



TenneT Holding B.V.

# Green Financing Framework

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# 1. Introduction

TenneT Holding BV (hereafter: 'TenneT') has developed a Green Financing Framework to finance its renewable energy activities. The Green Financing Framework is aligned to the ICMA Green Bond Principles published in June 2018 (GBP) and the LMA Green Loan Principles published in December 2018 (GLP) and addresses their four pillars; Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds and Reporting.

Furthermore, the Green Financing Framework has been set-up with the aim to continuously respond to changes in the industry and best market practices and expectations; as such the intention will also be to consider alignment of the framework with the EU Taxonomy / EU Green Bond Standards once these are finalised.





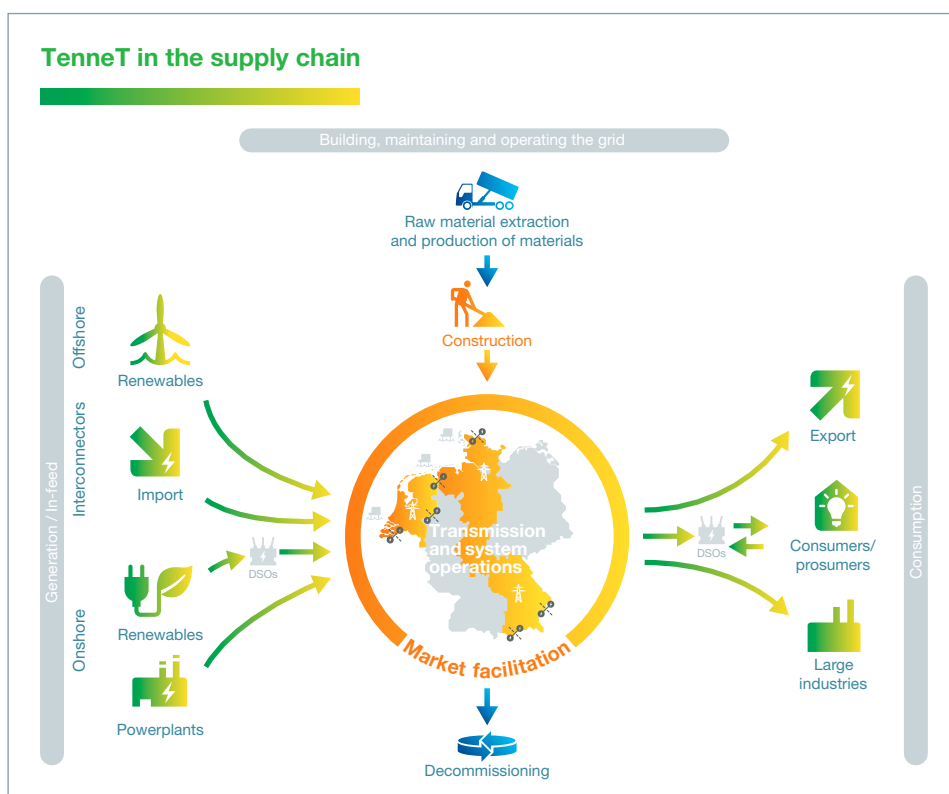
## 2. Company introduction

TenneT is Europe's first cross-border grid operator. We operate, maintain and expand the high-voltage grid in the Netherlands and a large part of Germany. We are committed to providing a secure and reliable supply of electricity, today and in the future, 24 hours a day, 365 days a year. We transport electricity over approximately 23,000 km of high-voltage lines, from wherever and whatever source it is produced, to more than 41 million end-users while keeping electricity supply and demand in balance at all times. For more information, visit our [website](#).

The Paris Agreement was reached on the long-term goal of keeping the increase in global average temperature to well below 2°C above pre-industrial levels. Avoiding CO<sub>2</sub> emissions is key to realising this ambitious target. Our task is clear – the world is decarbonizing and the electricity sector is making its contribution. We are an important player in realizing this, since we make sure electricity is delivered to society at all times. Green financing aligns perfectly with this important role, as our work contributes towards national and international climate goals, in particular our home markets in the Netherlands and Germany.

Since 2015 we issue green financing instruments and our investment program requires a broadening of our Green Financing Framework, which in addition to offshore activities now includes our onshore activities. This is a logical next step considering the activities that are required to bring the energy transition to the next level.

This Green Financing Framework serves as a structure for verifying the sustainability quality – i.e. the social and environmental added value – of the projects to be financed through our Green Financing Instruments.





### 3. Our CSR strategy

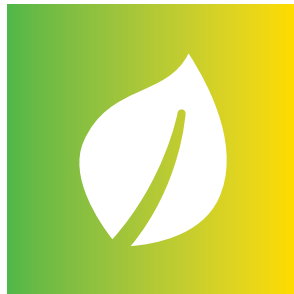
Transporting electricity and maintaining the security of electricity supply in a responsible manner are critically important for a modern, well-functioning society. We strive to make choices that benefit people and the planet, at the same time as generating an adequate return for our capital providers. In doing so, we not only aim to fulfil our company’s role, but also our responsibilities to our stakeholders and help to fulfil national and international agreements and goals, such as the UN SDGs.

Our ambitions and targets are set out in our Corporate Social Responsibility (CSR) ambition plan 2025, which strives to enhance the energy transition in a sustainable manner, *leading the way as green grid operator*. We focus on people, planet and profit;



#### People

We contribute to society, creating maximum impact for people working for us and impacted by us.



#### Planet

We commit to environment, avoiding, minimizing and compensating our impact on the planet.



#### Profit

We strive for an adequate return on capital and an affordable cost of electricity supply for society.

We have translated our focus into a CSR plan including clear ambitions in seven areas where we believe we can make a difference. We have set, or are in the process of setting, key performance indicators (KPIs).

#### People

Ambition area	Description	Target
Society	We address our stakeholders’ concerns by living up to our values, i.e. being responsible, engaged and connected.	To be developed
Diversity	We recognize diversity as a key contributor to our success as a high-performing organisation.	In <b>2023</b> <ul style="list-style-type: none"> <li>• EB/SB 30% female</li> <li>• New management hires 22% female</li> <li>• TenneT population 22% female</li> </ul>
Safety	Safety is our number one priority in every activity that we undertake.	In <b>2020</b> TRIR < 3.2



## Planet

Ambition area	Description	Target
Circular	Circularity is minimizing use of scarce materials, reusing materials and reducing waste in our operations.	In <b>2025</b> 25% less impact on virgin copper use and non-recyclable waste.
Climate	Climate impact of our operations is our responsibility and we strive to reduce our impact.	In <b>2025</b> climate neutral
Nature	Our commitment to nature is to take our responsibility to minimise our impact and protect and improve local nature	In <b>2020</b> zero impact (net on nature)

## Profit

Ambition area	Description	Target
Profitability	Profitability and return on capital (how effective is TenneT in turning capital into profit) are important to remain attractive for capital providers in order to finance our business and anticipated growth.	Return on capital $\geq$ regulatory determined return on capital  (KPIs: return on invested capital (roic) and return on equity)

Our performance on our CSR ambition is reported on a yearly basis in our [annual report](#).





## 4. Basis of the TenneT Green Financing Framework

As part of TenneT's mission to provide a sustainable and secure supply of electricity to society, we have established this Green Financing Framework as a structure for verifying the sustainability quality of the projects financed through the issuance of Green Financing Instruments.

Green Financing Instruments may include Green senior or hybrid bonds, Green Schuldscheindarlehen, Green USPP, Green Loans, Green Commercial Paper and other types of debt instruments where the use of proceeds will be exclusively applied to finance or refinance, in part or in full, new and / or existing Eligible Green Projects with environmental benefits. Further details will be described in the relevant [product documentation](#).

The ICMA Green Bond Principles (GBP) and the LMA Green Loan Principles (GLP) represent a set of voluntary guidelines that promote transparency, disclosure and integrity in the development of the Green bond/loan market by clarifying the approach for issuing a Green Bond and Green Loans.

The TenneT Green Financing Framework is aligned to the 2018 ICMA Green Bond Principles and the 2018 LMA Green Loan Principles which provide guidance in the following four areas:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

For each Green Financing Instrument issued under this Framework, we assert that it will adopt the provisions specified below under (1) Use of Proceeds; (2) Process for Project Evaluation and Selection; (3) Management of Proceeds and (4) Reporting.

The TenneT Green Financing Framework also follows the recommendations of the Green Bond Principles / Green Loan Principles regarding External Review.

The Framework will apply to any Green Financing instruments issued by TenneT and will be in force as long as any Green Financing instrument is outstanding.

Any future updated version of this framework that may exist, will either keep or improve the current levels of transparency and reporting disclosures including the corresponding review by a second party opinion provider or by an independent auditor with limited assurance.

Annual reporting on our current and future Eligible Green Projects will be combined within the Green Project Portfolio. Annual reporting can be found [online](#).







## 5. Use of Proceeds

The net proceeds of Green Financing Instruments will be exclusively used to finance and/or refinance in whole or in part eligible projects (“Eligible Green Projects”), in the eligible categories, together forming the “Green Project Portfolio”.

In the table below there is a summary of the eligibility criteria for the Green Project Portfolio as well as its contribution to the UN SDGs and alignment with the EU Environmental Objectives.

<b>ICMA GBP Category</b>	Renewable Energy
<b>Eligible Green Project Categories</b>	<p>A. Transmission of renewable electricity from offshore wind power plants into the onshore electricity grid using direct current technology or alternating current technology.</p> <p>B. Development, construction and reconstruction of the onshore electricity grid to enhance the transmission capacity for renewable energy</p>
<b>Impact</b>	<p>Creates access to renewable electricity, contributes to potential avoidance of CO<sub>2</sub> emissions</p> <p>100% Eligibility to Green Finance Instruments</p>
<b>Contribution to UN SDG*</b>	<div style="display: flex; flex-direction: column; gap: 10px;"> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p><b>SDG 7:</b> By 2030, substantially increase the share of renewable energy in the global energy mix</p> </div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p><b>SDG 13:</b> (Indirectly) strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p> </div> </div> </div>
<b>Alignment with EU Environmental Objectives **</b>	<p><b>Environmental Objective 1:</b> Climate Change Mitigation</p> <p><b>Substantial contribution to Climate Change Mitigation (1.a):</b> Generating, storing, distributing or using renewable energy in line with the Renewable Energy Directive, including through innovative technology with a potential for significant future savings or through necessary reinforcement of the grid</p>

\* In alignment with ICMA “*Green and Social Bonds: A high-level mapping to the Sustainable Development Goals*”.

\*\* In alignment with the *EU Taxonomy Environmental Objectives as defined in Article 5, amendment 41 and Article 6*.





The projects financed through this Green Financing Framework include several different investments, such as:

### **Offshore;**

- 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)
- Onshore stations located in Northern Germany and the Netherlands.

### **Onshore**

- Onshore cables located in Germany and the Netherlands (connecting wind power installations and/or enabling (long distance) transport)
- Onshore lines and pylons located in Germany and the Netherlands (enabling long distance transport)
- Onshore substations located in Germany and the Netherlands (enabling distribution and delivery of renewable electricity to consumers).



# 6. Process for Project Evaluation and Selection

## 6.1 The environmental sustainability benefit of the use of proceeds

The environmental benefits of the above mentioned project categories are clear – the world is decarbonizing and transmission system operators (TSOs) are making their contribution by transporting renewable electricity, such as wind and solar energy. We are one of the key players, since we connect offshore wind since 2009 and have a huge investment program to facilitate the energy transition, onshore and offshore, towards 2030. With this program we are making a huge contribution to SDG7, ensure access to affordable, reliable, sustainable and modern energy for all and SDG13, and take urgent action to combat climate change and its impacts. The quantitative contribution of the project categories is described in section ‘impact indicators’.

## 6.2 Evaluation of the Green Projects against Eligibility criteria

Our grid system is on a pathway to full decarbonisation and the Eligible Green Projects are assessed based on the following aspects;

- Directly connecting or expanding existing direct connection of renewable electricity generation, such as wind and solar energy (production plants that are less CO<sub>2</sub> intensive than 100 gCO<sub>2</sub>e/kWh);

- And/or increase of transport capacity due to capacity constraints related to increased share of renewable electricity in our grid.

The assessment will be internally verified and approved by the CSR (Corporate Social Responsibility) 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 Manager Treasury submit the selection of a new project to the CSR Board, supported by information from the offshore and onshore departments. The CSR Board decides based on the Green Financing Framework whether a project fits the criteria and will oversee the quality of impact reporting.

## 6.3 Identified sustainability risks and benefits of the Green Project categories





It goes without doubt that in any activity that we pursue we work according to social and environmental laws. In addition we have committed ourselves to the UN Global Compact Principles since 2015. At the same time, it is important from a sustainability perspective to take into account all possible sustainable impacts (risks & opportunities) linked to the project categories (A and B).

### People impact

Impact area	Contributes to SDG	Description
Society		We address our stakeholders’ concerns by living up to our values, i.e. being responsible, engaged and connected. Community dialogue with affected public and private parties is essential in realizing our projects.
Safety		In our projects and activities safety is our number one priority in every activity that we undertake. Health and safety standards, especially for contractors and subcontractors are crucial aspects to live up to this.
Supply chain		Supply chain standards with respect to labour rights and working conditions are hugely important, since many of our components are produced all around the world. Commitment of our suppliers on these requirements is essential.



## Planet impact

Impact area	Contributes to SDG	Description
<b>Circular</b>		As a large player in the energy transition we use copper, steel, aluminium and many more materials to expand our grid. This has impact on raw material use and generates a waste stream that has huge impact from a circularity perspective.
<b>Climate</b>		Climate impact of our operations is our responsibility and we strive to reduce our impact focussing on grid losses, energy use, SF6 losses and mobility
<b>Nature</b>	 	Our commitment to nature is to take our responsibility to avoid, minimise our impact and protect and improve local nature. While planning, constructing and operating our assets we have impact, but we also have the unique opportunity to make a positive contribution.

In addition, risks can be associated with project-related controversies, which will be transparently reported.

### 6.3.1 Sustainability criteria and Quantitative indicators for use of proceeds

In order to make sure that the related people and planet impact linked to potential projects are identified and the opportunities clearly fostered, a list of sustainability criteria has been established for both project categories.

Number	Aspect	Quantitative indicators
<b>A1/B1*</b>	<b>Society</b> Community dialogue	I. Community dialogue is conducted as an integrated part of the planning process and during operation
<b>A2/B2</b>	<b>Safety</b> Working conditions during construction and maintenance work	I. The company itself as well as its contractors apply high labour and safety standards during construction and maintenance work. II. Number of fatal accidents and annual accident rate related to construction and maintenance work (own employees and contractors).
<b>A3/B3</b>	<b>Supply chain</b> Social standards in the supply chain	I. Suppliers comply with high standards regarding labour rights and working conditions.

\* A1 refers to criteria 1 for project category A "Transmission of renewable electricity from offshore wind power plants into the onshore electricity grid using direct current technology or alternating current technology".  
B1 refers to criteria 1 for project category B "Development, construction and reconstruction of the onshore electricity grid to enhance the transmission capacity for renewable energy".



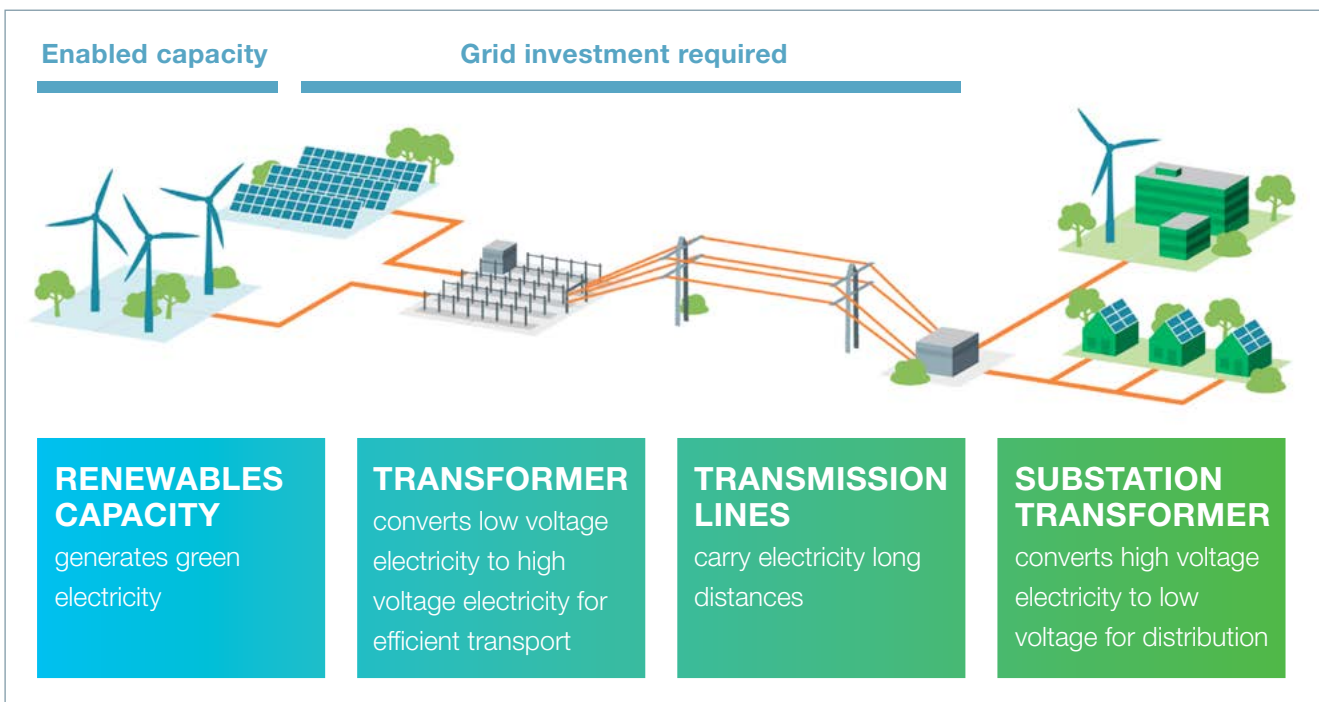
Number	Aspect	Quantitative indicators
A4/B4	<b>Circular</b> Decommissioning and recycling of cables, lines, onshore and offshore stations.	<ul style="list-style-type: none"> <li>I. Decent decommissioning and rehabilitation of construction sites is conducted.</li> <li>II. Environmental and impacts at end-of-life (after at least 20 years of operation) will be minimised</li> </ul>
A5/B5	<b>Climate</b> Operational climate impact	<ul style="list-style-type: none"> <li>I. Reducing energy use is taken into account in the design phase.</li> <li>II. High standards regarding reducing SF6-leakage are applied.</li> </ul>
A3/B3	<b>Nature</b> Nature aspects in planning, construction and operation of cables, lines, onshore and offshore stations	<ul style="list-style-type: none"> <li>I. High environmental standards and requirements (environmental impact assessment, biodiversity assessment, research on impacts on maritime fauna).</li> <li>II. In biodiversity hotspots for which alternative route planning has been considered and/or route planning has been optimised in consultation with experts.</li> <li>III. High environmental standards during construction works (noise mitigation, avoidance of pile driving, minimisation of discharges to ocean).</li> <li>IV. Number of environmental incidents related to construction and maintenance work</li> </ul>

### 6.3.2 Impact indicators

The impact of the investment is directly connected to the enabled renewable generation capacity and actual renewable electricity transported. Therefore the two following indicators are showing the impact of the investments for the initial verification of a project:

1. Theoretical number of households provided with access to renewable electricity

- a. Total number of households that would be able to switch to 100% renewable energy (based on the yearly average electricity consumption of one German/ Dutch household and full capacity).
- 2. Potential avoidance of CO2 emissions
  - a. Potential avoidance of CO2-emissions (based on full capacity, compared to the average carbon impact of the grid in Germany/the Netherlands).





## 7. Management of Proceeds

TenneT intends to allocate the proceeds from the Green Financing Instruments to the Green Project Portfolio, selected in accordance with the use of proceeds criteria and evaluation and selection process presented above. Tracking will be facilitated through the portfolio approach.

TenneT will strive to maintain a level of allocation for the Green Project Portfolio which, after adjustments for intervening circumstances including, but not limited to, sales and repayments, matches or exceeds the balance of net proceeds from its outstanding Green Financing Instruments. Additional Eligible Green Projects will be added to TenneT's Green Project Portfolio to the extent required to ensure that the net proceeds from the outstanding Green Financing Instruments will be allocated to Eligible Green Projects.

To be transparent on the financing/refinancing ratio of the portfolio, the yearly capex spend of the total portfolio will be reported.

Whilst any Green Financing Instrument net proceeds remain unallocated, TenneT will hold and/or invest, at its own discretion, in its treasury liquidity portfolio, in cash or other short term and liquid instruments, the balance of net proceeds not yet allocated to the Green Project Portfolio.





## 8. Reporting

We are committed to an annual reporting towards our Green investors, published together with our annual report. The report can be found **online**. This reporting will comprise the following information:

1. The allocation of proceeds to the projects included in the project portfolio
2. Yearly capex spend of the total portfolio
3. The advancement of the projects in the building phase
4. Environmental impact indicators
  - a. Total number of households that would be able to switch to 100% renewable energy (based on the yearly average electricity consumption of one German/Dutch household and the actual transported amount of renewable electricity).
  - b. Potential avoidance of CO<sub>2</sub>-emissions per year (based on actual transported amount of renewable electricity, compared to the average carbon impact of the grid in Germany/the Netherlands).
5. Operational environmental and social indicators
  - a. Society;
    - i. Average interruption time
    - ii. Number of stakeholder dialogues
  - b. Safety
    - i. Project related safety performance
  - c. Supply chain;
    - i. Commitment with supplier code of conduct
  - d. Circularity;
    - i. Project related waste figures (for projects where waste data is administered)
  - e. Climate;
    - i. Grid losses
    - ii. Energy consumption
    - iii. SF<sub>6</sub> losses
  - f. Nature
    - i. Oil leakages and environmental incidents
    - ii. Positive nature measures (qualitative)
6. Significant controversies

TenneT intends to align, on a best effort basis, the reporting with the portfolio approach described in “Green Bonds - working towards a Harmonized Framework for Impact Reporting (June 2019)”. This reporting will be carried out once a year until the redemption of the allocated financing.



## 9. External Review

### 9.1 Second Party Opinion (Pre-Issuance)

TenneT has appointed ISS-ESG to provide a Second Party Opinion on its Green Financing Framework. The Second Party Opinion and the Green Financing Framework are available to investors on TenneT's website.

### 9.2 Post-issuance External Verification

An independent auditor or second party opinion consultant will provide a limited assurance and review the allocation of Green Financing Instrument proceeds, impact reporting and environmental and social metrics. The report will be made available on TenneT's website.





## Colophon

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