

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Bond Asset Pool

TenneT
5 March 2019

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Overall Evaluation of the Green Bond

TenneT commissioned ISS-oekom to assist with its senior Green Debt and/or Green Perpetual Capital Securities (each a “Green Bond”, collectively the “Green Bonds”) which may be issued in 2019 by assessing three core elements to determine the sustainability quality of the Bond:

1. TenneT’s Green Bond – benchmarked against the ICMA Green Bond Principles (GBPs).
2. The asset pool – whether the projects align with ISS-oekom’s sector-specific key performance indicators (KPIs) (See Annex 2).
3. TenneT’s own sustainability performance, according to the ISS-oekom ESG corporate rating.

OVERALL EVALUATION OF THE GREEN BOND ISSUED BY

TENNET

ISS-oekom’s EVALUATION¹

POSITIVE

ISS-oekom ASSESSMENT SUMMARY

SPO SECTION	SUMMARY
<p>Part 1:</p> <p>Performance against the Green Bond Principles</p>	<p>TenneT has defined a formal concept for its Green Bonds regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the International Capital Market Association's (ICMA) Green Bond Principles.</p>
<p>Part 2:</p> <p>Sustainability quality of the asset pool</p>	<p>The overall sustainability quality of the asset pool in terms of sustainability benefits, risk avoidance and minimisation is positive based upon the ISS-oekom Green Bond KPIs. The KPIs contain a clear description of eligible asset categories and the social and environmental criteria attributed to each category for evaluating the sustainability-related performance of the assets (re-)financed through the proceeds of the bonds.</p> <p>All projects in the asset pool are located in Germany and in the Netherlands, both highly regulated and developed countries. Legislative frameworks in those countries set high standards, which reduce environmental and social risks.</p>
<p>Part 3:</p> <p>TenneT sustainability performance</p>	<p>TenneT shows a good sustainability performance at the company level and has been classified as ‘Prime’ within the methodology of the ISS-oekom Corporate Rating.</p> <p>It is rated 5th out of 32 companies within its sector, Utilities/Network Operators, as of 05.03.2019.</p>

¹ The ISS-oekom’s present evaluation will remain valid until any modification of the Green Bond Framework or addition of new assets into the asset pool by the issuer and as long as the issuer’s Corporate Rating does not change (last modification on the 20.04.2018). The controversy check of the underlying assets has been conducted on the 08.02.2019.

ISS-oekom SPO ASSESSMENT

PART I: GREEN BOND PRINCIPLES

1. Use of Proceeds

The proceeds of the Green Bonds will be used exclusively to finance projects relating to the transmission of renewable electricity from offshore wind power plants into the onshore electricity grid, using direct current technology or alternating current technology. The projects financed through the Green Bonds include several different investments, such as:

- offshore platforms (connecting wind power installations),
- offshore cables (linking generation sites to the shore) located primarily in the North Sea,
- onshore cables (linking shore to onshore stations), and
- onshore stations located in Northern Germany and the Netherlands.

Currently the following fourteen projects are included in the Green Project Portfolio and financed through TenneT's Green Bonds:

	DOLWIN1	DOLWIN2	DOLWIN3	BORWIN3	SYLWIN1
Offshore platform	DolWin alpha	DolWin beta	DolWin gamma	BorWin gamma	SylWin alpha
Onshore station/ Feed-in-point	Dörpen West, Germany	Dörpen West, Germany	Dörpen West, Germany	Emden Ost, Germany	Büttel, Germany
Transmission power	800 MW	916 MW	900 MW	900 MW	864 MW
Cable length	165 km	135 km	160 km	160 km	205 km
Total (submarine; onshore)	(75 km; 90 km)	(45 km; 90 km)	(80 km; 80 km)	(130 km; 30 km)	(160 km; 45 km)
Start of construction	2011	2012	2014	2015	2012
Start of operation	2015	2016	2018	2019	2015
Added to green project portfolio in	May 2015	May 2015	May 2015	May 2016	September 2016

	BORWIN2	BORWIN1 ²	HELWIN1	HELWIN2	BORSSELE ALPHA
Offshore platform	BorWin beta	BorWin alpha	HelWin alpha	HelWin beta	Borssele alpha
Onshore station/ Feed-in point	Diele, Germany	Diele, Germany	Büttel, Germany	Büttel, Germany	Borssele, Netherlands
Transmission power	800 MW	400 MW	576 MW	690 MW	700 MW
Cable length	200 km	200 km	130 km	130 km	60 km
Total (submarine; onshore)	(125 km; 75 km)	(125 km; 75 km)	(85 km; 45 km)	(85 km; 45 km)	(59 km; 1 km)
Start of construction	2010	2008	2011	2011	2017
Start of operation	2015	2010	2015	2015	2019
Added to green project portfolio in	March 2017	June 2017	June 2017	March 2018	March 2018

	BORSSELE BETA	DOLWING6	HKZ ALPHA	HKZ BETA
Offshore platform	Borssele beta	DolWin Kappa	HKZ Alpha	HKZ Beta
Onshore station/ Feed-in point	Borssele, Netherlands	Emden/Ost	Maasvlakte2	Maasvlakte2
Transmission power	700 MW	900 MW	700 MW	700 MW
Cable length	66 km	86 km	45 km	37 km
Total (submarine; onshore)	(65 km; 1 km)	(45 km; 41 km)	(42 km; 3 km)	(34 km; 3 km)
Start of construction	2017	2019	2019	2020
Start of operation	2020	2023	2021	2022
Added to green project portfolio in	March 2018	March 2019	March 2019	March 2019

² The construction of BorWin1 started before TenneT acquired the project as part of Transpower assets, formerly part of E.ON (currently TenneT Germany).

For all fourteen transmission systems, TenneT had to lay and will lay high voltage underground cables through environmentally sensitive areas in order to connect offshore wind power plants to the onshore electricity grid. Environmentally sensitive areas affected by these projects include the German Wadden Sea National Park, the Dutch Western Scheldt and protected natural habitats of wild fauna and flora, such as Unterems and Außenems in the Netherlands.

Opinion: ISS-oekom considers the Use of Proceeds description provided by TenneT as aligned with the Green Bond Principles.

2. Process for Project Evaluation and Selection

Eligible green projects are assessed and approved by the CSR Board. The CSR Board oversees the continuing integration of CSR into TenneT's operational management and has a direct senior level link to the firm's Executive Board as the Chief Executive Officer and Chief Financial Officer are members of the CSR Board. The CSR Manager and Group Treasurer submit the selection of a new project to the CSR Board, supported by information from the offshore department. The CSR Board decides based on the Green Bond Framework whether a project fits the criteria and will oversee the quality of impact reporting.

Opinion: ISS-oekom considers the Process for Project Evaluation and Selection description provided by TenneT as aligned with the Green Bond Principles.

3. Management of Proceeds

Pending allocation of the net proceeds of the Green Bonds to the eligible projects, TenneT has committed to moving proceeds to a sub-portfolio with the special purpose of financing, refinancing and/or investing in eligible projects. The net proceeds will be held, at TenneT's discretion, in cash or other liquid marketable instruments. The balance of the portfolio will be reduced by the amounts invested in the eligible projects until the amount is fully used. TenneT commits to establish a system to monitor and account for the net proceeds for investment in eligible projects.

TenneT states that the total current budget for the fourteen projects included in the green project portfolio amounts to approx. EUR 12 billion. On 31 December 2018 approximately 9% of the current total budget have been raised via other sources such as third-party minority participations and bank funding. The net proceeds of the Green Bonds to be issued in 2019 will make an additional contribution to the overall financing of the aforementioned fourteen projects within the Green Project Portfolio.

Opinion: ISS-oekom considers the Management of Proceeds proposed by TenneT as aligned with the Green Bond Principles.

4. Reporting

TenneT commits to a regular reporting towards Green Bond investors. This reporting will comprise the following information:

- The allocation of proceeds to the projects included in the project portfolio,
- The advancement of the projects in the building phase, and
- Environmental and social impact indicators (see below for further detail).

In particular, TenneT plans to report on the following key performance indicators:

- Project-related safety performance (accident rate, fatal accidents),
- SF6 emissions related to the projects,
- Average interruption time related to the projects,
- Transmission losses due to transport of wind energy generated offshore to the converter stations onshore, and
- Significant controversies (major leaks, heavy accidents, etc.)

In addition, the impact indicators as suggested in the ISS-oekom Green Bond KPIs will be updated on a yearly basis.

This reporting will be carried out once a year until the redemption of the allocated bonds. It will be reviewed by a second party consultant or by an independent auditor with limited assurance. The reporting will be provided by TenneT on its website (www.tennet.eu), with the first (2015), second (2016) and third (2017) and fourth Green Bond Report (2018) already being available.³

Opinion: *ISS-oekom considers the reporting proposed by TenneT is in line with the Green Bond Principles.*

External review

Since 2015, TenneT has commissioned ISS-oekom⁴ to provide SPOs to verify the sustainability quality of the projects to be financed through the issuance of green debt instruments. This SPO is the eighth provided by ISS-oekom to TenneT.

Moreover, in 2016 Moody's Investors Service has performed a "Green Bond Assessment" on bonds issued pursuant to TenneT Holding B.V. Euro Medium Term Note Programme and existing Green Bond Framework. Moody's has assigned a GB1 ("Excellent") rating which is the highest rating on its five-point scale.

³ Green Finance Reports: <https://www.tennet.eu/company/investor-relations/green-financing/>

⁴ Originally founded in 1993 and formerly known as oekom research AG, ISS-oekom has been a member of the ISS family since March 2018.

PART II: SUSTAINABILITY QUALITY OF THE GREEN BOND ASSET POOL

Evaluation of the assets

Transmission of renewable electricity from offshore wind power plants into the onshore electricity grid using direct current technology or alternating current technology

1. Consideration of environmental aspects in planning and installation of offshore platforms

- ✓ For all offshore platforms, comprehensive environmental impact assessments including research with respect to possibly affected animals such as marine mammals, birds, fish and bats were conducted.
- ✓ For a majority of offshore platforms, sensitive/reproduction periods were considered and low-impact construction methods (e.g. "soft-start" procedures, noise-reducing technology) used.
- ✓ All contractors are required to prove their ships have "fit-for-purpose" certifications and that they do not discharge effluents into the ocean.

2. Consideration of environmental aspects in operation of offshore and onshore stations

- ✓ Solid and hazardous waste from all offshore platforms is or will be appropriately treated onshore in Germany or the Netherlands.
- ✓ For all projects, basic antirust protections have been installed (eg. aluminium jackets combined with protective coating). For 3 out of 14 projects, measures of higher standards have been applied (eg. environmentally friendly steel jackets).
- ✓ TenneT's SF6 policy applies to all converter stations. It contains clear responsibilities and targets for SF6 management, such as the goal to reduce the SF6 leakage rate by 20% by 2020 compared to the 2015 level.

3. Consideration of environmental aspects in cable-laying (onshore and offshore)

- ✓ For all offshore cable-laying projects, either existing routes were used or alternative routes considered during planning. Final route planning was discussed in detail in order to minimise the environmental impact of construction work.
- ✓ All cable-laying projects fulfil high environmental standards. For example, comprehensive environmental impact and biodiversity assessments including research regarding affected flora, fauna, water and soil were conducted. All connections are sub-soil (offshore) and underground (onshore) and for the majority of projects soil-warming is limited.
- ✓ During cable-laying, low impact methods are applied. For example, breeding periods of birds are taken into account and the majority of projects in protected areas (European Flora-Fauna-Habitat areas) are tunneled completely.

4. Standards for decommissioning and rehabilitation of cable-laying construction sites

- ✓ For all construction sites, the rehabilitation of the landscape and the removal of construction equipment after cable-laying are ensured.
- ✓ For all relevant projects, compensation payments for rehabilitation measures in affected and/or adjacent conservation areas (in consultation with state authorities) are in place.

5. Standards for decommissioning and recycling of offshore platforms at end-of-life

- ✓ For all projects, the removal of offshore platforms and safe disposal of maritime installations on land after decommissioning is ensured. Where required, TenneT has provided financial securities to ensure removal costs are covered after decommissioning.
- ✓ All offshore platforms are to be disassembled in qualified locations at their end-of-life and materials to be recycled.

6. Community dialogue

- ✓ For a majority of projects, comprehensive measures to inform affected communities at an early stage have been taken and feedback mechanisms for public consultation are in place. All projects are located in Germany or the Netherlands, where national legislation ensures that high standards regarding community dialogues are in place.
- ✓ For all projects, landowners, whose property is crossed by the cable routes, are compensated.

7. Working conditions during construction and maintenance work

- ✓ For all projects, TenneT requires high safety standards from its contractors and subcontractors regarding construction sites as well as for operation and maintenance work.
- ✓ Comprehensive health and safety management systems have to be implemented, comprising e.g. clear responsibilities, emergency plans, data compilation, appropriate training and audits.
- ✓ For all projects, high labour standards regarding e.g. working time, periods of rest, minimum wages, freedom of association, collective bargaining and non-discrimination are in place (in accordance with national legislation).
- ✓ No fatal accidents occurred in the context of the fourteen projects as of 2018.
- ✓ For all projects, accident rates are available. The overall accident rate of 2,1 Lost Time Injury Frequency (LTIF) for 2018 is below a common industry level with regard to an industry wide benchmark. However, the overall accident rate has been increasing over the past year (the LTIF rate in 2017 was 0.41, 0.44 in 2016 and 0.12 in 2015).

8. Social standards in the supply chain



For all projects, good and binding labour and working conditions standards are applied within the supply chain. The supplier standards, mandatory in TenneT's tender procedures, cover child labour, forced labour, freedom of association, discrimination, wages and health and safety.



For all projects, supplier standards cover environmental standards within the supply chain (e.g. wastewater treatment, hazardous substances management). Some measures to ensure compliance with the standards are implemented (e.g. supplier risk assessments, off-site audits, exclusion in case of non-compliance, training of employees in purchasing departments).

The methodology for the asset evaluation can be found in Annex 3.

Controversy assessment:

- Safety incidents at the projects occasionally happen. One such example is a serious incident during cable-laying works for HelWin1, where a contractor was seriously injured. TenneT has made an effort to clarify case and course of the accident quickly.
- No further controversial activities or practices that could be attributed to TenneT were revealed during the controversy assessment.
- For completeness it is to be mentioned that the German Nature and Biodiversity Conservation Union (NABU – Naturschutzbund Deutschland e.V.) has criticised the operator of a wind farm connected via SylWin1 (Butendiek) for insufficient protection of porpoises, a protected species, during construction works. The criticism was directed at the wind farm operator and cannot be attributed to TenneT.

Impact Indicator 1: Number of households provided with access to wind power

According to TenneT, all fourteen transmission lines together would allow approximately 10.1 million households in Germany (circa 24.5% of all German households) and about 3.4 million households in the Netherlands (about 44.0% of all Dutch households) to switch to 100% renewable energy. This calculation is based on the average annual electricity consumption of one German and of one Dutch household in 2014 and the assumption that a) full capacity of the new transmission lines is used, b) connected wind power plants reach 4,000 full load hours per year and c) around 4% of electricity produced is lost during transmission and distribution.

Impact Indicator 2: Potential avoidance of CO₂ emissions

According to TenneT, if the full capacity of the fourteen transmission lines is used, wind parks connected to the electricity grid through the transmission lines would provide about 42.5 TWh of renewable energy per year and annually avoid about 15.8 million tons of CO₂ emissions. This calculation is based on the average carbon intensity of the Germany and of the Netherlands electricity grid in 2016 and the assumption that a) full capacity of the new transmission lines is used, b) connected wind power plants reach 4,200 full load hours per year and c) around 4% of electricity produced is lost during transmission and distribution.

PART III: SUSTAINABILITY QUALITY OF THE ISSUER

The ISS-oekom Corporate Rating comprises a rating scale from A+ (excellent) to D- (poor).

COMPANY	RATING	STATUS
TENNET	B	PRIME

This rating means that the company performed well in terms of sustainability, both compared against others in the industry and in terms of the industry-specific requirements defined by ISS-oekom. In ISS-oekom's view, the securities issued by the company therefore all meet the basic requirements for sustainable investments.

As of 05.03.2019, this rating places TenneT 5th out of 32 companies rated by ISS-oekom in TenneT's sector, Utilities/Network Operators.

In this sector, Key Challenges faced by companies in term of sustainability management in this sector are:

- Facilitation of the energy transition and resource efficiency
- Environmentally safe operation of plants and infrastructure
- Accessibility and reliability of energy and water supply
- Business ethics and government relations
- Worker safety and accident prevention

For all of those key issues, TenneT rates above the average for the sector:

- A very significant outperformance was achieved in "Accessibility and reliability of energy and water supply" and "Worker safety and accident prevention"

The company has a minor controversy level:

- The company has not committed any violations in the areas of controversial business practices or controversial areas of business, and thus does not breach any of the exclusion criteria which are frequently applied by investors.
- Overall, TenneT's controversy level is below the average level of "moderate" in the sector Utilities/ Network Operators.

Details on the rating of the issuer can be found in Annex 1.



Robert Hassler, Head of ISS-oekom
London/Munich/Rockville/Zurich

DISCLAIMER

1. Validity of the SPO: For TenneT's potential Green Bond issuances occurring between March 2019 and March 2020.
2. ISS-oekom uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
3. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of ISS-oekom in connection with the use of these SPO, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.
4. All statements of opinion and value judgements given by us do not in any way constitute purchase or investment recommendations. In particular, the SPO is no assessment of the economic profitability and credit worthiness of a bond but refers exclusively to the social and environmental criteria mentioned above.
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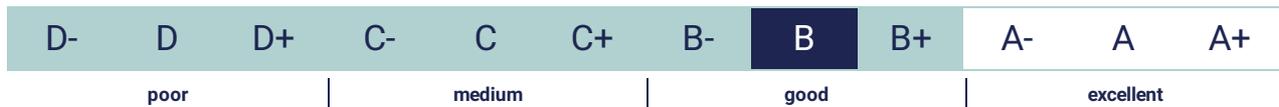
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ISS-oekom Corporate Rating

TenneT Holding B.V.

Industry	Utilities/Network Operators	Status	Prime	 Corporate Responsibility Prime rated by ISS-oekom
Country	Netherlands	Rating	B	
ISIN	XS0513509959	Prime Threshold	C+	



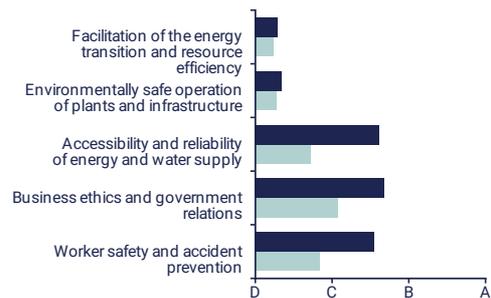
The assessment of a company's sustainability performance is based on approximately 100 criteria, selected specifically for each industry. A company's failure to disclose, or lack of transparency, regarding these matters will impact a company's rating negatively.

Industry Leaders

Company name (in alphabetical order)	Country	Grade
Alliander N.V.	NL	B+
Red Eléctrica Corp. S.A.	ES	B
Terna - Rete Elettrica Nazionale SpA	IT	B

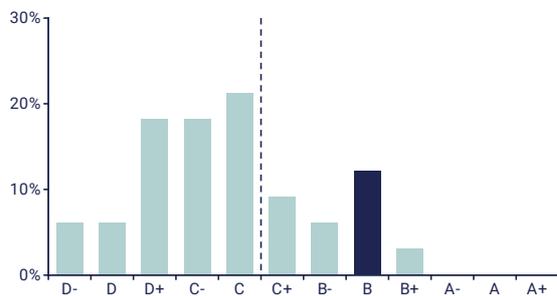
Legend: Industry Company --- Prime

Key Issue Performance

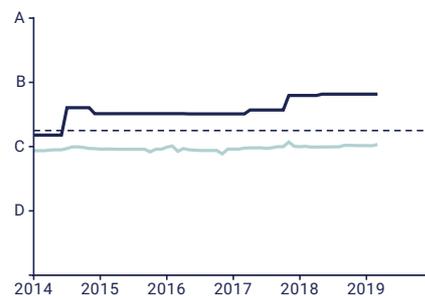


Distribution of Ratings

33 companies in the industry



Rating History



Controversy Monitor

Company		Industry	
Controversy Score	0	Maximum Controversy Score	-8
Controversy Level	Minor	Controversy Risk	Minor



TenneT Holding B.V.

Analyst Opinion

Francois Barbé
Sector specialist



Sustainability Opportunities

TenneT is exclusively engaged in the operation of transmission systems with the main revenues gained with network operations in Germany and the Netherlands. As a transmission network operator, the company has an important role in the transition to a more sustainable energy system by providing the infrastructure to connecting renewable energies to the network and to transporting electricity based on renewable sources over long distances. TenneT is engaged in various initiatives in this regard, working with ministries, local and regional authorities, research institutes and other stakeholders. The company is also part of several dedicated initiatives and as well engages in research, e.g. on electricity storage solutions.

Sustainability Risks

For an electricity network operator, the main social issues include ensuring reliable electricity transmission and system stability, and to ensure health and safety of employees and contractors. TenneT has taken appropriate measures to ensure network reliability, applying a control system, a risk management system and audits. The average interruption time for the network was at a comparatively low value. TenneT also has established sound health and safety management systems, underlined by a low accident rate and no fatal accidents in recent years. On the environmental side, TenneT should address greenhouse gas emissions (SF₆ leakages and indirect emissions through transmission losses) and possible biodiversity impacts. The company has set a target to reduce SF₆ emissions, but these only account for a minor share of greenhouse gas emissions. Further, the company does not elaborate on how it addresses climate-change related risks. TenneT takes various measures to reduce negative environmental impacts of the transmission system, especially with regard to the protection of birds. Yet it is unclear if the company is engaged in monitoring the effectiveness of existing measures.

Governance Opinion

TenneT is fully owned by the State of the Netherlands (as at April 2018), which has a long-term investment horizon. The company has set up a two-tier corporate structure that ensures separation of power. The chair as well as all members of the board of directors are independent. In addition, the company has established independent audit, nomination and remuneration committees. The company discloses its remuneration policy for executives, including long-term components, which could incentivise sustainable value creation.

An independent sustainability committee is not in place. However, sustainability performance objectives are, to some extent, integrated into the variable remuneration of members of the executive management team.

TenneT has established a code of ethics covering issues such as conflicts of interest, insider dealings and gifts and entertainment. Yet, other issues such as corruption and antitrust are not explicitly covered. The code of ethics is available in local languages and distributed to all employees, who are asked to confirm their acceptance of its terms. An anonymous and confidential hotline is available for employees and external stakeholders and whistleblower protection is ensured.

TenneT Holding B.V.

Methodology - Overview

ISS-oekom Corporate Rating - The ISS-oekom Universe comprises more than 3,900 companies (mostly companies in important national and international indices, but also small and mid caps drawn from sectors with direct links to sustainability as well as significant non-listed bond issuers).

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance criteria, selected specifically for each industry. All criteria are individually weighted and evaluated and the results are aggregated to yield an overall score (rating), in which the key issues account for at least 50 per cent of the total weight. In case there is no relevant or up-to-date company information available on a certain criterion and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the criterion is graded with a D-.

In order to obtain a comprehensive and balanced picture of each company, our analysts assess relevant information reported or directly provided by the company itself as well as information from independent sources. In addition, our analysts actively seek a dialogue with the assessed companies during the rating process and companies are regularly given the opportunity to comment on the results and provide additional information.

An external rating committee assists the analysts at ISS-oekom with the content-related design of industry-specific criteria and carries out a final plausibility check of the rating results at the end of the rating process.

Controversy Monitor - The Controversy Monitor is a tool for assessing and managing reputational and financial risks associated with companies' negative environmental and social impacts.

The controversy score is a unit of measurement for the number and severity of a company's current controversies. All controversial business areas and business practices receive a negative score, which can vary depending on the significance, number and severity of the controversies. Both the company's score and the maximum score obtained in the industry are displayed.

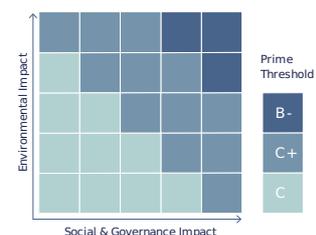
For better classification, the scores are assigned different levels: minor, moderate, significant and severe. The industry level relates to the average controversy score.

Only controversies for which reliable information from trustworthy sources is available are recorded. In addition to proven misconduct and activities of companies, alleged misconduct and activities are also assessed when the facts and circumstantial evidence provided by those sources, taking into account the experience of specialised analysts for each topic, is estimated to be sufficiently reliable. It should be noted that large international companies are more often the focus of public and media attention. Thus, the information available on those companies is often more comprehensive than for less prominent companies.

Distribution of Ratings - Overview of the distribution of the ratings of all companies from the respective industry that are included in the ISS-oekom Universe (company portrayed in this report: dark blue).

Industry Classification - The social and environmental impacts of industries differ. Therefore, based on its relevance, each industry analysed is classified in a Sustainability Matrix.

Depending on this classification, the dimensions of the ISS-oekom Corporate Rating, the Social & Governance Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the ISS-oekom Prime Status (Prime threshold) are defined (absolute best-in-class approach).



Industry Leaders - List (in alphabetical order) of the top three companies in an industry from the ISS-oekom Universe at the time of generation of this report.

Key Issue Performance - Overview of the company's performance with regard to the key social and environmental issues in the industry, compared to the industry average.

Rating History - Development of the company's rating over time and comparison to the average rating in the industry.

Rating Scale - Companies are rated on a twelve-point scale from A+ to D-:

A+: the company shows excellent performance.

D-: the company shows poor performance (or fails to demonstrate any commitment to appropriately address the topic).

Overview of the range of scores achieved in the industry (light blue) and indication of the grade of the company evaluated in this report (dark blue).

Status & Prime Threshold - Companies are categorised as Prime if they achieve/exceed the minimum sustainability performance requirements (Prime threshold) defined by ISS-oekom for a specific industry (absolute best-in-class approach) in the ISS-oekom Corporate Rating. Prime companies rank among the sustainability leaders in that industry.

Strengths & Weaknesses - Overview of selected strengths and weaknesses of a company with regard to the key issues of the industry from a sustainability point of view.

ANNEX 2: ISS-oekom Green Bond KPIs

The ISS-oekom Green Bond KPIs serves as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of TenneT’s Green Bond.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting.

To review the KPIs used in this SPO, please contact Federico Pezzolato (details in Annex 4) who will send them directly to you.

ANNEX 3: Asset evaluation methodology

ISS-oekom evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green Bond KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment “no or limited information is available” either indicates that no information was made available to ISS-oekom or that the information provided did not fulfil the requirements of the ISS-oekom Green Bond KPIs

The evaluation was carried out using information and documents provided to ISS-oekom on a confidential basis by TenneT (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the issuer.

ANNEX 4: About ISS-oekom SPO

ISS-oekom is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Green Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

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