this document, speak to your line manager, or contact Human Resources or the Ethics and Compliance Team. There are many ways you can report anonymously if you don't feel comfortable raising your concerns, otherwise.

#### Certificate of Compliance and Disclosure

All management employees (in the US) and managers (in the UK) must report any potential conflicts of interest on their annual Certificate of Compliance and Disclosure. When completing your certificate, you should err on the side of disclosure. It is important to remember that if during the year something changes (for example, you are appointed to a board or something similar), you will need to amend your Certificate.

National Grid | July 2017

## General conflicts of interest *continued*



### Do

- Always report any relationships that could result in a conflict of interest.

### Don't

- Hide personal interests (including outside financial interests) that could conflict with our interests. Transparency is the important factor – always admit actual and potential conflicts of interest, promptly and in full.
- Alter a business record or incident report to achieve a business objective. Competing pressures such as costs, time and management direction can make it difficult, but we shouldn't compromise our ethical standards. Purposely falsifying a record is considered fraud and will lead to serious disciplinary outcomes.
- Take a second job or a directorship without a manager or supervisor's approval.

### Dilemma

*The business unit I work in isn't performing very well. An employee recently had a lost-time incident and my manager asked me to record it as annual leave instead. I know that reporting the lost-time incident will affect our performance measures.*

### What you should do

Everyone is responsible for keeping accurate records and you should report the lost-time incident correctly. Your manager's request is inappropriate and has put you in a difficult position, so you should also contact Human Resources or the Ethics and Compliance Team for help and guidance. Never take a directive, regardless of who it is from, if you know that the decision is unethical. By putting yourself in that situation you could ultimately compromise your career, regardless of who you obtained the directive from.

### Dilemma

*My cousin is part-owner of a business that's bidding on a contract to provide services for National Grid, and I've been asked to get involved in the bid evaluation process.*

### What you should do

This situation could be a perceived as an actual conflict of interest and you should disclose it to your manager immediately. It's likely that you will not be permitted to get involved (now or in the future) in any decisions related to your cousin's business. This relationship should also be disclosed on your Certificate of Compliance and Disclosure if you are required to complete one.

### FAQs

#### **What if one of my relatives or a close friend works for one of National Grid's suppliers?**

If you don't deal with the supplier at work, or have an influence on the procurement process, there's no need to tell your manager about this relationship. Otherwise, you must report it, even if you don't directly procure goods from the supplier.

#### **I was recently elected to public office. Will this create any conflicts of interest with my job at National Grid?**

Ideally you would have gained approval from your manager before standing for election. You should tell your manager about the commitment and make sure that:

- it doesn't conflict with your working hours at National Grid
- you don't use company resources for your duties in public office
- you don't use your position to look for favours for National Grid, or to grant any favours
- you don't get involved in any discussions relating to National Grid or provide any opinions – they could be seen as the opinion of National Grid, rather than your own.

#### **What this guidance means to you**

As an employee, you must report any financial, employment or other interests that could create a possible conflict of interest between you and National Grid.

National Grid | July 2017

## Price-sensitive information, insider trading and material non-public information

Information is 'price sensitive' when it's precise; not yet public knowledge; relates directly or indirectly to National Grid or its shares and securities; and, if it's disclosed, might lead to a significant movement (up or down) in the price of shares or other securities such as National Grid retail bonds.

It includes information that would have a substantial likelihood of affecting a reasonable investor's decision to buy, sell or hold National Grid's shares or other securities.

We have a policy in place to manage the disclosure of price-sensitive information. Also, it's a legal requirement that if you have access to price-sensitive information you must be named on a specific list that National Grid is required to maintain. This is called an Insider List and means you will be considered to be an Insider.

### Main points

It is illegal to unlawfully disclose price-sensitive information; this means if you require access to price-sensitive information in order to carry out your job, you must keep that information confidential. Also, you must not share the information with anyone else except where you are required to do so by law or as part of your employment.

If you have access to price-sensitive information, you will be considered an Insider. This means you must not deal in National Grid shares and securities without obtaining prior clearance in accordance with the company's Share Dealing Rules.

Even if you are granted clearance to deal, if you use price-sensitive information to influence your share dealing, this is called 'insider dealing', which is illegal. Insider dealing isn't limited to financial information. It also covers information about the activities and future prospects of any company listed on the stock market.

Just as you cannot use price-sensitive information to influence your share dealing, you must not recommend or induce anybody else to engage in insider dealing, as this is also illegal.

### Don't

- Make investment decisions (buying or selling shares or other listed securities) based on price-sensitive information. This rule applies whether you are doing this in person or through an intermediary.

You may also be responsible if you pass price-sensitive information on to a third party, who then uses it to buy or sell shares.

- Share price-sensitive information with anyone else except where you are required to do so by law or as part of your employment.

If you have access to price-sensitive information, you must make sure you are placed on an Insider List and that you do not deal in National Grid shares and securities without obtaining prior clearance. If you think you may have access to price-sensitive information and have not been informed you are an Insider or require more information on the company's Share Dealing Rules, please contact [insiders@nationalgrid.com](mailto:insiders@nationalgrid.com) immediately.

### Dilemma

*Recently I overheard two employees talking about the possibility of National Grid buying another company. I checked the market listings and found out the other company's share price is down because they haven't been performing well. If National Grid announces its plans to buy this company, the value of that company's stock will increase. I realise I can't invest in this company because I work for National Grid. However, my parents just sold their home and have a large sum of money they are looking to invest. Can I tell them that National Grid is thinking about buying this company and/or recommend that they make an investment?*

### What you should do

No. It's illegal to pass on price-sensitive information to others, even if you don't make any investments yourself. The laws on insider dealing contain severe civil and criminal penalties. You should never use price-sensitive information to make, or encourage others to make, investments in National Grid shares or other securities. This also applies to investments in other companies National Grid might be planning to buy or merge with.

### FAQs

#### What is 'price-sensitive information'?

Price-sensitive information is positive or negative information that is precise, not available to the general public, and could influence a reasonable investor to buy, sell or hold shares or other securities.

The term 'price-sensitive' applies to information about securities of any company listed on the stock market. In the UK it's also known as 'inside information' and in the US it's referred to as 'material non-public information'.

#### What are examples of potentially price-sensitive information?

- Exceptional events or facts in the annual or half-yearly financial results and interim management statements.
- Major business developments (such as substantial projects or regulatory developments).
- Dividend announcements.
- Major deals to buy or sell a business.
- Significant changes in our financial condition or business performance.
- Significant changes in expectations of our performance.
- People being appointed to, or leaving, our Board of Directors.
- Significant share dealings by directors.
- Major contracts awarded.
- Significant potential legal action.

#### What this guidance means to you

Never deal using price-sensitive information because that's insider dealing, which is illegal.

Be aware at all times – never disclose price-sensitive information to a third party because this could lead to insider dealing.

If you use or pass on price-sensitive information you could face disciplinary action and criminal proceedings.

National Grid | July 2017

## Relationships with third parties

Our relationships with vendors and suppliers are particularly vulnerable to real and apparent conflicts of interest, so we all need to be extra vigilant and exercise caution in our day to day business with them.



### Main points

Some of the most important relationships at work are with third-party vendors and suppliers. These relationships are particularly vulnerable to real and apparent conflicts of interest, so we all need to be extra vigilant and exercise caution in our day-to-day business with them.

The company has resources to help us manage business relationships like these. If you manage contracts and oversee contractors, you should make sure you are familiar with the terms of the contracts and understand the obligations or their role in contractor oversight where appropriate.

Suppliers, contractors and business partners of National Grid are held to the same standards of conduct as National Grid employees. This is described in the National Grid Global Supplier Code of Conduct.

For example, many of us deal with suppliers in our jobs. We need to be careful about even the appearance of a conflict of interest. You must not purchase goods or use the services of any contractor or supplier retained by National Grid for private purposes, except under the normal terms and conditions of that contractor or supplier (or under special arrangements negotiated by National Grid for the benefit of all employees).

If you buy goods or services on behalf of National Grid, you must disclose in writing to your manager any personal interests that might appear to reduce your ability to make objective procurement decisions.

All company employees are expected to comply with procurement policies that relate to identifying potential suppliers, bids, negotiations, contracts or sole source justifiers, managing orders and contractors, and payment of invoices. If you are involved in a procurement event, you must keep all bidding information confidential.

### Do

- Be transparent about personal interests or relationships that could lead to conflicts of interest or perceived conflicts of interest.

### Don't

- Allow your personal interests or relationships to compromise the impartiality of the decisions you make for National Grid.

### Dilemma

*A close friend owns a business that is bidding on a contract to provide services to National Grid. If she wins the bid she would be providing services to my department and I would be able to work with her each day. I would like to work with my friend and I also want her to succeed in her business. She asked me if I could obtain copies of bids submitted by other businesses bidding on the same contract. Can I give her this information?*

### What you should do

You should tell your manager about your relationship and the request your friend has made. Do not provide your friend, or any outside party, with information that would give them an unfair advantage when bidding on a contract.

### Dilemma

*A contractor that I work with has confided in me that he feels he is being harassed and bullied by a National Grid employee.*

### What you should do

Let him know that he can get in touch through any of the means National Grid has in place to report concerns. His concern will be investigated thoroughly and promptly. The company takes all concerns brought to its attention seriously.

### FAQs

**I have been made aware that one of our contractors is undertaking an activity that is potentially unlawful. What should I do with this information?**

You should immediately notify your manager about the contractor's activity, or you can contact the Ethics and Compliance Team. Our vendors and contractors are important business partners who must be held to the same standards of conduct, because our reputation is at stake.

### What this guidance means to you

We need to hold our contractors to the same ethical standards as our employees. If you are responsible for contractor oversight you should recognise the additional responsibilities that are expected of you. You should realise the importance of our relationships with suppliers, customers and other third parties, as well as how these relationships are areas where real or perceived conflicts could arise. You need to be extra vigilant and make sure you adhere to the relevant procurement policies.

## Useful contact numbers

### UK

#### Internal/Business Conduct Helpline

Freephone: **0800 328 7212**

Email: **[business.conducthelp@nationalgrid.com](mailto:business.conducthelp@nationalgrid.com)**

#### External/Focus Helpline

(24 hours a day, seven days a week)

Freephone: **0800 298 6231**

Email: **[report@seehearspeakup.co.uk](mailto:report@seehearspeakup.co.uk)**

#### Employee Assistance Helpline

Freephone: **0845 094 8107**

### US

#### Internal/Toll-Free Helpline

**1-888-867-6759**

Email: **[businessconduct@nationalgrid.com](mailto:businessconduct@nationalgrid.com)**

#### External/Alertline

(24 hours a day, seven days a week)

Toll-Free: **1-800-465-0121**

Email: **[www.nationalgridalertlineus.com](http://www.nationalgridalertlineus.com)**

#### Employee Assistance Helpline

Toll-Free: **1-800 833 8707**

### Consequences

This code of business conduct provides a source of guidance for you. It is not a contractual document and will be subject to amendments over time. All employees must comply with both the provisions of this code and the company's policies and procedures, breaches of which will be taken seriously and may result in disciplinary action up to and including dismissal. Please refer to your local disciplinary policy for further details.

Bring  
Energy  
to Life



