



Directors' Remuneration in respect of Service Standards

1. Section 42C of the Electricity Act 1989 (as amended) requires a licensed distribution company which provides price-regulated services to disclose whether or not it links the remuneration of the directors of the company to any levels of customer service achieved by the company, and to give details of how any such links affect that remuneration.
2. This statement contains the necessary disclosures in respect of Eastern Power Networks plc, London Power Networks plc and South Eastern Power Networks plc for the calendar year ending 31 December 2019.
3. During the period the directors were:
 - Andrew John Hunter
 - Basil Scarsella
 - Charles Chao Chung Tsai
 - Chi Tin Wan
 - Chong Hok Shan
 - Christopher Clarke
 - Dominic Chan
 - Duncan Nicholas Macrae
 - Hing Lam Kam
 - Kee Ham Chan
 - Neil Douglas McGee
 - Ngan Mei Fan
 - Paul Jeffery
4. With the exception of Christopher Clarke, Paul Jeffery and Basil Scarsella, the individuals referred to above did not receive remuneration specific to their duties as directors of Eastern Power Networks plc, London Power Networks plc and South Eastern Power Networks plc.

During the year, both Christopher Clarke and Paul Jeffery held positions as Sufficiently Independent Directors on the boards of Eastern Power Networks plc, London Power Networks plc and South Eastern Power Networks plc and were remunerated accordingly.

Basil Scarsella, as the Chief Executive Officer of the Group, occupied a senior position as an executive director within UK Power Networks and was remunerated accordingly. The remuneration of Basil Scarsella is determined by a Remuneration Committee. The elements of remuneration were as follows:

- Base salary
- Pension and other benefits
- UK Power Networks' annual incentive plan
- UK Power Networks' long-term incentive plan

There are direct links between the performance of UK Power Networks, including customer service, and Basil Scarsella's base salary and incentive plans which are discretionary as determined by the shareholders of UK Power Networks Holdings Limited.

5. Customer service is an integral part of UK Power Networks' annual incentive plan, in which the majority of employees (including Basil Scarsella) participate.

5.1 UK Power Networks' annual incentive plan

Bonus schemes continue the theme of customer service, safety and financial performance and reliability. The overall effect is to create a balanced scorecard of measures to incentivise improved performance across all areas of operation. This approach, with the measures identified, provides a real focus for all staff in terms of linking performance and pay.

In assessing the outcome for the year, many of the targets relate to published financial accounts, published regulatory standards of performance and other statutory returns, which are covered by appropriate levels of quality assurance including external audits where applicable.

Signed:

Date: 19/6/2020



Basil Scarsella
Chief Executive Officer, UK Power Networks