

# Green Finance

## Report 2018

TenneT Holding B.V.





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## At a Glance

EUR 6.4 billion  
issued green bonds as  
per 31 December 2018



11 projects  
in the green finance  
portfolio



5.2 million  
households impacted



7 million tonnes  
of avoided emissions





# Letter from the CFO

As TenneT, our mission is to create value for stakeholders. Together with over 3,400 employees we aim to secure supply of electricity in our markets and create an integrated and sustainable North-West European electricity market. We are driven by a clear goal: to ensure a reliable and uninterrupted supply of electricity in our high-voltage grid for more than 41 million end-users.

In 2018, we celebrated our 20th anniversary. In that time, the landscape in which we operate has fundamentally changed, driven by rapid technological innovation and the transition to a low carbon economy.

Working with our internal and external stakeholders, we are a key player in this societal change, as we connect more and more sustainable sources of energy to the energy grid. Green financing aligns perfectly with this important role, as our work contributes towards national and international climate goals. To us, green financing is not merely a way of financing our projects with clear environmental benefits. We also aim to take a leading role in the development of this green financing landscape.

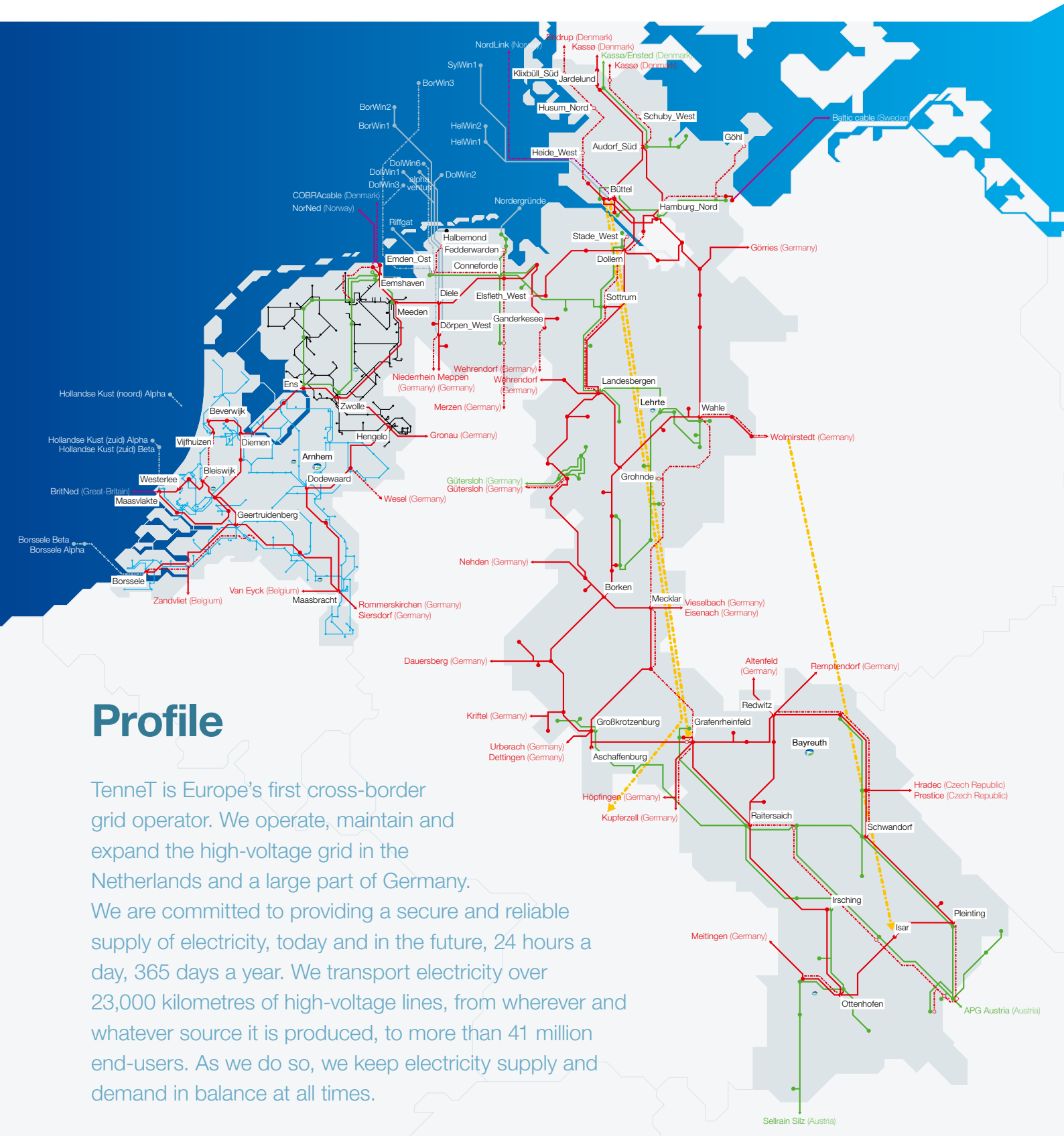
That is why we are part of a forum of 16 companies that aims to lead the debate on green financing and its evolution. As this is still an area that is under development, our ambition is to support further development of market practices and potential regulations. In doing so, we aim to help investors understand which projects make meaningful contributions to sustainability and how investing in these has a clear societal purpose. In doing so, we hope green financing can contribute towards meeting EU energy and climate targets for 2030.

In this report we disclose performance and progress for projects funded by proceeds from our green debt issues. This portfolio consists of projects connecting offshore wind farms to the German and Dutch onshore grid.

In June, we issued €1.25bn of green bonds, underlining our status as the largest corporate issuer of green debt in the Netherlands. For the first time, two Dutch offshore projects (Borssele Alpha and Borssele Beta) have been added to our Green Bond portfolio, including 9 offshore projects in Germany so far. Furthermore, we are proud to have successfully signed, as first Dutch Green USPP issuer, a Green United States Private Placement (USPP) of EUR 500 million, with settlement in January 2019.

We remain steadfastly focused on our role in society, and continue to think of new opportunities and ways of working together with our stakeholders. In the Netherlands, we are actively participating in the public debate with respect to the Dutch Climate Agreement and contributing to solutions that will help the Netherlands achieve its target for a 49% cut in carbon emissions by 2030. In Germany, we continue to participate in the public debate with respect to the *Energiewende* together with local communities and governments, local and national. We believe it is our societal role to share our knowledge and professional opinion on how we can move to a low carbon economy and take a leading role in the way we can fund this transition. In our opinion, green financing is an important part of this story.

Otto Jager



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 23,000 kilometres of high-voltage lines, from wherever and whatever source it is produced, to more than 41 million end-users. As we do so, we keep electricity supply and demand in balance at all times.

The high-voltage grid is the backbone of the electricity supply system. It is used for the transport of large quantities of electricity over long distances. Electricity generated at sea, for instance, is transported via

TenneT Holding B.V. **Green Finance Report 2018**





Because wind farms and power plants are often far away from where electricity is used, we need to carry it over large distances without incurring major losses on the way. To achieve this, we transport electricity at very high voltages: 110 kV and higher in the Netherlands and 220 kV and higher in Germany. Our high-voltage grid is connected to regional and local distribution grids managed by a large number of other grid companies, so-called distribution system operators (DSOs). It is also connected to large industrial customers and prosumers, i.e. energy consumers who also produce electricity.

### **We maintain the balance between supply and demand**

As electricity is fed into the grid, we need to carefully balance the level of electricity supply with demand.

Since electricity cannot be stored in large quantities, continuous adjustment of electricity supply and demand is needed in order to ensure security of supply. To do this, we have control centres in the Netherlands and in Germany, where supply and demand are monitored and balanced 24 hours a day, seven days a week.

### **We facilitate the market**

As electricity knows no geographical borders, we believe north-west Europe is better served by an integrated electricity market. As such, we have extensively connected our electricity grid with the countries around us. In doing so, we help establish a single market that guarantees a reliable electricity supply at a fair price.



# Our Green finance projects

Our Green project portfolio consists of 11 projects, three of which were added during 2018: HelWin2, Borssele Alpha and Borssele Beta. The proceeds of the green bonds are and will be used exclusively to (re)finance projects relating to the transmission of renewable electricity from offshore wind power plants into the onshore electricity grid using direct current or alternating current technology.

Alternating current from wind power plants is transformed to higher voltages and transported via cables to onshore and connected to the national grid. If the distance to shore increases, direct current is applied. Alternating current from wind power plants is transformed into direct current on the offshore converter platform. Direct current is transformed back into alternating current to be fed into the grid at the onshore converter station/feed-in point. When completed, TenneT's investments, backed by green financing, will have the capacity to connect over 8.2 GW of sustainable wind power to the Dutch and German grid. More information on our offshore projects can be found in appendix 1 and on **our website**.

## Our impact

We strive to make choices that benefit people and the

planet, while also 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 helping to fulfil national and international agreements and goals, such as the UN SDGs. By connecting more and more sustainable energy sources to the energy grid, TenneT plays an important role in the transition to a low carbon economy.

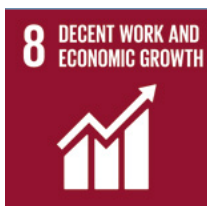
In our integrated annual report, we have provided information on how the SDGs are linked to our overall strategic and operational performance. We have identified eight SDGs where we contribute in our role as TSO and the responsibility we want to take as a company. In the table below, we have linked these to our offshore projects.



As Tennen, we recognize the value of a diverse workforce and how this can contribute to the success of our company. To us, a diverse workforce is broader than gender diversity. We embrace this goal as we feel this needs our priority. This is important for TenneT as a whole and therefore also our offshore operations.



This is a goal where TenneT plays a crucial role. We embrace the challenge of integrating sustainable and modern energy without compromising the reliability of supply. We take societal costs into account and support the development of lower prices. That is why we are installing cross-border capacity and for our offshore operations, we are building identical converter platforms to lower costs for society and learn from current best practices.



We consider people to be one of our most important assets. Over 3,400 employees are working for TenneT and therefore we want ensure decent labour rights and safe working environment. We consider safety to be our number one priority in the activities we undertake. Not only for our own people, but also for the contractors that work for us. This is also related to our offshore projects, where safety is of the utmost importance in realising these offshore converter platforms.





Our societal role is to build and maintain a resilient energy infrastructure for all our stakeholders. To achieve this, we foster innovation to make our grid more reliable and futureproof. For our offshore operations, this means developing a sustainable infrastructure in close cooperation with our stakeholders and connecting more renewable energy sources to our grid.



As a large player in the energy transition we use copper, steel, aluminium and many more materials to expand our grid. These resources are becoming more scarce and that is why we are taking next steps to become more circular with respect to the use of these resources, also in realising our offshore projects. As part of our corporate CSR ambitions, we strive to reduce the use of virgin copper by 2025 with 25%.



We aim to combat climate change in various ways. Not only by connecting more renewable energy sources to the grid, but also in the actions we take ourselves on a daily basis. Our ambition is to be fully climate neutral in 2025 with respect to our SF6 emissions, grid losses and the energy use of our stations, offices and mobility of our employees. To achieve this, we will strive to find ways to reduce our environmental impact throughout our organization and therefore also our offshore projects.



Our offshore assets have an impact on the natural habitat of life under water and on land. That is why we have included actions and ambitions to reduce the negative impacts and increase the positive impacts of our offshore assets on its direct vicinity. An example of this, is that we are currently working on Nature Inclusive design of our offshore platforms, to include smart solutions to benefit life around these platforms.

As we perform our work in the natural environment, we aim to do this in a responsible way. We acknowledge that our projects can also cause negative impacts. Examples of this include the possible leakage of SF6, a greenhouse gas used in our industry to insulate high-voltage equipment. Other impacts are caused by the use of non-renewable materials and the use of scarce natural resources, such as copper, in realizing our projects.

We have also conducted a case study to measure the impact of one of our offshore projects, DolWin2. With this, insights are provided to consider projects not only from a financial point of view. Also environmental, social and economic impacts are taken into consideration and monetised. For more information on this, refer to the Case study DolWin2 document on our website.







## Our performance

In this chapter we provide (performance) information regarding the projects that are included in our green financing portfolio. We have included our performance from a financial, environmental and social perspective, with data per project for the reporting year 2018.

### Advancement of proceeds and projects

As of 31 December 2018, the total spent by TenneT on the 11 projects is EUR 8.9 billion of which EUR 1.1 billion was financed by third parties (through debt and equity).

Total budget project portfolio	EUR 10.1 bn
Total spent on project portfolio	EUR 8.9 bn
Outstanding third-party financing (debt and equity)	EUR 1.1 bn -/-
Net funding requirement green bonds/debt	EUR 7.8 bn
Of which 6.4 billion already has been financed via green financing:	
Issued green bonds/debt in 2015	EUR 1.0 bn -/-
Issued green bonds/debt in 2016	EUR 2.0 bn -/-
Issued green bonds/debt in 2017	EUR 2.0 bn -/-
Issued green bonds/debt in 2018	EUR 1.4 bn -/-
Outstanding green bonds/debt	EUR 6.4 bn

*(figures as per 31 December 2018)*



As of 31 December 2018, the total spent by TenneT on the 11 projects in the green financing portfolio amounted to approximately EUR 8.9 billion, of which EUR 1.1 billion was financed by third parties (both debt and equity). Therefore the net funding requirement was around EUR 7.8 billion, of which approximately EUR 6.4 billion was financed through the green financing programme in 2015 – 2018.

In December 2018, we have successfully signed our green US private placement of EUR 0.5 billion. As the settlement has not been completed in 2018, but in January 2019 this transaction is not included in the overview above. However, the green US private placement demonstrates our ability to further diversify our financing sources and investor base to carry out TenneT substantial investment plans.

The result of this is, that all green financing issued, has been used as financing, refinancing and/or investing in these 11 projects.

In 2018, DoWin3 became operational and was ready for energy transmission from wind farms. We have experienced some start-up problems as there have been issues with the cable connecting the platform to the onshore grid.







## Environmental and social performance, green finance portfolio

	DolWin1	DolWin2	DolWin3	BorWin1	BorWin2	BorWin3	Note
Transported electricity (GWh)	1,363	2,886	421	1,408	2,941	n/a	A
Grid losses (GWh)	67	85	9	99	119	n/a	A
Grid losses (%)	4.9%	2.9%	2.1%	7.0%	4.0%	n/a	A
Grid availability (%)	92.4%	98.4%	59.8%	98.0%	97.2%	n/a	A
Average interruption (hours)	664	141	3,517	173	245	n/a	A
Number of households benefitting from wind power(1)	440	940	140	460	960	n/a	B
Potential avoidance of CO <sub>2</sub> emissions (2)	0.67	1.41	0.21	0.69	1.44	n/a	C
Lost workday cases (LWC)	2	0	1	0	0	0	D
LTIF (LWC/million hours worked)	6.6	0	1.1	0	0	0	D
Kg SF <sub>6</sub> leaked/Kg SF <sub>6</sub> banked	0%	0%	n/a	0%	0%	n/a	E

	HelWin1	HelWin2	SylWin1	Borssele alpha	Borssele beta	Total	Note
Transported electricity (GWh)	2,015	1,130	3,753	n/a	n/a	15,916	A
Grid losses (GWh)	80	49	157	n/a	n/a	665	A
Grid losses (%)	4.0%	4.3%	4.2%	n/a	n/a	4.2%	A
Grid availability (%)	99.4%	99.7%	98.2%	n/a	n/a	94.9%	A
Average interruption (hours)	52	30	159	n/a	n/a	446	A
Number of households benefitting from wind power(1)	650	370	1,220	n/a	n/a	5,170	B
Potential avoidance of CO <sub>2</sub> emissions (2)	0.99	0.55	1.84	n/a	n/a	7.78	C
Lost workday cases (LWC)	3	0	0	0	0	6	D
LTIF (LWC/million hours worked)	29.6	0	0	0	0	2.4	D
Kg SF <sub>6</sub> leaked/Kg SF <sub>6</sub> banked	0%	0.03%	0.04%	n/a	n/a	0.01%	E

(1) Figures are rounded off at 10.000 households

(2) Based on actual operational capacity in millions of tonnes.



## Notes to the green finance portfolio performance table

### A. Transport and availability

In 2018 the eight operational projects transmitted 15,916 GWh of electricity. Thanks to HVDC technology, grid losses were relatively low, with a total of 665 GWh (4.2%). The total grid availability of our projects in 2018 was 94.9%. Most of the unavailability was caused by DoIWin3, as mentioned earlier. Both transport and availability are reported based on regulatory operation.

### B. Impact on households

The ultimate objective of installing wind farms at sea, and the cables and lines needed to transport the electricity, is to bring renewable energy to electricity consumers. Although most of the electricity is used by industry in Germany, we have decided to report the impact on households. The number of households which could theoretically benefit from electricity actually transported in 2018 is around 5.2 million, which is around 12.5% of the German households.

### C. Potential avoided CO<sub>2</sub> emissions

Electricity produced by wind farms has a significantly lower CO<sub>2</sub> impact than that produced by fossil-based power plants. The offshore projects help avoid carbon emissions. If the full capacity of the 11 transmission lines is used, wind parks connected to the electricity grid would avoid about 16.7 million tonnes of CO<sub>2</sub> emissions. In 2018, 42% of the maximum potential of avoided CO<sub>2</sub> emissions was realized, because not all connections are in operation yet, weather conditions determine the amount of generated electricity and not yet the full capacity of all connections is used. The carbon emission factor used in this calculation is the average carbon impact of the German grid (489 g/KWh, 2017: 527 g/KWh), as currently no Dutch offshore projects are operational.

We have calculated the amount of potential CO<sub>2</sub> avoided by any particular green bond issued of our portfolio in 2018. More information can be found on page 14.

### D. Safety

We believe that every safety incident is one too many. In our Safety Vision, TenneT describes its ambitions with respect to safety. Our goal is 'zero harm', i.e. no

incidents. Our safety vision is based on two pillars: Safety Leadership and Project and Maintenance excellence. We had a few more accidents at our platforms this year as we unfortunately had 6 incidents this year compared to the 1 LWC reported in 2017. We understand that with our ambition to include more and more projects in our green finance portfolio, the total number of LWCs can also increase. However, we consider every incident to be one to many and investigate incidents to further improve safety with respect to our offshore activities.

### E. Environment

Sulphur hexafluoride (SF<sub>6</sub>) is used in high-voltage equipment, because it is an excellent electrical insulator. However, SF<sub>6</sub> is also a harmful greenhouse gas and thereby any leakage contributes to our greenhouse gas emissions. In 2014, TenneT developed a SF<sub>6</sub> policy, striving to minimise usage and emission of SF<sub>6</sub> in both relative and absolute terms, even as it expands the grid. We expect our SF<sub>6</sub> leakage rate to be low, as our offshore assets are still relatively new. In 2018, our total SF<sub>6</sub> leakage rate was 0.01%.







# Appendices

## Appendix 1: Additional project information

	DolWin1	DolWin2	DolWin3	BorWin3	SylWin1	BorWin2
Offshore platform	DolWin alpha	DolWin beta	DolWin gamma	BorWin gamma	SylWin alpha	BorWin beta
Onshore station/ Feed-in-point	Dörpen West, Germany	Dörpen West, Germany	Dörpen West, Germany	Emde Ost, Germany	Büttel, Germany	Diele, Germany
Transmission power	800 MW	916 MW	900 MW	900 MW	864 MW	800 MW
Cable length Total (submarine: onshore)	165 km (75 km: 90 km)	135 km (45 km: 90 km)	160 km (80 km: 80 km)	160 km (130 km: 30 km)	205 km (160 km: 45 km)	200 km (125 km: 75 km)
Start of construction	2011	2012	2014	2015	2012	2010
Start of operation	2015	2016	2018	2019	2015	2015
Added to Green Project Portfolio	May 2015	May 2015	May 2015	May 2016	Sep. 2016	March 2017

	BorWin2	HelWin1	HelWin2	Borssele alpha	Borssele beta
Offshore platform	BorWin alpha	HelWin alpha	HelWin beta	Borssele alpha	Borssele beta
Onshore station/ Feed-in-point	Diele, Germany	Büttel, Germany	Büttel, Germany	Borssele, Netherlands	Borssele, Netherlands
Transmission power	400 MW	576 MW	690 MW	700 MW	700 MW
Cable length Total (submarine: onshore)	200 km (125 km: 75 km)	130 km (85 km: 45 km)	130 km (85 km: 45 km)	60 km (59 km: 1 km)	66 km (65 km: 1 km)
Start of construction	2011	2011	2011	2016	2017
Start of operation	2010	2015	2015	2019	2020
Added to Green Project Portfolio	June 2017	June 2017	March 2018	March 2018	March 2018



## Appendix 2: Potential avoided CO<sub>2</sub> emissions per bond issue

Avoided CO<sub>2</sub> emissions are key to reaching the ambitious climate targets the world set itself at the Paris Climate Summit in November 2015. Transporting renewable energy from sea to land clearly contributes to achieving the Paris targets. We highlight avoided CO<sub>2</sub> emissions based on the carbon emissions of fossil fuel power plants, linked to our investors' investment. Although our approach is a theoretical one, we believe this indicates the order of magnitude of our green finance portfolio.

The calculation is performed in the following way:

- The amount of transported electricity is converted to avoided carbon emissions by the average carbon intensity of the German grid (489 g/KWh) for each project, as included in the disclosure notes on page 9.
- For each issue, we calculate which part of the total size of the issue belongs to which project. The allocation to each project is divided by the total budget for each project and that is multiplied by the avoided carbon emissions of the specific project.
- For each issue, the projects that were part of the green bond portfolio at that time are taken into account. Adding up the avoided carbon emissions of each project gives the total avoided CO<sub>2</sub> emissions per issue.

The avoided CO<sub>2</sub> emissions per bond issue were calculated for 2018. Depending on the size of the investment, the CO<sub>2</sub> emissions per investment can be calculated by:

$$\text{Avoided CO}_2 \text{ emissions related to investment } x = \frac{\text{investment size (million)}}{\text{size issue } y} \times \text{avoided CO}_2 \text{ emissions issue } y$$

Date of issue	Type of financing	Size (million EUR)	Avoided CO <sub>2</sub> emissions (tonnes x 1000) in 2018*
June 2015	Green Bond	500	370
June 2015	Green Bond	500	370
May 2016	Green Schuldschein	77	60
May 2016	Green Schuldschein	100	70
May 2016	Green Schuldschein	55	40
May 2016	Green Schuldschein	50	40
May 2016	Green Schuldschein	138	100
May 2016	Green Schuldschein	80	60
June 2016	Green Bond	500	280
June 2016	Green Bond	500	280
October 2016	Green Bond	500	380
April 2017 / August 2018	Green Hybrid	1,100	860
June 2017	Green Bond	500	490
June 2017	Green Bond	500	490
June 2018	Green Bond	750	580
June 2018	Green Bond	500	410
<b>Total</b>		<b>6,350</b>	<b>4,880</b>

\* Please be aware that the avoided carbon emissions are realised by the connected wind farms and the transmissions infrastructure. And that the avoided CO<sub>2</sub> emissions are allocated based on the amount of green financing





# Assurance report of the independent auditor

To: the executive board and the supervisory board of TenneT Holding B.V.

## Our conclusion

We have performed a limited assurance engagement on the sustainability information in the Green Finance Report 2018 of TenneT Holding B.V. at Arnhem (hereinafter: TenneT).

Based on our procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the sustainability information is not prepared, in all material respects, in accordance with the reporting criteria as included in the section Reporting criteria below.

The sustainability information comprises a description of the sustainable performance of the DolWin1, DolWin2, DolWin3, BorWin1, BorWin2, BorWin3, SylWin1, HelWin1, HelWin2, Borssele alpha and Borssele beta projects for the year ended 31 December 2018.

## Basis for our conclusion

We have performed our limited assurance engagement on the sustainability information in accordance with Dutch law, including Dutch Standard 3000A *“Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten)”* (Assurance engagements other than audits or reviews of historical financial information (attestation engagements)). Our responsibilities under this standard are further described in the section Our responsibilities for the assurance engagement on the sustainability information.

We are independent of TenneT in accordance with the “Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten” (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. This

includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement. Furthermore we have complied with the “Verordening gedrags- en beroepsregels accountants” (VGBA, Dutch Code of Ethics).

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

## Reporting criteria

The sustainability information needs to be read and understood together with the reporting criteria. TenneT is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The reporting criteria used for the preparation of the sustainability information are the definitions and principles as developed by TenneT and included in the “Integrated annual report and green finance report 2018 reporting guidance”, which is based on the “Green Bond Framework”. The reporting criteria are disclosed in section “About this report” of the Green Finance Report.

## Limitations to the scope of our assurance engagement

The sustainability information includes prospective information such as ambitions, strategy, plans, expectations and estimates. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the sustainability information.

The definitions and principles as developed by TenneT and disclosed in the “Integrated annual report and



green finance report 2018 reporting guidance” on [www.tennet.eu](http://www.tennet.eu), are integral part of the Green Finance Report and therefore of our assurance engagement. References to other external sources or websites in the sustainability information are not part of our assurance engagement on the sustainability information. We therefore do not provide assurance on this information.

### **Responsibilities of the executive board and the supervisory board for the sustainability information**

The executive board is responsible for the preparation of the sustainability information in accordance with the reporting criteria as included in the section Reporting criteria. In this context, the executive board is responsible for the identification of the intended users and the criteria being applicable for their purposes. The choices made by the executive board regarding the scope of the sustainability information and the reporting policy are summarized in chapter ‘About this report’ of the Green Finance Report.

The executive board is also responsible for such internal control as the executive board determines is necessary to enable the preparation of the sustainability information that is free from material misstatement, whether due to fraud or errors.

The supervisory board is responsible for overseeing the reporting process of TenneT.

### **Our responsibilities for the assurance engagement on the sustainability information**

Our responsibility is to plan and perform the limited assurance engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is therefore

substantially less than the assurance obtained in a reasonable assurance engagement.

We apply the “Nadere voorschriften kwaliteitssystemen” (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other applicable legal and regulatory requirements.

We have exercised professional judgement and have maintained professional skepticism throughout our limited assurance engagement, in accordance with the Dutch assurance standards, ethical requirements and independence requirements.

The procedures of our limited assurance engagement consisted amongst others of:

- Performing an analysis of the external environment and obtaining an understanding of the sector, insight into relevant social themes and issues, relevant laws and regulations and the characteristics of the company
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the sustainability information. This includes the evaluation of the reasonableness of estimates made by the executive board
- Obtaining an understanding of the reporting processes for the sustainability information, including obtaining a general understanding of internal control relevant to our review
- Identifying areas of the sustainability information with a higher risk of misleading or unbalanced information or material misstatements, whether due to fraud or errors. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability information responsive to this risk analysis. These further assurance procedures consisted amongst others of:
- Interviewing management and relevant staff at corporate and business level responsible for the sustainability strategy, policy and results





- Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the sustainability information
- Visits to TenneT Netherlands & Germany (Bayreuth) aimed at, on a local level, validating source data and evaluating the design and implementation of internal controls and validation procedures
- Obtaining assurance information that the sustainability information reconciles with underlying records of the company
- Reviewing, on a limited test basis, relevant internal and external documentation
- Performing an analytical review of the data and trends submitted for consolidation at corporate level
- Reconciling the relevant financial information with the financial administration
- Evaluating the overall presentation, structure and content of the sustainability information
- Considering whether the sustainability information as a whole, including the disclosures, reflects the purpose of the reporting criteria used

Groningen, 19 February 2019

Ernst & Young Accountants LLP  
Signed by R.T.H. Wortelboer



## About this report

This Green Finance Report tracks the progress of our projects funded by green financing, mainly financed by our green bonds, including our green schuldschein and green hybrid. The proceeds from our green financing initiatives are being used for investments in grid connections used for the transmission of renewable electricity from offshore wind farms to the onshore electricity grid. The proceeds of our green debt issues are specifically dedicated to a portfolio currently consisting of 11 projects: DolWin1, DolWin2, Dolwin3, BorWin1, BorWin2, BorWin3, SylWin1, HelWin1, HelWin2, Borssele alpha and Borssele beta. The latter three projects were included in 2018.

We have disclosed qualitative information and quantitative data of these projects related to the reporting year starting on 1 January 2018 and ending on 31 December 2018.

This 2018 Green Finance report was published on 21 February 2019 and the 2018 Green Finance report was published on 23 February 2018.

We have designed a Green Bond Framework, based on the Green Bond Principles as issued by the ICMA, to ensure our green bond-funded projects meet the proper criteria. We have asked ISS-oekom, a leading rating agency in the field of sustainability, to perform a second party opinion to assess our framework. In this assessment, ISS-oekom verifies whether we meet the Green Bond Principles for our green bond-funded portfolio and its sustainability quality and performance. Reporting on the use of our proceeds and performance information of our projects is a part of the Green Bond Principles and therefore we publish our Green Finance Report on an annual basis.

ISS-oekom issued positive independent opinions on the sustainable quality of the projects related to our green debt.

### Reporting principles

The definitions and principles used with respect to this report are disclosed in the 'Integrated annual report and green finance report 2018 reporting guidance' document, which is based on our Green Bond Framework. Both documents are made available on <http://www.tennet.eu/company/our-responsibility/download-reports/>



## Colophon

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### **Disclaimer**

`We`, `TenneT`, `TenneT Holding`, `the Group`, `the company` or similar expressions are used in this report as a synonym for TenneT Holding B.V. and its subsidiaries.

Parts of this report contain forward-looking information. These parts may include unqualified statements on future operating results, government measures, the impact of other regulatory measures on the activities of TenneT as a whole, TenneT's shares and those of its subsidiaries and joint-ventures in existing and new markets, industrial and macro-economic trends and TenneT's performance in these. Such statements are preceded or followed by or contain words such as `believes`, `expects`, `anticipates` or similar expressions. These forward-looking statements are based on current assumptions concerning future activities and are subject to known and unknown factors, and other uncertainties, many of which are beyond TenneT's control, so that future actual results may differ significantly from these statements.

All financial information in this annual report is reported in millions of euro, unless stated otherwise.

As a result, small rounding differences may occur.

Definitions of the KPIs reported are published on our website

**<http://www.tennet.eu/company/our-responsibility/download-reports/>**