





## Independent Limited Assurance Report over National Grid plc's allocation of bond proceeds and selected impact reporting metrics

The Board of Directors of National Grid plc ("National Grid") engaged us to obtain limited assurance on the allocation of bond proceeds and the selected impact reporting metrics (together "the Subject Matter Information") as described below and marked with the symbol  on pages 2 to 3 in National Grid's Green Financing Report 2022/23 (the "Report").

Our assurance conclusion does not extend to information in respect of earlier periods or to any other information included in, or linked from, the Report.

### ***Our limited assurance conclusion***

Based on the procedures we have performed, as described under the 'Summary of work performed as the basis for our assurance conclusion' and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information marked with the symbol  in National Grid's Green Financing Report 2022/23 has not been prepared, in all material respects, in accordance with the assessment criteria referenced below (the "Reporting Criteria").

### ***Scope of work and Reporting Criteria***

The scope of our work was limited to assurance over the allocation of bond proceeds and selected impact reporting metrics in respect of the following two green bonds: (i) National Grid plc's ("NG plc") green bond issue as at 16 January 2023 (ISIN: XS2575973776) and ii) Niagara Mohawk Power Corporation's ("NMPC") green bond issue as at 16 September 2022 (ISIN: US65364UAS50 (144A) / USU65354AN92 (Reg S)) as laid out in Appendix 1.

The Reporting Criteria against which the Subject Matter Information were assessed are set out in National Grid's Green Financing Framework dated July 2021 and National Grid's Green Financing Report 2022/23, available at <https://www.nationalgrid.com/><sup>1</sup>.

### ***Inherent limitations***

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, evaluation and measurement techniques that can affect comparability between entities and over time.

Non-financial information is subject to more inherent limitations than financial information, given the characteristics of the underlying subject matter and the methods used for determining such information. The precision of different measurement techniques may also vary.

In addition, the basis for allocation of bond proceeds may differ between different reporting frameworks, including whether proceeds may be allocated to existing projects or only to new projects, and the basis on which eligibility of projects is determined. Therefore, National Grid's reported allocation of bond proceeds and our assurance thereon must be read and understood in conjunction with the Reporting Criteria.

### ***Responsibilities of National Grid's directors***

As explained in the Directors' Statement on page 1 of the Report, the Directors of National Grid are responsible for:

- determining appropriate reporting topics and selecting or establishing suitable criteria for measuring or evaluating the underlying subject matter;
- ensuring that those criteria are relevant and appropriate to National Grid and the intended users of the Report;
- the preparation of the Subject Matter Information in accordance with the Reporting Criteria including designing, implementing and maintaining systems, processes and internal controls over the evaluation or measurement of the underlying subject matter to result in Subject Matter Information that is free from material misstatement, whether due to fraud or error; and
- producing the Report, including underlying data and a statement of responsibility, which provides accurate, balanced reflection of National Grid's allocation of bond proceeds and selected impact reporting metrics and discloses, with supporting rationale, matters relevant to the intended users of the Report.

### ***Our responsibilities***

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Subject Matter Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Directors of National Grid.

<sup>1</sup> The maintenance and integrity of National Grid's website is the responsibility of the Directors; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Subject Matter Information or Reporting Criteria when presented on National Grid's website.

### ***Professional standards applied***

---

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board and, in respect of the greenhouse gas emissions in accordance with International Standard on Assurance Engagements 3410 'Assurance engagements on greenhouse gas statements', issued by the International Auditing and Assurance Standards Board.

### ***Our Independence and quality Control***

---

We have complied with the Institute of Chartered Accountants in England and Wales Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, that are at least as demanding as the applicable provisions of the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards).

We apply International Standard on Quality Management (UK) 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### ***Materiality***

---

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Subject Matter Information is likely to arise.

Based on our professional judgement, we determined materiality for the Subject Matter Information as 5% of the reported amount. This threshold means that a misstatement of that amount or higher, either as an individual misstatement, or as an aggregate of smaller misstatements, would lead us to conclude that the Subject Matter Information had not been prepared in all material respects in accordance with the Reporting Criteria.

### ***Summary of work performed as the basis for our assurance conclusion***

---

We performed a limited assurance engagement. Limited assurance can cover a range of assurance from low (i.e. just above assurance that is likely to enhance the intended user's confidence about what has been assured to a degree that it is clearly more than inconsequential) to just below reasonable assurance. Because the level of assurance in a limited assurance engagement varies in this way, we give more detail about the procedures performed, so that the intended users can understand the nature, timing and extent of procedures we performed as context for our conclusion. These procedures performed vary in nature and timing from, and are less than in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

In carrying out our limited assurance engagement, we:

- considered the suitability in the circumstances of National Grid's use of the Reporting Criteria, as the basis for preparing the Subject Matter Information
- through enquiries of National Grid's management, obtained an understanding of National Grid's control environment, processes and systems relevant to the preparation of the Subject Matter Information;
- evaluated the appropriateness of measurement and evaluation methods, reporting policies used and estimates made by National Grid, noting that our procedures did not involve testing the data on which the estimates are based or separately developing our own estimates against which to evaluate National Grid's estimates;
- performed limited substantive testing on a selective basis of the Subject Matter Information. Testing involved:
  - agreeing arithmetical accuracy and agreeing data points to or from source information to check that the underlying subject matter had been appropriately evaluated or measured, recorded, collated and reported; and
  - with respect to use of proceeds, inspecting records maintained in National Grid's project accounting systems to confirm the existence and classification of the Eligible Green Projects and Eligible Capex, and that the allocation of bond proceeds were consistent with one of the categories identified in National Grid's Green Financing Framework; and
- considered the disclosure and presentation of the Subject Matter Information in the Report.

Our procedures did not include evaluating the suitability of design or operating effectiveness of control activities, or the completeness, accuracy and quality of the supporting third party information of the projects.

### ***Other information***

---

The other information comprises all of the information in the Report other than the Subject Matter Information and our assurance report. The directors are responsible for the other information. As explained above, our assurance conclusion does not extend to the other information and, accordingly, we do not express any form of assurance thereon. In connection with our assurance of the Subject Matter Information, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Subject Matter Information or our knowledge obtained during the assurance engagement, or otherwise appears to contain a material misstatement of fact. If we identify an apparent material inconsistency or material misstatement of fact, we are required to perform procedures to conclude whether there is a material misstatement of the Subject Matter Information or a material misstatement of the other information, and to take appropriate actions in the circumstances.

## Use and distribution of our report

This report, including our conclusion, has been prepared solely for the Board of Directors of National Grid in accordance with the agreement between us dated 12 February 2023 and as varied on 17 May 2023 (together, the “agreement”). To the fullest extent permitted by law, we do not accept or assume responsibility or liability to anyone other than the Board of Directors and National Grid for our work or this report except where terms are expressly agreed between us in writing.

PricewaterhouseCoopers LLP

**PricewaterhouseCoopers LLP**  
**Chartered Accountants**

**London**  
**22 May 2023**

## Appendix 1 – Subject Matter Information

The Subject Matter Information subject to limited assurance procedures is set out below, relating to the NG plc green bond issue as at 16 January 2023 (ISIN: XS2575973776) and the NMPC green bond issue as at 16 September 2022 (ISIN: US65364UAS50 (144A) / USU65354AN92 (Reg S)). For the NG plc bond, the allocation of bond proceeds period and impact metrics reporting period is 1 April 2021 to 30 June 2022. For the NMPC bond, the allocation of bond proceeds period and impact metrics reporting period is 1 October 2020 to 30 September 2022.

NG Plc bond				
Green Bond allocation of proceeds and EU taxonomy eligibility	EU Taxonomy and ICMA / LMA Category of Eligible Green Projects	Invested amount	Eligible proceeds	Unit
	<b>Renewable Energy</b>			
	4.1 Electricity generation using solar PV technology and 4.3 Electricity generation from wind power	466.3	466.3	GBP in millions
	4.9 Transmission and distribution of electricity	606.3	211.8	
<b>Green Bond impact</b>	<b>Impact related to Eligible Green Projects</b>	<b>Value</b>		<b>Unit</b>
	Additional capacity of renewable energy connected to the systems		200	MW
	Additional renewable generation		1,754,723	MWh
	Estimated tCO <sub>2</sub> e emissions avoided		5,196,118	tCO <sub>2</sub> e
NMPC bond				
Green Bond allocation of proceeds and EU taxonomy eligibility	EU Taxonomy and ICMA / LMA Category of Eligible Green Projects	Invested amount	Eligible proceeds	Unit
	<b>Renewable Energy</b>			
	4.9 Transmission and distribution of electricity	1,272.6	532.8	USD in millions
<b>Green Bond impact</b>	<b>Impact related to Eligible Green Projects</b>	<b>Value</b>		<b>Unit</b>
	Estimated tCO <sub>2</sub> e emissions avoided		2,935,187	tCO <sub>2</sub> e