



TenneT Holding B.V.

Green Finance Report 2020



In this year's report

Key figures 2020	3
2020 at a glance	4
Letter from the Board	5
About TenneT	7
Our green finance projects	8
Our performance	10
Appendices	13
Assurance report of the independent auditor	16
About this report	18
Colophon	19

Key figures 2020



Advancement of proceeds

€
14.2
billion

Total Budget

€
11.9
billion

Total amount spent
as of 31 December 2020


0.9
EUR billion

Green project portfolio
CAPEX in 2020



Environmental impact indicators


7.8
million

Equivalent number of
households able to switch
to 100% renewable energy


9.8
million tonnes

Potential avoidance
of CO₂ emissions
per year



Operational and social indicators


398
hours

Average
interruption time


over
100

Number of stakeholder
dialogues


0.92

Lost Time Injury
Frequency rate


100%

Percentage of suppliers
committed to Supplier
Code of Conduct



Planet indicators


889
GWh

Grid losses

0.03
%

SF₆ leakage rate

11

Environmental incidents

2020 at a glance

Completion BorWin3

Our twelfth German offshore grid connection project offers 900 megawatts (MW) of transmission capacity to bring the wind power produced at sea by the two connected wind farms to onshore Germany.



Creating our most sustainable 700 MW AC offshore platforms

Hollandse Kust Noord and Hollandse Kust West Alpha and Beta are our first offshore platforms to incorporate 'green' measures in tender, design and construction phase. We completed the tender for this 700 MW AC offshore platform for Hollandse Kust Noord (including options for identical work for Hollandse Kust West alpha and Beta) in 2020.

EUR
10 billion
Green Hybrid Bond

Second ever Green hybrid bond issued of EUR 1 billion

TenneT sparked the hybrid market with a EUR 1 billion green hybrid bond and is one of the largest corporate issuers of green debt in Europe, with over EUR 10 billion of green debt issued.



Completion Borssele Beta

Our second Dutch offshore grid connection project offers 700 MW of transmission capacity to bring the wind power produced at sea by the connected wind farms to the Netherlands.

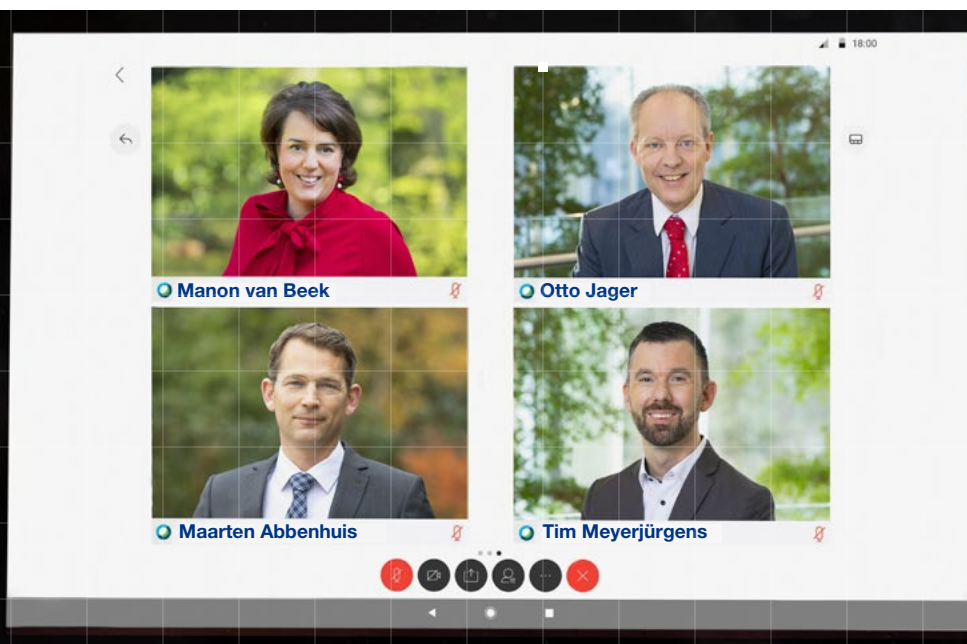
Green bond issue of EUR 1.35 billion

TenneT launched and priced a Green Bond issue of EUR 1.35 billion. The transaction is split in two tranches of EUR 600 million (term: 12 years, coupon 0.125%) and EUR 750 million (term: 20 years, coupon 0.50%).



Wilster West station commissioned

In October TenneT brought the Wilster-West substation, in Schleswig-Holstein, northern Germany, into service. This is a central hub for the transport of electricity from the north to the south of Germany. In the future three new extra high-voltage lines from TenneT will converge here: West Coast Line, NordLink and SuedLink.



Letter from the Board

The year 2020 was extraordinary challenging for everyone in society, as the global pandemic caused widespread disruption to people's daily lives. TenneT was fortunate, as we were able to proceed with most aspects of our operations and move forward with our ambitions. Like many other companies, we found new ways of working to adapt to government measures to combat the spread of the COVID-19 virus.

With humility, we are proud that, despite the challenges, we realised our investments as planned. Key milestones were met with the completion of Borssele Beta, which we delivered on time and within budget. We also completed the BorWin3 project, our 12th German offshore connection, providing a total installed capacity of more than 7 GW in the German North Sea. This connects green electricity generated by offshore wind parks to the onshore grid. Another important milestone was the commencement of our 2 GW project. With this, TenneT has committed to build at least fifteen new grid connection systems, of which five additional grid connections of 2 GW each in the Dutch and German North Sea. We are creating a standardised way of working for these projects which allows us to realise them faster and at a lower cost. The five connections relate to three German offshore projects (BalWin1, BalWin2 and BalWin3) and two Dutch offshore projects (IJmuiden Ver Alpha and Beta).

These are important steps in reaching the increasingly ambitious climate goals and targets set in the areas we serve. In 2020, the European Commission raised the bar by introducing a new target to reduce its carbon footprint in 2030 by 55% replacing the initial target of 40%, which was initially the target. Furthermore, the European Commission also published its offshore wind strategy as part of the European Green Deal. The ambition is to create an offshore wind capacity of 60 GW by 2030 and 300 GW by 2050. Also, national governments are setting increasingly ambitious targets for harnessing North Sea wind power. The German government has set a target for all four TSOs to connect 6.5 GW of wind energy to the grid by 2020 and 20 GW by 2030. This corresponds to the energy output of about 20 large power plants. We have already exceeded the 2020 target, as our offshore connection systems alone provide more than 7 GW of offshore wind energy to the onshore grid. By 2030, TenneT expects to have seven more of these grid connections completed in the North Sea, which will lead to more than 17 GW generation capacity.

The Dutch government is also targeting further expansion of offshore wind energy in the North Sea. Its Offshore Wind Energy Roadmap states that offshore wind farms with a combined capacity of 10.6 GW are expected to be built and connected to land by 2030. This is equivalent to 40% of the current electricity consumption of the Netherlands.

Transitioning to a low carbon economy requires more than simply connecting renewable energy sources to our grid. We also need to make our grid futureproof to ensure that we can transport the green electricity generated offshore to areas with high electricity demand, such as southern Germany. That is why our large onshore projects are key in the success of the energy transition. We have updated our Green Finance Framework in 2020 and added two onshore projects to our Green Financing Portfolio.

We are proud of the achievements with respect to green financing in 2020. In July, we issued our second Green Hybrid bond (EUR 1 billion, 2.374% coupon). Next to this, we successfully issued a new Green bond (split in 2 tranches: EUR 600 million, 0.125% coupon, 12 years and EUR 750 million, 0.50 % coupon, 20 years) in November. We are pleased with the keen interest a broad range of investors are showing in financing the energy transition and continue to explore the ways in which green financing can help to finance our projects.

TenneT Holding Executive Board

About TenneT

Profile

Climate change is a threat to the world. In Paris, in 2015, global commitments were made to limit global warming. In Europe, commitments have been made to combat climate change, too.

By 2050, Europe wants to be the first climate-neutral continent. To this end, the European Commission has drawn up the European Green Deal, a programme covering all sectors of the economy and involving major changes and investments.

The energy transition is a crucial part of these commitments. As the first cross-border TSO, TenneT wants to play a pioneering role in this transition to a clean, circular economy. We have been showing successful examples of making an active contribution to the transition to a sustainable, reliable and affordable European energy supply for years. With approximately 24,000 kilometres of high-voltage connections, we ensure a secure supply of electricity to more than 42 million end-users. TenneT is also one of Europe's largest investors in national and cross-border transport capacity on land and at sea, bringing together the Northwest European energy markets and driving the energy transition in Europe.

In both Germany and the Netherlands, we see the climate ambitions reflected in our investment agenda. We are at the beginning of our next growth phase with new and major challenges. Integrating large amounts of renewable energy into a newly designed energy system at a socially acceptable cost is an important task. An energy system 'built' on renewable energy sources – wind and solar – is much more dynamic and complex. This leads to high demands on the design of the grid and requires ambitious investments and digital innovations.

We are working with partners in the energy market to apply new, smart technologies and implement system integration in the future. In order to be prepared, we started the transformation of TenneT in 2019. In addition to a new organisational structure, we have sharpened our strategy, which provides direction as a compass for making effective decision making choices. We have also developed an inspiring goal, a promise and clear starting points to guide us on our growth path.

Our purpose

To connect everyone with
a brighter energy future

Our promise

Lighting the way ahead together

Our principles



Connection



Ownership



Courage



Our green finance projects

Our green finance projects

In 2020, we updated our Green Finance Framework. Now, our eligible projects are not only those related to the transmission of renewable electricity from offshore wind power plants into the onshore electricity grid. We also now include in the scope projects related to the development, construction and reconstruction of the onshore electricity grid to enhance the transmission capacity for renewable energy. This means that two of our onshore projects that help drive the energy transition are now included in our Green Finance portfolio.

Altogether, this portfolio now consists of 19 projects. Five were added during 2020: the offshore projects *alpha ventus*, *Hollandse Kust Noord (HKN)* and *Nordergründe* and the onshore projects *Dörpen/West - Niederrhein* and *Westküstenleitung*. The proceeds of the green bonds are used to finance, refinance and/or invest in projects relating to the transmission of renewable electricity from offshore wind power plants into the onshore electricity grid, using direct current technology (DC) or alternating current (AC) technology. They are also used in the development, construction and reconstruction of the onshore electricity grid to enhance the transmission capacity for renewable energy.

Our German offshore projects relate to AC connections from wind power plants transformed into DC on the converter platform. Converting to DC helps reduce the amount electricity lost in transporting electricity over long distances (grid losses). At the onshore converter station/feed-in point, the electricity is then transformed back into AC to be fed into the grid. The majority of our projects are related to high voltage DC transmission cables connecting offshore wind power clusters in the German Bight with the

German electricity grid. For the Dutch projects included in our Green Finance portfolio, the distances are shorter and where possible, we make use of AC connections to bring the wind generated electricity onshore. When completed, TenneT's investments backed by green financing will have the capacity to connect over 17 GW of sustainable wind power to the Dutch and German grid. More information on our projects can be found in appendix 1 and on our website.

The onshore projects included in our Green Finance portfolio support our strategic ambition to drive the energy transition. The first two onshore projects to join the portfolio were recently added, *Dörpen West - Niederrhein* and *Westküstenleitung*. These are required to transport renewable energy generated in the northern part of Germany to other parts of Germany where the demand for electricity is high. These projects are important to realise ambitious climate targets, such as the European Commission's goal to reduce the EU's carbon footprint by 55% by 2030.

Our impact

As TenneT, we are aware that when we build, maintain and operate our grid, we have an impact on the environment. We use natural resources such as steel and copper to build our assets, which are constructed in the natural environment on land or at sea. We strive to reduce our negative impacts as much as possible. We also aim to have positive environmental impacts where possible, for example by including measures that improve biodiversity in the design of our assets. Our most material positive environmental impact is connecting more and more renewable energy sources to our grid, thus avoiding carbon emissions from conventional fossil-based energy sources such as coal. Our annual report discloses more detailed information on our impacts and our Planet ambitions, such as our next steps with respect to promote circularity.

Overall, we aim for our actions to help achieve national and international climate and sustainability goals. This relates to national climate agreements, such as the Paris Climate Agreement, United Nations Sustainable Development Goals (SDGs) and the Science Based Targets initiative. In our Integrated Annual Report 2020, we describe our strategy, how we create value and how this is linked to the SDGs. The world is facing major global challenges, including climate change. This affects TenneT's core business. At the same time, this is the global challenge our choices and business conduct have the most impact on.



That is why we have identified SDG 13 as the main societal challenge we contribute to. How do we ensure a transition to a sustainable energy system at a socially acceptable cost while maintaining security of supply? The impact of climate factors is also becoming increasingly important in our activities and business operations. With our core business activities, we clearly contribute to SDG 7 and SDG 9 and in the execution of these activities, we realise we have an impact on other SDGs.



We contribute to SDG 7 as we aim to ensure access to affordable, reliable, sustainable and modern energy for all. The underlying target we contribute to is target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix. This is clearly reflected in TenneT's activities, also with respect to the projects included in the green finance portfolio.

We are investing in the capacity to connect over 17 GW of sustainable wind power to our grid. In 2020, two large offshore projects were completed: Borssele Alpha near the Dutch coast in the North Sea and BorWin3 in the German North Sea, connecting an additional 1.6 GW of offshore wind energy to our grid.

And also onshore, we are facilitating the fast-growing supply of renewable energy by investing in our grid. With this, we are able to contribute to the increase of renewables in the energy mix in the Netherlands and Germany and to drive the energy transition.



For SDG 9, our societal role is linked to target 9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all. By ensuring that we drive the energy transition and in operating as a European TSO, we support economic development and human well-being by empowering society, as our goal is to secure supply not only today but also tomorrow. To ensure that our grid is reliable, sustainable, resilient and of high quality, we invest in our grid. To be able to connect more and more renewable energy sources to our grid and to make sure we are able to transport them from where green electricity is generated to where it is consumed. This is also reflected in our Green Finance portfolio as the projects selected contribute to this and help us to drive the energy transition and to secure supply of electricity now and in the future.

Furthermore, we are aware that in the execution of these activities, we also have an impact on other SDGs. This relates to SDG 5 and SDG 8 when we look at policies relating to our people (including our contractors) and SDG 12, SDG 14 and SDG 15 with respect to the choices we make that affect our planet. That is why we aim to consider the areas near our assets at sea and on land when we are designing, building, maintaining and operating our assets and strive to make use of less virgin materials, such as copper, in our projects. With this, we want to contribute to a sustainable future for all.



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 2020.

Green portfolio performance table Eligible project category: Renewable energy		Total	Note
Advancement of proceeds			
Total budget (in EUR bn)		14.2	A
Total amount spent as of 31 December 2020 (in EUR bn)		11.9	A
Green project portfolio CAPEX in 2020 (in EUR bn)		0.9	A
Environmental impact indicators			
Equivalent number of households able to switch to 100% renewable energy (in millions of households)		7.8	B
Potential avoidance of CO ₂ emissions per year (in million tonnes)		9.8	C
Operational and social indicators			
Average interruption time (in hours)		398	D
Lost Time Injury Frequency rate		0.92	D
Percentage of suppliers committed to Supplier Code of Conduct		100%	D
Planet indicators			
Grid losses (in GWh)		889	E
SF ₆ leakage rate		0.03%	E
Environmental incidents		11	E

Results related to our projects

On an annual basis, we report on the performance of the projects included in our green finance portfolio. This is based on the selected key performance indicators as included in our Green Finance Framework. This includes information with respect to the use of proceeds, performance information regarding the supply of electricity, safety and environmental information such as impact indicators like the potential avoidance of carbon emissions. Results are included in the table below and additional disclosures have been provided in the 'Notes to the Green portfolio performance table'.

Developments related to the green project portfolio in 2020

Our projects are progressing well. This year we have commissioned the Borssele Beta project in the Netherlands, in time and within budget and also with the completion of the BorWin3 project we have been able to bring up the total to 12 German offshore connections that are connecting green wind energy generated by offshore wind parks to our onshore grid.

Furthermore, we are also aiming on embedding sustainable practices to a greater extent in the realisation of the projects, also those included in our offshore portfolio. An example of this is the Hollandse Kust Noord and Hollandse Kust West Alpha and Beta projects. These are the first 700 MW AC offshore platforms to incorporate 'green' measures in tender, design and construction phase. Examples of this include measures related to nature-inclusive design and to increase to reduce carbon emissions in the realisation of these projects.

Of course, COVID-19 caused challenges and setbacks, also for the projects included in our Green Finance portfolio, such as our offshore projects. Closures and lockdowns in some of the overseas ship yards where we construct our offshore platforms put the timescale of several projects under pressure, but these did not cause any critical delays in 2020. We consider ourselves fortunate that we were able to complete and commission several key projects on budget and on time and also began work on milestone projects for the future.

Outlook

We continue to look for new ways to finance projects by means of green financing. In line with the update done in our Green Finance Framework, we are aiming on including additional onshore projects in the Green Finance portfolio. These onshore and offshore projects benefit society to help make the transition to a low carbon economy. Furthermore, we see that more information will be required due to the EU Taxonomy, which has been adopted by the European

Commission in 2020. Our aim is to include these requirements in next year's Green Finance Report.

We will also continue to actively contribute to support the further growth of the Green and Sustainable financing market via market consultations (e.g. EU Taxonomy), our membership of the Corporate Forum on Sustainable Finance or by supporting new initiatives and products.

Notes to the Green portfolio performance table

A. Advancement of proceeds and projects

Eligible green project portfolio	EUR	Allocation of green funding	EUR
Net funding requirement	10.9	Funded by green bonds/debt in 2015	1.0
		Funded by green bonds/debt in 2016	2.0
		Funded by green bonds/debt in 2017	2.0
		Funded by green bonds/debt in 2018	1.4
		Funded by green bonds/debt in 2019	1.8
		Funded by green bonds/debt in 2020	2.4
Total eligible green project portfolio	10.9	Total outstanding green bonds/debt	10.5

As of 31 December 2020, the total amount budgeted by TenneT with respect to the 19 projects in the Green finance portfolio amounted to approximately EUR 14.2 billion. The total amount spent amounted to EUR 11.9 billion, of which EUR 1.0 billion was financed by third parties (in the form of both debt and equity). As a result, the net funding requirement was around EUR 10.9 billion, of which approximately EUR 10.5 billion was financed through the green financing programme 2015 – 2020. The allocation of proceeds to the projects included in the project portfolio is 100%. The annual capex spend of the total portfolio is EUR 0.9 billion.

B. Impact on households

We want to bring more and more renewable energy to electricity consumers. That is why we connect wind farms at sea and on land to our grid, and install the cables and lines needed to transport the electricity. Although most of the electricity is used by industry in Germany, we have decided to report the equivalent impact on households. The number of households which could theoretically benefit from electricity actually transported in 2020 is around 7.8 million, which is about 16% of all the households in the areas we serve in the Netherlands and Germany. This calculation is based on the most recent data available of the

average electricity consumption of a Dutch / German household, which for the Netherlands relates to 2019 and for German households this relates to the year 2018.

C. Avoided emissions

As aforementioned, one of our largest impacts is related to avoiding emissions that would otherwise have been emitted if these would have still been generated from fossil-based energy sources. Our projects help to avoid carbon emissions. The potential avoidance of CO₂ emissions in 2020 amounted to 9.8 million tonnes. To calculate the amount of CO₂ avoided by any particular bond portfolio in 2020, please consult appendix 2 which includes instructions for calculations.

D. Operational and social performance information

Societal performance information

Currently our onshore projects included in the scope of the Green portfolio are not operational yet. Therefore no performance information is included in this figure and this performance relates fully this year to our offshore projects, with exception of the safety performance. In realising our projects, we want to act as a responsible grid operator.

That is why we engage with our stakeholders, such as local communities and governments and aim to work together with our suppliers to ensure that we also make progress. Not only within our own organisation, but also in our supply chain.

Engaging with local communities and governments in the midst of the COVID-19 pandemic has proven to be a challenge, as the events and dialogue formats we were used to were in person, which is obviously not possible in the majority of 2020. Despite this, we have found new ways of working and were able to conduct more than 100 stakeholder dialogues in 2020 related to the Green portfolio projects. Also tendering our projects has been more difficult due to the circumstances in 2020. Also here we were able to find innovative ways to continue and drive the energy transition. An example of this was that we have done our tender procedures virtually, such as in the case of BorWin5. Furthermore, we also request our suppliers to meet the standards we have set with respect to responsible conduct in realising our projects. In 2020, 100% of our suppliers have committed themselves to our supplier code of conduct.

For the projects that are operational, we were able to transport green electricity to land. This relates to 13 projects, which transmitted a total of 24,172 GWh of electricity in 2020. Thanks to HVDC technology we use in our German projects, grid losses are relatively low. In 2020, also our Dutch offshore platforms are transporting green electricity to our onshore grid for the first time.

Safety

We strive to build, maintain and operate our projects in the most safe and secure way. That is why we launched our new Safety Vision 2019 - 2022. Our goal is to have 'Zero harm' as we believe that every incident is one too many. We acknowledge that this is not an easy task and strive to improve our safety performance every day. In 2020, the projects experienced the same level of Lost Workday Cases (LWCs) compared to 2019, as we reported 4 LWCs, which has resulted in a safety performance of 0.92, which is comparable to the LTIF reported in 2019 (0.96).

E. Environmental performance information

Although we have a significant environmental impact, we also realise that in building and operating our assets, we have a negative impact on the environment. This relates to waste (of which we currently estimate that approximately 10-25% is non recyclable), environmental incidents (11 in 2020, of which 5 relate to oil leakages) and carbon emissions while operating our assets related from either grid losses (386,546 tonnes of CO₂ equivalents), energy consumption (52,863 tonnes of CO₂ equivalents) and SF₆ leakages (384 tonnes of CO₂ equivalents).

In the past year, we are also pleased that we were able to make progress related to the positive nature measures that we incorporated in realising our projects. Examples of this include measures related to our Hollandse Kust Zuid project. Here, we realised an ecological cable crossing for our HKZ Alpha and we are also constructing this for HKZ Beta, as well as a coastal bird breeding area and ecological landscaping. For Hollandse Kust Noord, we are working on fish hotels and artificial reefs. These are examples of how we were able to also create positive impacts for the nature near our assets.

Appendices

Appendix 1: Additional project information

	DolWin1	DolWin2	DolWin3	BorWin3	SylWin1
Start of connection	DolWin alpha	DolWin beta	DolWin gamma	BorWin gamma	SylWin alpha
End of connection	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 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)
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*	HelWin1	HelWin2	Borssele Alpha
Start of connection	BorWin beta	BorWin alpha	HelWin alpha	HelWin beta	Borssele alpha
End of connection	Diele, Germany	Diele, Germany	Büttel, Germany	Büttel, Germany	Borssele, Netherlands
Transmission power	800 MW	400 MW	576 MW	690 MW	700 MW
Cable length Total (submarine; onshore)	200 km (125 km; 75 km)	200 km (125 km; 75 km)	130 km (85 km; 45 km)	130 km (85 km; 45 km)	60 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

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

	Borssele Beta	DolWin6	HKZ Alpha	HKZ Beta
Start of connection	Borssele beta	DolWin kappa	HKZ Alpha	HKZ Beta
End of connection	Borssele, Netherlands	Emden/Ost	Maasvlakte2	Maasvlakte2
Transmission power	700 MW	900 MW	700 MW	700 MW
Cable length Total (submarine; onshore)	66 km (65 km; 1 km)	86 km (45 km; 41 km)	45 km (42 km; 3 km)	37 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

	Alfa Ventus	HKN	Nordergrunde	Dörpen/West - Niederrhein	Westkustenlei- tung
Start of connection	AlfaVentus platform	HKN platform	Nordergrunde platform	Dörpen West substation	Brunsbüttel substation
End of connection	Hagermarsch, Germany	Beverwijk, Netherlands	Inhausen, Germany	Stadt Meppen, Germany	Danish border, Germanys
Transmission power	62 MW	700 MW	111 MW	3100 MW	3500 MW
Cable length Total (submarine; onshore)	66km (60km; 6km)	45km (35km; 10km)	32km (28km; 4km)	31km (onshore only)	138km (onshore only)
Start of construction	2006	2020	2013	2017	2015
Start of operation	2009	2023	2017	2022	2023
Added to green project portfolio in	April 2020	April 2020	April 2020	April 2020	April 2020

Appendix 2: Potential avoided CO₂ emissions per bond issue

Avoided CO₂ emissions are key to reaching the ambitious targets of the Paris Agreement. Transporting renewable energy from sea to land clearly contributes to achieving the Paris targets. We highlight avoided CO₂ emissions based on the average grid mix of the Netherlands and of Germany, 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 (401 g/KWh) or Dutch grid (476 g/KWh) of 2020 for each project.
- 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 finance portfolio at that time are taken into account. Adding up the avoided carbon emissions of each project gives the total avoided CO₂ emissions per issue. The avoided CO₂ emissions per bond issue were calculated for 2020. Depending on the size of the investment, the CO₂ emissions per investment can be calculated by:

Avoided CO₂ 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 (in million EUR)	Avoided CO ₂ emissions (tonnes x 1,000) in 2020
June 2015	Green Bond	500	454,098
June 2015	Green Bond	500	454,098
May 2016	Green Schuldschein	77	69,931
May 2016	Green Schuldschein	100	90,820
May 2016	Green Schuldschein	55	49,951
May 2016	Green Schuldschein	50	45,410
May 2016	Green Schuldschein	138	125,331
May 2016	Green Schuldschein	80	72,656
June 2016	Green Bond	500	437,581
June 2016	Green Bond	500	437,581
October 2016	Green Bond	500	501,427
April 2017 / August 2018	Green Hybrid	1,100	1,145,534
June 2017	Green Bond	500	542,221
June 2017	Green Bond	500	542,221
June 2018	Green Bond	750	753,948
June 2018	Green Bond	500	502,632
January 2019	Green US Private Placement	500	502,632
May 2019	Green Bond	1250	933,302
July 2020	Green Hybrid	1,000	547,441
November 2020	Green Bond	750	346,744
November 2020	Green Bond	600	207,833
Total		10,450	8,763,390

Assurance report of the independent auditor with respect to the 2020 Sustainability Information of TenneT Holding B.V.

To the shareholder and Supervisory Board of TenneT Holding B.V.

Our conclusion

We have reviewed the Sustainability Information in the 2020 Green Finance Report (the "Sustainability Information") of TenneT Holding B.V. ("TenneT") based in Arnhem. A review is aimed at obtaining a limited level of assurance.

Based on our procedures performed nothing has come to our attention that causes us to believe that the Sustainability Information does not present, in all material respects, a reliable and adequate view of:

- the policy and business operations with regard to corporate social responsibility; and
- the thereto related events and achievements for the year 2020 as included in the section 'Our performance' as disclosed in the 2020 Green Finance Report, in accordance with the reporting criteria as included in the section 'Reporting Principles'.

The Sustainability Information comprises a description of the sustainable performance (if operational) information of the DoWin1, DoWin2, Dolwin3, BorWin1, BorWin2, BorWin3, SylWin1, HelWin1, HelWin2, Borssele Alpha, Borssele Beta, DoWin6, Hollandse Kust Zuid Alpha and Beta, Hollandse Kust Noord, Alfa Ventus, Nordergründe, Dörpen/West - Niederrhein and Westküstenleitung projects for the year ended 31 December 2020, reported in the Green Finance Report 2020.

Basis for our conclusion

We have performed our review on the Sustainability Information in accordance with Dutch law, including Dutch Standard 3000A 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'. This assurance engagement is aimed at obtaining limited assurance. Our responsibilities under this standard are further described in the section 'Our responsibilities for the review of the Sustainability Information' of our report.

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. 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 disclosed in the chapter 'Reporting Principles' of the 2020 Green Finance Report.

The absence of an established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Limitations to the scope of our review

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 references to external sources or websites in the sustainability information are not part of the sustainability information as reviewed by us. 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 reporting criteria as included in the section 'Our performance' and in the chapter 'About this report' in the 2020 Green Finance Report, including the identification of stakeholders and the definition of material matters. The choices made by the Executive Board regarding the scope of the Sustainability Information and the reporting policy are summarised in the chapter 'About this report' of the 2020 Green Finance Report.

The Executive Board is also responsible for such internal controls 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 error.

The Supervisory Board is responsible for overseeing the reporting process of TenneT.

Our responsibilities for the review of the Sustainability Information

Our responsibility is to plan and perform the 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 assurance engagements with a limited level of assurance is therefore substantially less than the assurance obtained in an audit.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the Sustainability Information. The materiality affects the nature, timing and extent of our review procedures and the evaluation of the effect of identified misstatements on our conclusion.

We apply the 'Nadere voorschriften accountantskantoren ter zake van assurance opdrachten (RA/AA)' (Regulations for professional accountants practices on assurance engagements) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with the Dutch Standard 3000A, ethical requirements and independence requirements.

Our review included among others:

- Performing an analysis and obtaining insight into relevant environmental and social themes and issues, and the characteristics of TenneT.
- Evaluating the appropriateness of the reporting policy and its consistent application, including the evaluation of the results of the stakeholders' dialogue and the reasonableness of management's estimates.
- Evaluating the design of the reporting systems and processes related to the Sustainability Information.
- Reviewing internal and external documentation to determine whether the information as included in the KPIs, including the presentation and assertions made in the Sustainability Information, is adequately supported.
- Interviewing relevant staff responsible for providing the information in the Sustainability Information, carrying out internal control procedures on the data and consolidating the data in the Sustainability Information.
- An analytical review of the data and trends submitted for consolidation at corporate level.

We communicated with the Executive and Supervisory Board regarding, among other matters, the planned scope, timing and outcome of the review and significant findings that we identified during our review.

Rotterdam, March 8, 2021

Deloitte Accountants B.V.

J.A. de Bruin

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, green USPP and green hybrids. 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 19 projects: DolWin1, DolWin2, DolWin3, BorWin1, BorWin2, BorWin3, SylWin1, HelWin1, HelWin2, Borssele Alpha, Borssele Beta, DolWin6, Hollandse Kust Zuid Alpha and Beta, Hollandse Kust Noord, alfa ventus, Nordergründe, Dörpen/West - Niederrhein and Westküstenleitung. The latter five projects were included in 2020.

We have disclosed qualitative information and quantitative data of these projects related to the reporting year starting on 1 January 2020 and ending on 31 December 2020. This 2020 Green Finance Report was published on 11 March 2021 and the 2019 Green Finance Report was published on 12 March 2020.

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 'Reporting guidance document 2020' related to our Integrated Annual Report 2020 and Green Finance Report 2020, which is based on our Green Bond Framework. Both documents are made available on www.tennet.eu/company/our-responsibility/download-reports/

Colophon

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We look forward to receiving your feedback on this report;
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