

A statement and questions by investors at the 2021 AGM of National Grid

My name is Cllr Rob Chapman from the Local Authority Pension Fund Forum.

As part of the Climate Action 100+ (CA100+) investor group, we welcome the positive engagement we have had to date with you and others at the company.

This statement is on behalf of LAPFF and Northern Trust.

We ask these questions as signatories to CA100+, an initiative that aims to ensure that the world's largest carbon emitters take necessary action on climate change. Over 575 investors with ~\$54 trillion in assets under management support the initiative, equivalent to more than one third of all assets under management globally.

CA100+ has issued a Net-Zero Company Benchmark which provides an assessment of company performance in terms of: reducing greenhouse gas emissions, improving governance and strengthening climate-related financial disclosures.

Based on engagement and assessments of public disclosures we commend National Grid for actions it has already taken to address climate change. In particular, we welcome:

- The setting of the new scope 3 emissions target to reduce carbon emissions aligned with the science-based targets initiative.
- The proposal to report annually on the company's net zero strategy, 2030 action plan and progress against Scope 1, 2 and 3 emission reduction targets
- That this reporting will be put shareholders annually for consideration and approval

These questions are on behalf of the Local Authority Pension Fund Forum and Northern Trust.

- With the International Energy Agency issuing its Net Zero Pathway, how will you be reflecting this in the development of your strategy and business plan?
- Buying WPD Group, the UK's largest electricity distribution business, has sent a strong signal about the importance of electrification for the UK's zero carbon future. What assurances can you give that investments in the gas business will not 'bake in' stranded assets to the business?
- Given that National Grid will have a pay policy vote in 2022, how can you ensure that remuneration schemes put climate at the heart of incentivising executives?