

Cadent

Your Gas Network

CADENT FINANCE PLC

(formerly National Grid Gas Finance plc)

incorporated with limited liability in England and Wales under registered number 5895068)

(Legal Entity Identifier: 5493005M8TJ0J6IMUF67)

£6,000,000,000

Euro Medium Term Note Programme

unconditionally and irrevocably guaranteed by

CADENT GAS LIMITED

(formerly National Grid Gas Distribution Limited)

incorporated with limited liability in England and Wales under registered number 10080864)

(Legal Entity Identifier: 549300KCZ04E6ZUCZ288)

This supplement (the “**Supplement**”) to the prospectus dated 16 December 2019 (the “**Prospectus**”) (which comprises a base prospectus) constitutes a supplementary prospectus for the purposes of Article 23 of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”) and is prepared in connection with the £6,000,000,000 Euro Medium Term Note Programme for the issuance of guaranteed bonds (the “**Programme**”) established by Cadent Finance plc (the “**Issuer**”) and unconditionally and irrevocably guaranteed by Cadent Gas Limited (“**Cadent**”). This Supplement is supplemental to, and should be read in conjunction with, the Prospectus and any other supplements to the Prospectus subsequently issued by the Issuer.

This Supplement also operates as a supplement to the listing particulars dated 16 December 2019 (“**Listing Particulars**”) for the purposes of LR 4.4.1 of the Listing Rules of the Financial Conduct Authority (“**FCA**”) and section 81 of the Financial Services and Markets Act 2000 in relation to the PSM Instruments as defined in the Listing Particulars. For the purpose of any PSM instruments issued under the Programme, this document does not constitute a supplemental prospectus within the meaning of Article 23 of the Prospectus Regulation. This Supplement is supplemental to, and should be read in conjunction with, the Listing Particulars and any other supplements to the Listing Particulars subsequently issued by the Issuer.

The purpose of this Supplement is:

- (I) to supplement the disclosure on page 31 and 32 of the Prospectus in relation to the risk factor entitled “*Transition Instruments may not be a suitable investment for all investors seeking exposure to sustainable assets*” to disclose information in connection with the form of confirmation provided by a consultant and/or institution with recognised expertise in environmental sustainability as a part of the External Review of the suitability of the Transition Instruments;
- (II) to supplement the disclosure on page 88 of the Prospectus entitled “*Use of Proceeds*” to reflect information in connection with: (i) the form of confirmation provided by a consultant and/or institution with recognised expertise in environmental sustainability as a part of the External Review of the suitability of the Transition Instruments; and (ii) the Eligibility Criteria for Transition Instruments;
- (III) to supplement the disclosure on pages 121 - 122 of the Prospectus entitled “*Form of Final Terms*” to reflect to information in connection with: (i) the form of confirmation provided by a consultant and/or institution with recognised expertise in environmental sustainability as a part of the External Review of the suitability of the Transition Instruments; and (ii) the Eligibility Criteria for Transition Instruments;
- (IV) to supplement the disclosure on pages 135 – 136 of the Prospectus entitled “*Form of Pricing Supplement*” to reflect information in connection with: (i) the form of confirmation provided by a consultant and/or institution with recognised expertise in environmental sustainability as a part of the External Review of the suitability of the Transition Instruments; and (ii) the Eligibility Criteria for Transition Instruments; and
- (V) to supplement the disclosure on: (1) page iv (*Prohibition of Sales to EEA Retail Investors*), (2) pages 109 - 110 in the section entitled “*Prohibition of Sales to EEA Retail Investors*” under the section entitled “*Plan of Distribution*”; (3) the section entitled “*Pro Forma Final Terms*” on page 112; and (4) the section entitled “*Pro Forma Pricing Supplement*” on page 125, to make provision for the transitional period in relation to the United Kingdom’s exit from the European Union under the MiFID product governance language,

each as described further below. Unless otherwise defined in this Supplement, terms defined in the Prospectus have the same meaning when used in this Supplement.

The Issuer and Cadent accept responsibility for the information contained in this Supplement. To the best of the knowledge of each of the Issuer and Cadent the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

(l) Risk Factor - Transition Instruments may not be a suitable investment for all investors seeking exposure to sustainable assets

The section of the Risk Factor on page 31 and 32 of the Prospectus entitled "*Transition Instruments may not be a suitable investment for all investors seeking exposure to sustainable assets*" is amended by replacing:

"Prospective investors who intend to invest in the Transition Instruments issued under the Programme must determine for themselves the relevance of the information in the relevant Final Terms (for example, regarding the use of proceeds) for the purpose of any investment in the Transition Instruments together with any other investigation such investors deem necessary. In particular, no assurance is or can be given to investors that the Eligibility Criteria or the Climate Transition-Related Activities Portfolio (each as defined in "Use of Proceeds") will meet or continue to meet on an ongoing basis any or all investor expectations regarding investment in "transition instruments", or "sustainable" or equivalently labelled projects.

In connection with the issue of Transition Instruments under the Programme, the Issuer and/or the Guarantor may request consultants and/or institutions with recognised expertise in environmental sustainability to issue an opinion (i) confirming that the Climate Transition-Related Activities Portfolio (as defined in "Use of Proceeds") has been defined in accordance with the broad categorisation of eligibility for green projects set out by ICMA's 2018 Green Bond Principles or the AXA Transition Bond Guidelines (2019); and/or (ii) regarding the suitability of the Transition Instruments as an investment in connection with certain environmental and sustainability projects (any such opinion, an "External Review"). Any External Review is not, nor shall be deemed to be, incorporated in and/or form part of this Prospectus. An External Review may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Transition Instruments or the Climate Transition-Related Activities Portfolio. An External Review would not constitute a recommendation to buy, sell or hold securities and would only be current as of the date it is released. Prospective investors must determine for themselves the relevance of any External Review and/or the information contained therein and/or the provider of any External Review for the purpose of any investment in the Transition Instruments. In particular, no assurance or representation is or can be given to investors that the External Review will reflect any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply. The Instrumentholders have no recourse against the provider of any External Review. In addition, although the Issuer may agree at the time of issue of any Transition Instruments to certain reporting and use of proceeds obligations it would not be an event of default under the Instruments if the Issuer fails to comply with such obligations. A withdrawal of an External Review may affect the value of such Transition Instruments and/or may have consequences for certain investors with portfolio mandates to invest in green and/or sustainable assets.

Furthermore, it should be noted that no member of the Guarantor Group, none of the Arranger nor the Dealers nor any other person makes any representation as to the suitability of Transition Instruments to fulfil environmental and sustainability criteria required by prospective investors. No member of the Guarantor Group is responsible for any third party assessment of the Eligibility Criteria, nor is any Arranger or Dealer responsible for (i) any assessment of the Eligibility Criteria, (ii) any verification of whether the Eligible Transition Projects meet the Eligibility Criteria, or (iii) the monitoring of the use of proceeds. Investors should refer to the Issuer's website and any External Review for further information."

With

"Prospective investors who intend to invest in the Transition Instruments issued under the Programme must determine for themselves the relevance of the information in the relevant Final Terms (for example, regarding the use of proceeds) for the purpose of any investment in the Transition Instruments together with any other investigation such investors deem necessary. In particular, no assurance is or can be given to investors that the Eligibility Criteria or the Climate Transition-Related Activities Portfolio (each as defined in "Use of Proceeds") will meet or continue to meet on an ongoing basis any or all investor expectations regarding investment in "transition instruments", or "sustainable" or equivalently labelled projects.

*In connection with the issue of Transition Instruments under the Programme, the Issuer and/or the Guarantor may request consultants and/or institutions with recognised expertise in environmental sustainability to issue an opinion (i) confirming that the Climate Transition-Related Activities Portfolio (as defined in "Use of Proceeds") is aligned with the United Kingdom's climate adaptation strategy and the transition to a low-carbon economy; and/or (ii) regarding the suitability of the Transition Instruments as an investment in connection with certain environmental and sustainability projects (any such opinion, an "**External Review**"). Any External Review is not, nor shall be deemed to be, incorporated in and/or form part of this Prospectus. An External Review may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that*

may affect the value of the Transition Instruments or the Climate Transition-Related Activities Portfolio. An External Review would not constitute a recommendation to buy, sell or hold securities and would only be current as of the date it is released. Prospective investors must determine for themselves the relevance of any External Review and/or the information contained therein and/or the provider of any External Review for the purpose of any investment in the Transition Instruments. In particular, no assurance or representation is or can be given to investors that the External Review will reflect any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply. The Instrumentholders have no recourse against the provider of any External Review. In addition, although the Issuer may agree at the time of issue of any Transition Instruments to certain reporting and use of proceeds obligations it would not be an event of default under the Instruments if the Issuer fails to comply with such obligations. A withdrawal of an External Review may affect the value of such Transition Instruments and/or may have consequences for certain investors with portfolio mandates to invest in green and/or sustainable assets.

Furthermore, it should be noted that no member of the Guarantor Group, none of the Arranger nor the Dealers nor any other person makes any representation as to the suitability of Transition Instruments to fulfil environmental and sustainability criteria required by prospective investors. No member of the Guarantor Group is responsible for any third party assessment of the Eligibility Criteria, nor is any Arranger or Dealer responsible for (i) any assessment of the Eligibility Criteria, (ii) any verification of whether the Eligible Transition Projects meet the Eligibility Criteria, or (iii) the monitoring of the use of proceeds. Investors should refer to the Issuer's website and any External Review for further information. It should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green" or "sustainable" or "transition" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "green" or "sustainable" or "climate action" or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time. Accordingly, no assurance is or can be given to investors that any projects or uses the subject of, or related to, any Eligible Transition Projects will meet any or all investor expectations regarding such "green", "sustainable" or "transition" or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Eligible Transition Projects."

(II) Use of Proceeds

The section on page 88 of the Prospectus entitled "Use of Proceeds" is amended by replacing:

"Eligibility Criteria" means the criteria prepared by the Issuer which is available at <https://cadentgas.com/about-us/our-company/investor-relations/overview>. A third party consultant will review the suitability of such criteria for its alignment with the ICMA Green Bond Principles with consideration to the EU Taxonomy on transition Bonds and the Climate Transition-Related Activities and issue a Transition Portfolio Opinion. The Transition Portfolio Opinion will be made available on the Issuer's website at www.cadentgas.com."

And

"Transition Portfolio Opinion" means an opinion based on the Eligibility Criteria prepared by a third party consultant to provide investors with an independent assessment of the suitability of such criteria for its alignment with the ICMA Green Bond Principles with consideration to the EU Taxonomy on transition bonds and the Climate Transition-Related Activities."

With

"Eligibility Criteria" means the criteria prepared by the Issuer which is available at <https://cadentgas.com/about-us/our-company/investor-relations/overview>. A third party consultant will review the suitability of such criteria for its alignment with the United Kingdom's climate adaption strategy and the transition to a low-carbon economy and the Climate Transition-Related Activities and issue a Transition Portfolio Opinion. The Transition Portfolio Opinion will be made available on the Issuer's website at www.cadentgas.com."

And

"Transition Portfolio Opinion" means an opinion based on the Eligibility Criteria prepared by a third party consultant to provide investors with an independent assessment of the suitability of such criteria for its alignment with the United Kingdom's climate adaption strategy and the transition to a low-carbon economy and the Climate Transition-Related Activities."

(III) Form of Final Terms

The disclosure on page 121 and 122 of the Prospectus in the section entitled "Form of Final Terms" is amended by replacing under Item 4(i) (Reasons for the offer) under Item 4 (Reasons for the Offer, Estimated Net Proceeds and Total Expenses) of Part B (General Information) the following definitions:

“**Eligibility Criteria**” means the criteria prepared by the Issuer which is available at <https://cadentgas.com/about-us/ourcompany/investor-relations/overview>. A third party consultant will review the suitability of such criteria for its alignment with the ICMA Green Bond Principles with consideration to the EU Taxonomy on transition Bonds and the Climate Transition-Related Activities and issue a Transition Portfolio Opinion. The Transition Portfolio Opinion will be made available on the Issuer’s website at www.cadentgas.com.”

“**Transition Portfolio Opinion**” means an opinion based on the Eligibility Criteria prepared by a third party consultant to provide investors with an independent assessment of the suitability of such criteria for its alignment with the ICMA Green Bond Principles with consideration to the EU Taxonomy on transition bonds and the Climate Transition-Related Activities.”

With

“**Eligibility Criteria**” means the criteria prepared by the Issuer which is available at <https://cadentgas.com/about-us/ourcompany/investor-relations/overview>. A third party consultant will review the suitability of such criteria for its alignment with the United Kingdom’s climate adaption strategy and the transition to a low-carbon economy and the Climate Transition-Related Activities and issue a Transition Portfolio Opinion. The Transition Portfolio Opinion will be made available on the Issuer’s website at www.cadentgas.com.”

“**Transition Portfolio Opinion**” means an opinion based on the Eligibility Criteria prepared by a third party consultant to provide investors with an independent assessment of the suitability of such criteria for its alignment with the United Kingdom’s climate adaption strategy and the transition to a low-carbon economy and the Climate Transition-Related Activities.”

(IV) Form of Pricing Supplement

The disclosure on page 135 and 136 of the Prospectus in the section entitled “Form of Pricing Supplement” is amended by replacing under Item 4(i) (Reasons for the offer) under Item 4 (Reasons for the Offer, Estimated Net Proceeds and Total Expenses) of Part B (General Information) the following definitions:

“**Eligibility Criteria**” means the criteria prepared by the Issuer which is available at <https://cadentgas.com/about-us/ourcompany/investor-relations/overview>. A third party consultant will review the suitability of such criteria for its alignment with the ICMA Green Bond Principles with consideration to the EU Taxonomy on transition Bonds and the Climate Transition-Related Activities and issue a Transition Portfolio Opinion. The Transition Portfolio Opinion will be made available on the Issuer’s website at www.cadentgas.com.”

“**Transition Portfolio Opinion**” means an opinion based on the Eligibility Criteria prepared by a third party consultant to provide investors with an independent assessment of the suitability of such criteria for its alignment with the ICMA Green Bond Principles with consideration to the EU Taxonomy on transition bonds and the Climate Transition-Related Activities.”

With

“**Eligibility Criteria**” means the criteria prepared by the Issuer which is available at <https://cadentgas.com/about-us/ourcompany/investor-relations/overview>. A third party consultant will review the suitability of such criteria for its alignment with the United Kingdom’s climate adaption strategy and the transition to a low-carbon economy and the Climate Transition-Related Activities and issue a Transition Portfolio Opinion. The Transition Portfolio Opinion will be made available on the Issuer’s website at www.cadentgas.com.”

“**Transition Portfolio Opinion**” means an opinion based on the Eligibility Criteria prepared by a third party consultant to provide investors with an independent assessment of the suitability of such criteria for its alignment with the United Kingdom’s climate adaption strategy and the transition to a low-carbon economy and the Climate Transition-Related Activities.”

(V) Transition Period – MiFiD Product Governance Language

- The disclosure on page (iv) of the Prospectus, under the section entitled “PROHIBITION TO EEA RETAIL INVESTORS” is amended by:
 - (1) replacing the heading “PROHIBITION TO EEA RETAIL INVESTORS” with the heading PROHIBITION TO EEA AND UK RETAIL INVESTORS”
 - (2) including the words “or the United Kingdom (“UK”) after the words “in the European Economic Area (“EEA”); and
 - (3) replacing all references in this section to the “the EEA” with “the EEA or in the UK”.
- The disclosure on pages 109 to 110 of the Prospectus, in the section entitled “Prohibition on Sales to EEA Retail Investors” under the main section entitled “Plan of Distribution” is amended by replacing:

- (1) the heading “Prohibition of Sales to EEA Retail Investors” with the heading “*Prohibition of Sales to EEA and UK Retail Investors*”; and
 - (2) all references in this section to the “the EEA” with “the EEA or in the UK”.
- The disclosure on page 112 of the Prospectus, in the section entitled “*Pro Forma Final Terms*” under the legend entitled “PROHIBITION OF SALES TO EEA INVESTORS” is amended by:
 - (1) replacing the heading “PROHIBITION OF SALES TO EEA INVESTORS” with the heading “PROHIBITION OF SALES TO EEA AND UK INVESTORS”;
 - (2) including the words “or in the United Kingdom (“**UK**”) after the words “in the European Economic Area (“**EEA**”); and
 - (3) replacing all references in this section to the “the EEA” with “the EEA or in the UK”.
 - The disclosure on page 125 of the Prospectus, in the section entitled “*Pro Forma Pricing Supplement*” under the legend entitled “PROHIBITION OF SALES TO EEA INVESTORS” is amended by:
 - (1) replacing the heading “PROHIBITION OF SALES TO EEA INVESTORS” with the heading “PROHIBITION OF SALES TO EEA AND UK INVESTORS”;
 - (2) including the words “and the United Kingdom (“**UK**”) after the words “in the European Economic Area (“**EEA**”); and
 - (3) replacing all references in this section to the “the EEA” with “the EEA or in the UK”.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Prospectus and/or Listing Particulars by this Supplement and (b) any other statement in or incorporated by reference in the Prospectus and/or Listing Particulars, the statements in (a) above will prevail. Save as disclosed in this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Prospectus and/or Listing Particulars has arisen or been noted, as the case may be, since the publication of the Prospectus and/or Listing Particulars.

An investor should be aware of its rights arising pursuant to Article 23 of the Prospectus Regulation.

This Supplement has been approved by the FCA, which is the United Kingdom competent authority for the purposes the Prospectus Regulation and relevant implementing measures in the United Kingdom, as a base prospectus supplement issued in compliance with the Prospectus Regulation and relevant implementing measures in the United Kingdom.

This Supplement has been approved by the FCA, which is the United Kingdom competent authority for the purposes of LR 4.1.3 of the Listing Rules for listing particulars for the professional securities market and certain other securities, as supplementary listing particulars issued in compliance with the Listing Rules.

If documents which are incorporated by reference to this Supplement themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplement for the purposes of the Prospectus Regulation except where such information or other documents are specifically incorporated by reference or where this Supplement is specifically defined as including such information.