



Independent Limited Assurance Report to the Directors of National Grid plc

The Board of Directors of National Grid plc (National Grid) engaged us to provide limited assurance on the information described below for the National Grid Electricity Transmission plc (“NGET”) Green Bond and the Niagara Mohawk Power Corporation (“NIMO”) Green Bond set out in the National Grid’s ‘Green Financing Report December 2020’ for the period between 1 April 2017 and 30 September 2020 for NIMO and the period between 1 April 2017 and 31 October 2020 for NGET and online at <https://investors.nationalgrid.com/debt-investors/green-financing>ⁱ

Our Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information for the period between 1 April 2017 and 30 September 2020 for NIMO and the period between 1 April 2017 and 31 October 2020 for NGET has not been prepared, in all material respects, in accordance with the Reporting Criteria.

This conclusion is to be read in the context of what we say in the remainder of our report.

Selected Information

The scope of our work was limited to assurance over the information shown in Appendix 1 (the “Selected Information”).

The Selected Information is summarised in Appendix 1. Our assurance does not extend to information in respect of earlier periods or to any other information included in the National Grid Green Financing Report December 2020 or disclosed online at <https://investors.nationalgrid.com/debt-investors/green-financing>ⁱ. The Reporting Criteria against which it was assessed are described throughout in National Grid’s Green Financing Report December 2020.

Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised) ‘Assurance Engagements other than Audits or Reviews of Historical Financial Information’ 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. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less 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.

Our Independence and Quality Control

We complied with the Institute of Chartered Accountants in England and Wales (ICAEW) 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, and which is at least as demanding as Parts 1, 3 and 4B of the IESBA Code of Ethics.

We apply International Standard on Quality Control (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.

Our work was carried out by an independent team with experience in sustainability reporting and assurance.

Understanding reporting and measurement methodologies

The Selected Information needs to be read and understood together with the Reporting Criteria in National Grid’s Green Financing Report December 2020, which National Grid is solely responsible for selecting and applying. 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, measurement techniques and can affect comparability between entities and over time. The Reporting Criteria used for the reporting of the Selected Information are as at 30 September for NIMO and 31 October 2020 for NGET.

Work done

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information. In doing so, we:

- made enquiries of National Grid’s management;
- evaluated the design of the key structures, systems, processes and controls for managing, recording and reporting the Selected Information;
- vouched the exchange rates used to independent, external sources;
- inspected the minutes of the Green Financing Committee to confirm that the allocated projects had been considered and approved;
- obtained an internal listing of Eligible Green Projects, Eligible Maintenance Capex, Eligible Capex and Removal costs allocated to be refinanced by the Green

- Bonds and confirmed that this was consistent with the proposed disclosure of the Reporting Criteria;
- performed limited substantive testing remotely on a selective basis of the Selected Information to check that data had been appropriately measured, recorded, collated and reported including:
 - Inspecting records maintained in National Grid’s project accounting systems to confirm the existence of the Eligible Green Projects, Eligible Maintenance Capex, Eligible Capex and Removal costs, and that the amount spent for the period between 1 April 2017 and 30 September 2020 for NIMO and the period between 1 April 2017 and 31 October 2020 for NGET is equal or more than the value of the NIMO and NGET Green Bonds respectively to qualify for their refinancing;
 - Inspecting a sample of operational records and/or publicly available information, where possible, to confirm the accuracy of the amount spent and the impact of the Eligible Green Projects, Eligible Maintenance Capex, Eligible Capex and Removal costs refinanced;
 - Review the basis of the NGET Eligible Maintenance Capex calculation and the NIMO Renewable Energy Capacity Ratio calculation;
 - Ensure that the amount financed by other loans has been appropriately excluded from Green Bond reporting; and
 - Ensure that Eligible Green Projects, Eligible Maintenance Capex and Eligible Capex and Removal cost each fall into one of the eligible categories per the National Grid Green Financing Framework.
- considered the disclosure and presentation of the Selected Information; and
- reviewed the National Grid Green Financing Report December 2020 for consistency with our understanding of the business and the work completed in respect of the Selected Information.

National Grid’s responsibilities

The Directors of National Grid are responsible for:

- designing, implementing and maintaining internal controls over information relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- establishing objective Reporting Criteria for preparing the Selected Information against which the performance in relation to the information set and applying these consistently;
- measuring and reporting the Selected Information based on the Reporting Criteria; and
- the Selected Information content of the National Grid Green Financing Report December 2020.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected 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.

This report, including our conclusions, has been prepared solely for the Board of Directors of National Grid in accordance with the agreement between us dated 16 October 2020, in order to assist the Directors in reporting National Grid’s performance and activities. We permit this report to be disclosed online at <https://investors.nationalgrid.com/debt-investors/green-financing>ⁱ, for the period between 1 April 2017 and 30 September 2020 for NIMO and the period between 1 April 2017 and 31 October 2020 for NGET, to assist the Directors in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility 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
Chartered Accountants
London
18 December 2020

ⁱ The maintenance and integrity of National Grid 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 Selected Information or Reporting Criteria when presented on National Grid website.

Appendix 1: Selected Information subject to limited assurance procedures

The Selected Information subject to limited assurance procedures is set out below. The Reporting Criteria included within National Grid’s Green Financing Report December 2020 has been used to prepare and report the Selected Information. The Reporting Criteria also explains the definitions and terminology used to describe the Selected Information.

NGET Allocation report

Use of Proceeds Allocation Table (as of 31 October 2020) Eligible Green Projects	
ICMA / LMA Category of Eligible Green Projects	Amount invested (£ in millions)
Renewable Energy	522.4
Energy Efficiency	28.4
Clean Transportation	15.5
Environmental Sustainability	79.9
Total Eligible Green Projects	646.2

NIMO Allocation Report

Use of Proceeds Allocation Table (as of 30 September 2020) Eligible Green Projects	
ICMA / LMA Category of Eligible Green Projects	Amount invested (\$ in millions)
Renewable Energy	588.8
Energy Efficiency	34.1
Clean Transportation	3.2
Pollution Prevention and Control	0.5
Environmental Sustainability	1.3
Total Eligible Green Projects	627.9

NGET Impact Report

In the NGET Impact Table or within the footnotes to the table

	Additional capacity of renewable energy connected to the systems (MW)	Estimated tCO2e emissions avoided (tCO2e)	Length of rail electrified (km)
From projects already in operation	117	3,731,846	78

NIMO Impact Report

In the NGET Impact Table or within the footnotes to the table

	Additional capacity of renewable energy connected to the systems (MW)	Estimated energy savings (MWh)	Estimated tCO2e emissions avoided (tCO2e)	Number of EV charging plugs installed (#)	Number of osprey nest platforms installed (#)
From projects already in operation	<0.5	13,743	1,131,093	594	15