

Northern Powergrid Modern Slavery Act 2015 statement for the year ending 31 December 2016

This statement has been published in accordance with the Modern Slavery Act 2015. It sets out the steps taken by Northern Powergrid and other relevant companies within the group during year ending 31 December 2016 to prevent modern slavery and human trafficking in its business and supply chains.

The core business activity of Northern Powergrid Holdings Company ("Northern Powergrid") is the distribution of electricity in the North East of England, Yorkshire and Northern Lincolnshire by its subsidiary companies Northern Powergrid (Northeast) Limited and Northern Powergrid (Yorkshire) plc, both of which are authorised distributors under the Electricity Act 1989. Northern Powergrid's supply chain is located in the United Kingdom and internationally for the provision of both goods and services.

As a subsidiary of Berkshire Hathaway Energy, Northern Powergrid adopts the Berkshire Hathaway Energy Code of Business Conduct which requires adherence to the highest level of ethical conduct and fair dealings with all customers, suppliers and competitors. Northern Powergrid is committed to compliance with all laws wherever it does business and consequently expects all employees to manage their activities in a manner that is compliant with all laws, rules, regulations and corporate policies.

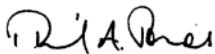
Northern Powergrid has established the following measures in order to reduce the risk of slavery and human trafficking taking place in its business or supply chain:

- a) A policy has been developed and implemented for the recruitment and selection of employees to ensure that all persons employed by or engaged to provide services for Northern Powergrid are suitable for appointment, appropriately qualified and can be lawfully employed. Consequently, all aspects of employment are carried out in accordance with current employment and other relevant legislation. The policy applies to all potential employees of the Company, including those who are employed by a third party agency. Where Northern Powergrid engages agencies to provide services, it must be satisfied that the service provider has in place similar and effective policies and procedures;
- b) Employees are treated with respect and Northern Powergrid believes that it should recognise and reward employees appropriately as they work towards meeting its business' goals. Terms and conditions of employment have been developed and implemented in order to meet both individual and business needs. Employees are covered either by collective bargaining arrangements, which are only changed through an official consultation and/or negotiation process with the appropriate recognised Trade Union, or by personal contracts, which are agreed with the relevant individual on a personal basis;
- c) A "speaking up" policy is in place so that members of staff are able to raise any instances of unethical acts, malpractice or impropriety with line or senior management or via an international, anonymous help line operated by an independent company;
- d) A supplier registration system is used for the majority of the goods and services Northern Powergrid procures. The system, operated by Achilles Information, is known as the Utilities Vendor Database (the "UVDB") and includes pre-qualification questions that suppliers are required to answer as part of the UVDB registration process regarding their approach to slavery and human trafficking. Those questions include whether the suppliers have published a statement on the prevention of slavery and human trafficking within their organisations. In the event that a supplier has not met the requirement to publish such a statement, it may lead to exclusion of that supplier from the process. The system also includes a verification process for high risk requirements, which may result in site audits of the suppliers concerned, and, as part of which, any issues identified as

being associated with the supplier's compliance with the Modern Slavery Act 2015 would be addressed;

- e) All employees are required to complete annual training on the Code of Business Conduct, which includes a section on the Modern Slavery Act 2015. A training session on the Modern Slavery Act 2015 has been provided to specific employees in management and senior management positions, including in Human Resources and Procurement. It is intended that refresher training sessions will be held on a regular basis so that such employees continue to have an awareness of issues associated with slavery and human trafficking.

This statement was approved by the board of Northern Powergrid on 21 April 2017 in respect of the year ended 31 December 2016 and applies to Northern Powergrid and all those companies within the Northern Powergrid group of companies that are required to produce a statement under the Modern Slavery Act 2015. Where relevant, this statement will be updated on an annual basis.



P A Jones
Director

21 April 2017