

Modern Slavery

Our Statement on slavery
and human trafficking 2019



This Statement is for the financial year ending March 2019 and is made according to the requirements of section 54 part 6 of the Modern Slavery Act 2015. National Grid plc is the parent company of the National Grid Group and this Statement applies to all companies within the Group who are required to publish a Statement, except where they have chosen to publish their own Statement.

An introduction to our business and values

This Statement, which is made on behalf of the National Grid plc Board, for the financial year ending March 2019, sets out our approach to assess and mitigate the risk of slavery and human trafficking in our business and our supply chain, the progress we have made since our last statement and our future plans to ensure we continue to address this important issue.

National Grid is one of the world's largest investor-owned utilities focused on transmission and distribution activities in electricity and gas in the UK and the US. We play a vital role in connecting millions of people to the energy they use, safely, reliably and efficiently. For the year ending 31 March 2019, our annual group turnover was £14.9bn.



Purpose

Our Purpose is to Bring Energy to Life. We believe it's crucial to have a clear sense of what we stand for as a company and what it is that binds us all together. It's what inspires us to do our best, to serve our customers and the communities we work in, and it's what makes us proud of the work we do.

Vision

Our Vision is that we will exceed the expectations of our customers, shareholders and communities today and make possible the energy systems of tomorrow, whilst ensuring we are meeting our commitments in the right way and emphasising that how we work is as important as what we do.

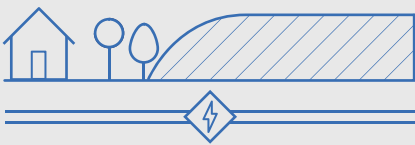
Values

Our Values are that every day we will do the right thing and find a better way. We take pride in our reputation for being a responsible business and believe this provides opportunities to contribute to positive environmental and social changes.

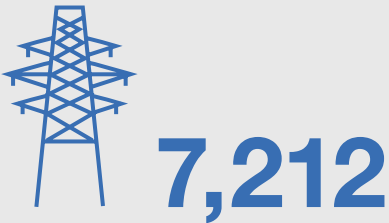
Here is some more information about our organisation:

UK

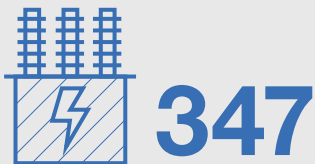
2,280 km of underground cable



7,212 km of overhead line



347 transmission substations

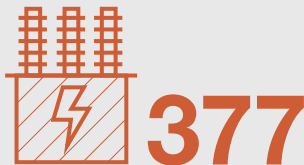


7,660 km of high-pressure gas pipe



US

377 transmission substations



763 distribution substations



14,293 km of overhead line



57,228 km of gas pipelines

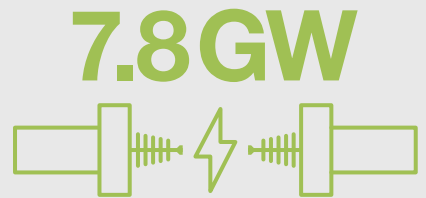


NG Ventures

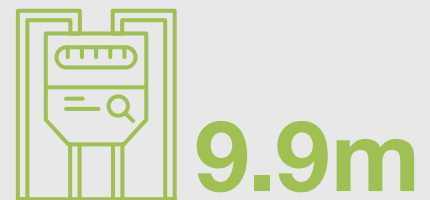
3 interconnectors in operation and **3** in development



7.8 GW capacity of interconnectors in operation or under construction



9.9m gas meters



1,000,000m³ Liquefied Natural Gas tank space



Our people and supply chains

We recognise that exploitation in business and supply chains, including human trafficking and slavery, is a reality and a growing concern. Within National Grid, we continue to build our knowledge and understanding of these complex issues. We are committed to using our position as a leading client, working as a responsible business and clearly stating our expectations within our supply chain, to support the ambition of combating all forms of modern day slavery.

Our people

We employ a diverse workforce, consisting of over 22,000 people globally, predominantly in the UK and the US, 18.1% of our workforce have identified themselves to be of 'minority' racial or ethnic heritage. We recognise the value of a diverse workforce and an inclusive culture and have many initiatives to encourage and promote this. In 2017, we implemented inclusion and diversity policies, demonstrating our commitment to providing an inclusive, equal and fair working environment through driving inclusion and equal opportunities for all; ensuring the workforce, whether part-time, full time or temporary, will be treated fairly and with respect; eliminating discrimination; and ensuring selection for employment is based on merit.

We uphold the highest standards in recruitment to ensure equal opportunities and compliance with all local legislation, ensuring that all our people have the appropriate rights to work. Where we employ temporary workers, we do so via employment agencies that are contracted to ensure they apply and uphold the same standards of employment that we offer to our direct employees. Contract Managers are assigned to actively manage these contracts and are responsible for ensuring that they meet our employment requirements, including carrying out all relevant employee screening and paying the real Living Wage. We continue to monitor this area very closely, but we believe that the very stringent policies and processes we have in place mean that the risk of forced or trafficked labour being employed directly by National Grid is very low.

Our employees are supported by internal health and wellbeing programmes and initiatives and have access to an Employee Assistance helpline, which is a confidential service providing support and advice including emotional support, debt and legal advice.

Here is some information about our workforce:

22,000

Our organisation has over 22,000 employees across the UK and US

74%

of our workforce is based in the US

26%

of our workforce is based in the UK

24.3%

of our workforce are female

44 years

The average age of our employees

59

Our workforce spans across 59 nationalities

18.1%

of our workforce are from 'minority' racial or ethnic heritage

74%

of our employees would recommend National Grid as a good place to work

Our supply chains

Across our global organisation we work with around 6,200 suppliers and we spend over £5bn with them. Our spend profile is outlined below together with details of the top 25 suppliers that represent 43% of our total spend, globally. The suppliers have been listed to provide an enhanced level of transparency regarding who we work with and are not associated with any identified risks in our supply chain.

In some instances, our supply chains are complex and have a global reach. We recognise that, as a client organisation, we need to clearly communicate our expectations and ethical standards through our directly contracted suppliers and further down the supply chain. We will outline later in our Statement the approach we have taken to engage with those suppliers, operating in potentially high-risk categories that were identified following desk-based risk assessments that were carried out in 2017, and how we intend to mitigate any potential risks going forward. Some suppliers listed have been involved in this supply chain engagement work to help inform our approach and we will continue to work collaboratively with them, and others identified through ongoing risk assessments in our sourcing process, to drive change.

Top 25 suppliers accounting for 43% of our global supplier spend

Supplier	Top category
ABB*	Substation Turnkey – Transmission
Accenture	It Consultancy
The Adecco Group	Recruitment Services
Asplundh Tree Expert*	Works and Engineering Services
Babcock International Group	Overhead Line Services
Balfour Beatty*	Overhead Line Services
Blue Cross and Blue Shield of Massachusetts Foundation for Expanding Healthcare Access	Personnel/Human Resources Services
Caremark	Personnel/Human Resources Services
Costain Group*	Compressor Maintenance
Element Fleet Management	Fleet Rental Equipment
Feeney Brothers Utility Services	Works and Engineering Services
General Electric*	Substation Turnkey – Transmission
Hallen Construction	Works and Engineering Services

*Suppliers involved in our supply chain engagement.

Top 10 tier 1 countries of origin based on spend

Tier 1 country of origin	Number of suppliers	Percentage of spend
USA	3,265	63.28%
Great Britain	2,831	35.54%
Canada	39	0.53%
France	10	0.19%
Norway	3	0.12%
Germany	16	0.12%
Belgium	18	0.09%
China	6	0.05%
Portugal	1	0.02%
Netherlands	11	0.01%

Supplier	Top category
International Business Machines	IT Consultancy
Murphy Group*	Overhead Line Services
New England Utility Constructors, Inc., a Centuri Company	Works and Engineering Services
New York Paving	Road Construction & Surfacing Services
PwC	IT Consultancy
Prysmian Group	Subsea Cable Services/ Cables & Accessories
Robert J Devereaux	Works and Engineering Services
Siemens	Substation Turnkey – Transmission/ Subsea Cable Services
Skanska Construction	Tunnelling & Shafts
Verizon Communications	Telecommunication Network Services
Vodafone Group	Telecommunication Network Services
WIPRO	Software Development Services

Data reflects the period 01/01/2018 – 31/12/18

Our policies

Our employees, suppliers and contractors are expected to work in accordance with the highest ethical standards and to comply with all relevant laws, regulations and licences when working for National Grid.

In the UK, we are committed to paying our employees, and contractors working on our behalf, at least the real Living Wage, as set by the Living Wage Foundation, and, through contract terms and conditions, ask the same of our suppliers, when working on behalf of National Grid.

We voluntarily go beyond the requirements of the Living Wage Foundation by paying our trainees the real Living Wage.

Our expectations are set out in policies which are available to all employees internally and published on the National Grid website where appropriate.

Our **Code of Ethical Business Conduct** applies to all employees including Board members and sets out our values and the way we expect our employees to behave whilst working for National Grid. Our Code now includes a dedicated section on human rights. Every year we train our employees, using computer based training, case studies and other materials on all aspects of the Code, to raise awareness and ensure our people know what is expected of them.

Our **Disciplinary Policy** and process sets out the steps that will be taken where employees deliberately break the rules set out in the Code of Ethical Business Conduct and ensures that any issues relating to unacceptable conduct are managed effectively.



Our values and expectations are also included in our **Supplier Code of Conduct** which sets out the standards we require our suppliers to work to and which they should extend into their own supply chain. It includes references to the key international labour standards including International Labour Organisation (ILO) and the Ethical Trade Initiative (ETI) Base Code. The Code is an integral part of our pre-qualification process and is referenced in our contract terms and conditions. Our Supplier Code of Conduct is reviewed and updated annually and communicated to all our suppliers. In the UK, we have implemented an approach to enhance contract assurance activities, requiring confirmation from suppliers that they are adhering to this Code as part of an annual assurance process, and we intend to implement the same approach in the US.

Our **Employment Policies** and processes make sure that all our employees have the appropriate rights to work and are employed in accordance with local employment legislation. We believe it is important that all employees are appropriately rewarded for the work they do. We are accredited by the Living Wage Foundation, that means that we pay our direct employees, including trainees, at least the real living wage and also extend this to contractors working on behalf of National Grid. Our UK contracts include terms and conditions that require our suppliers to do the same. An annual review of the Living Wage Foundation requirements ensures our salaries are continually aligned.

We believe all companies should act responsibly by supporting and playing an active role in the communities where they operate. Our **Responsible Business Policy** sets out the framework to ensure that we do this by supporting economic, social and environmental initiatives that include enabling social mobility and supporting young people to successfully transition to work; local economic development and environmental sustainability.



During 2018, a new **Business Management System** (BMS) was introduced and is in the process of being fully implemented. It outlines what we do and how we do it, ensuring that we live up to our values of ‘Do the right thing’ and ‘Find a better way’. The BMS defines those activities which are most important to our business. There are 20 mandatory National Grid standards that have been developed and that guide the business by defining the minimum requirements that are expected at National Grid. They include:



The **Procurement** standard. This provides the basis for employing a consistent approach, adopting best practice, and monitoring compliance in the areas that really matter.



The **Ethics** standard. This aligns with our corporate values, providing a framework for doing the right thing whilst delivering business objectives.



The **Human Resources** standard. This sets out what is expected of our leaders when managing their employees throughout the employment lifecycle.

Promoting an open culture and raising awareness

We provide targeted training to our employees and continually promote a 'speak up' culture, which is measured through our Employee Engagement Survey. Our regional Ethics and Compliance Committees oversee our ethical standards, providing guidance and direction.

Safe to speak up

Anyone can report any concerns 24/7 by telephone or email.

Speaking up

We continue to promote openness and transparency, encouraging all of our employees or those working on our behalf to raise any concerns through their manager or directly with our Ethics Team. We also have confidential helplines available globally, operating 24/7. We publicise the contact information in the workplace and this year we have made the contact information more prominent on our external website, enabling anyone to report concerns anonymously should they prefer. We have policies in place to make it clear that we will support and protect 'whistle blowers' and that we will not tolerate retaliation of any kind. We continually promote a 'speak up' culture within our business and have incorporated this into our policies and training. We have focused on ensuring that people working in our supply chains are also aware of the National Grid helplines that are available to them, should they need to report a concern whilst working on our behalf. This is highlighted in our Supplier Code of Conduct and this year we have created workplace posters that detail the relevant contact numbers and information for use on our sites and within our supply chains. We encourage anyone working for, or on behalf of, National Grid to report any concerns using the numbers available.

We take all allegations of any type of unethical or illegal behaviour very seriously and we have dedicated Ethics and Business Conduct teams who are trained to deal with all issues sensitively and thoroughly. We carry out independent investigations and commit to assess any non-compliance issues, taking action accordingly. The findings from all reports are reviewed at our regional Ethics and Compliance Committees, which are made up of senior leaders from within our organisation, whose role is to oversee the ethical standards of the company.

We also provide summaries of all allegations and findings to our Group Executive and Audit Committees together with regular updates on our ethical programmes, including modern slavery.

Training and awareness

Our induction programme provides training on our values for all new starters. We have an ongoing programme where all employees receive mandatory training on our Code of Ethical Business Conduct, and, in 2018, an updated version of the computer based training was released as part of our broader ethics and compliance training strategy.

The key elements of our Code are incorporated into our Supplier Code of Conduct and provided to our suppliers. Both documents reference our approach to combating modern slavery. In 2019 we will be supporting this by producing and communicating guidance on what action should be taken should we identify any situations relating to modern slavery in our business or supply chain.





Ethics communities

In the UK and the US we have communities of Ethics Champions/Liaisons who meet regularly and who are responsible for cascading related communications locally. We develop case studies and use external articles to support the messages and share any lessons learnt. Our Ethics Champions also provide an additional avenue for discussing or raising ethical concerns.

Supply chain professionals

We know that our employees, working directly with our supply chain, need special training to understand the risks relating to modern slavery. We provide training for procurement and contract management professionals annually to refresh their knowledge and awareness of our approach to supply chain Corporate Social Responsibility (CSR) covering environmental and economic sustainability and social & human rights issues, including modern slavery.

During 2018, we have improved our training by carrying out additional training and awareness sessions including a focused session on modern slavery at our internal annual UK procurement event; raising awareness and understanding of our Supplier Code of Conduct. We have also highlighted the modern slavery requirements, through engagement with our Contract Management Community of Practice using webinars and face to face learning sessions supported by the distribution of information and articles through our internal communications. Training material is available on our internal system enabling continual access to the information.

Our contract management community told us that they wanted more training to support them in how to engage with suppliers on issues relating to modern slavery. We have developed a supplier engagement framework to support ongoing discussions between our procurement and contract management professionals, and those suppliers identified through the desk-based risk assessment conducted in 2017. This was designed to raise awareness of human rights issues, identify risks and obtain evidence that risks are being managed effectively. We will be conducting a training needs assessment in 2019 to develop an appropriate training strategy for relevant roles in the business and for key external stakeholders.

Due diligence – what we do to check and improve

We continue to collaborate with our peers, supply chain and external organisations to improve our approach to understanding the potential risk of modern slavery in our own supply chains and across the industry.

Supply chain due diligence

For most of our UK procurement activities, we pre-qualify our suppliers using a vendor registration system operated by Achilles called the Utilities Vendor Database (UVDB). The UVDB includes questions on slavery and human trafficking as part of the registration process. We continue to work closely with Achilles and other industry participants to enhance the pre-qualification questions relating to human rights. Certain high risk categories are determined using a risk model based on the category of spend, level of spend, location and supply chain complexity. Based on risk profile some vendors are also required to take part in the Achilles Verify Audit, with an onsite assessment of the supplier facility which includes questions on their approach to employment practice, human rights, business integrity and ethics. There is a specific question validating whether they have a slavery & human trafficking statement if required. We continually review external media and use supplier screening services to check for adverse reports, fines or sanctions against our direct suppliers and will act on anything that is highlighted via these processes.

Collaborating to improve standards

One of the key changes we made in 2018 was to introduce a programme of engagement with our suppliers and other stakeholders, that included:

- Engaging directly and working collaboratively with our suppliers and peers to understand what approaches they are taking to address the risks of modern slavery.
- Working with the Supply Chain Sustainability School (SCSS) to develop common messaging at the client level throughout the supply chain using the information and training materials available.
- Hosting a bi-annual CEO contractor forum where our senior leaders engage with their peers on issues including modern slavery.
- Attending external conferences to keep informed of best practice and take up relevant speaking opportunities to share what we are doing.
- Delivering specific training and guidance on managing supplier risk assessments and action plans, with our Contract Management Community of Practice.
- Actively communicating our Supplier Code of Conduct and reserving the right to audit our suppliers to ensure compliance against our expectations.



- Promoting the need for a more collaborative approach to supplier assessment and audit, through the SCSS and Achilles, to share information and build best practice.
- Using the established forums to gain valuable contacts with our peers and some of our key suppliers, ensuring that our efforts are consistent, targeted and effective.
- Taking forward recommendations from Action Sustainability, part of the SCSS, who undertook a high-level gap analysis against the new sustainable procurement guidance standard ISO 20400 and embedding relevant supply chain CSR criteria into our sourcing activity.

National Grid is a signatory member of the UN Global Compact and we work in support of the United Nations Sustainable Development Goals, reporting annually on how we are adopting sustainable and socially responsible policies in the areas of human rights, labour, the environment and anti-corruption. In 2018, we actively participated in the Modern Slavery Working Group facilitated by the UN Global Compact UK Network and signed up to the Construction Protocol, coordinated by the Gang Masters Labour Abuse Authority (GLAA), a non-departmental public body.

The Construction Protocol is a joint industry agreement aimed at eradicating slavery and labour exploitation in the sector. We are supporting this by committing to work in partnership to drive change and to raise awareness in the supply chain.

Risk assessment and management

We have developed a CSR risk assessment to consider any potential risks at the initial stages of our sourcing activity.

Risk assessment and supplier engagement

In 2017, we undertook a desk-based assessment of our top 250 suppliers to identify the level of potential risk in our supply chain based on key risk criteria including category, location and supply chain complexity (details of our risk assessment can be found in our 2018 Statement¹). This identified 32 current suppliers operating in potentially high-risk categories and an engagement programme was developed to work with those suppliers to better understand how they are assessing and managing the areas of potential risk identified. The objective was to mutually share best practice and develop a collaborative way forward, including a set of assessment questions to frame the discussion. Guidance was provided on how to develop a response and links to available resources including Home Office guidance, Stronger Together toolkits and the BRE Ethical Labour Sourcing standard (BES6002). This framework was shared with suppliers prior to individual review sessions to go through the questions and identify any areas for improvement. This process did not flag any immediate concerns. However, some common themes were identified for further action including how we should manage potential risks beyond our first tier suppliers and what action we should take if issues are identified.

We invited those suppliers we engaged with to a workshop hosted by National Grid to openly share learnings and focus on these common areas of concern. This was facilitated by the SCSS and the GLAA presented their views and experience. As an output from the workshop we have actively encouraged our suppliers to conduct similar risk assessment/heat mapping exercises with their own supply chain to provide greater visibility and transparency. We have provided links to our framework on our web based supplier portal which has been welcomed by our suppliers. We have also tasked them with developing and owning an action plan as a follow up to the workshop which will be proactively managed over the next 12 months and beyond, if needed. The overall feedback from the suppliers who attended was very positive and they welcomed the engagement approach to learn from each other.

In summary, we have:

- engaged directly with each of the suppliers that were identified as operating in potentially high-risk categories to understand what controls they have in place to mitigate the risk.
- collaborated with the UK suppliers from this group, and hosted an industry workshop, with support from the SCSS and the GLAA, to look at best practice, areas for focus and action planning.
- made our approach and documentation available to the wider supplier community via our **supplier portal** enabling them to adopt our approach for identifying the next level of potential risk in their supply chains.
- continued to work with the suppliers engaged to complete action plans.
- joined the Construction Protocol to support the agenda and to better understand the approach to mitigation and remediation if issues were identified.

We recognise that this approach was based on a point in time and that we need to embed risk assessment into our day-to-day operations. Over the past year we have developed a structured approach for our buyers so that the supply chain CSR risk criteria, including human rights, can be embedded into the initial stages of the category strategy and integrated into the sourcing process. In the UK we have embedded the relevant Achilles UVDB pre-qualification questions into this process. We have applied the CSR risk assessment to our categories of spend and this will be referenced at the start of any sourcing process. Any risks or opportunities identified will be reviewed and managed through the contract management process.

If the supplier is either unwilling or unable to make the required improvements, then we would start a formal contract review process which could result in terminating the contract and removing the supplier from our approved supplier listing.

¹https://www.nationalgrid.com/sites/default/files/documents/14842_NG_Modern_Slavery_A4_AW08_INT1%20%281%29.pdf

Measuring our effectiveness

We have added additional measures to check our progress and make sure our programmes are effective.

We have engaged with 32 current suppliers that were identified as operating in potentially high-risk categories through our desktop risk assessment process, and have incorporated risk identification into future sourcing activities.

We monitor any allegations reported to us through our internal and external helplines. As of 31 March 2019, there were no breaches of our Code of Ethical Business Conduct relating to slavery or human trafficking. We measure the effectiveness of our internal ethics programme through our Employee Engagement Survey by asking a series of questions, including how aware employees are of our procedures and how confident individuals feel about speaking up and that their concerns will be acted upon. Within our business, our Ethics Champions use the survey results to develop action plans to improve on areas highlighted by the survey.

Across our business, suppliers and peers, we are tracking and monitoring the effectiveness of our approach using the following performance indicators:

- All **32** current suppliers that were identified as operating in potentially high-risk categories have been engaged.
- Following the workshop held with this supplier group, **18** suppliers have put in place action plans to identify and address their risks.
- We have developed a **Supplier Engagement Framework** that provides details of our approach for identifying and assessing risk. This is available on our external supplier portal and has been well received.
- We have directly engaged with **15** non-supplier organisations to understand more about best practice risk assessment and how we can embed it in our sourcing activities.
- Our supplier screening has not flagged any issues relating to modern slavery in our supply chain.
- **78%** of our employees feel that they could safely raise a concern using the confidential conduct helplines.



We are continuing to encourage active membership of the SCSS with our suppliers, encouraging them to complete available training modules to build their sustainability awareness, including a specific module on modern slavery. The level of training completed by our suppliers is available for us to view via our SCSS dashboard and we will also be using the training material available within our business to enhance knowledge and understanding.

Our ethics and compliance programmes track performance against our standards and legal requirements. These programmes include the monitoring of all our mandatory training for the Code of Ethical Business Conduct. For our procurement professionals, we are developing our training strategy for supply chain CSR.

We recognise the need to assess and manage risks beyond our tier 1 supply chain, and we will be asking those suppliers identified through our risk assessment to share what approaches they have in place for doing this.

What we have achieved and what we are focusing on next

We have increased our supplier and industry engagement to foster a collaborative approach to identifying and mitigating the potential risks of modern slavery in our own organisation and through our supply chains too.

Here is a summary of our key achievements in 2018 and our focus areas for the coming year.

2018 key achievements

- Direct engagement with all suppliers identified through desktop risk assessment process.
- Developed and shared our Supplier Engagement Framework with the broader supplier community.
- Incorporated supply chain CSR risk assessment into our sourcing activity.
- Developed toolkits for our Procurement and Contract Management professionals to assist with risk identification and mitigation plans.
- Incorporated Modern Slavery clauses into US contractual terms and conditions.
- Collaborated with industry groups including SCSS, Achilles, bre Group and the UN Global Compact UK Network and Modern Slavery Working Group.
- Made our helpline information more easily accessible.
- Signed up to the Construction Protocol using our position to drive change in the industry.

Focus areas for 2019

- Broader strategic positioning will be developed over the coming years as part of an approach to recognise our total societal impact and how we can drive positive change and measure our effectiveness.
- Ongoing engagement with suppliers and expansion of supplier workshops and engagement in the US.
- Develop and implement a process for managing any reported/suspected human rights issues.
- Further development of our training programme and material to target high-risk areas.
- Embed human rights considerations into the sourcing process as part of our CSR risk assessment.
- Continue to use our influence as client to raise awareness and drive change.
- Ongoing engagement with SCSS, and utilising their resources in our organisation and with our suppliers.
- Work with at least one of our construction partners to carry out a 'deep dive' on how they manage risk lower down in their supply chain.



Our regional Ethics and Compliance Committees will assess our approach to modern slavery and provide updates to our Group Executive Committee and the Board on how we are doing. We continually review effectiveness of our programmes and seek external feedback on our areas of focus.

We are proud of the progress we have made over the last 12 months and recognise the need to continue to address the important issue of modern slavery in our business and supply chain.

This Statement was approved by the Board of Directors of National Grid plc on 24 April 2019 and is signed on behalf of the Board by;

John Pettigrew
Chief Executive

This statement has been adopted by the following subsidiaries of the National Grid Group Plc:

UK

National Grid Holdings One Plc
Lattice Group Ltd
National Grid Holdings Ltd
National Grid Gas Plc
National Grid Metering Ltd
National Grid Grain LNG Ltd
National Grid Gas Holdings Ltd
National Grid Electricity Transmission Plc
National Grid Electricity System Operator Ltd

US

National Grid USA
Boston Gas
The Brooklyn Union Gas Company
Colonial Gas Company
Keyspan Gas East Corporation
Massachusetts Electric Company
Nantucket Electric Company
The Narragansett Electric Company
Transgas Inc
Niagra Mohawk Power Corporation
National Grid Generation LLC
National Grid Glenwood Energy Centre
New England Electric Transmission Corporation
New England Hydro Transmission Corporation
New England Power Company
National Grid LNG LLC
National Grid Port Jefferson Energy Centre

National Grid plc

National Grid House,
Warwick Technology Park,
Gallows Hill, Warwick.
CV34 6DA United Kingdom
Registered in England and Wales
No. 4031152