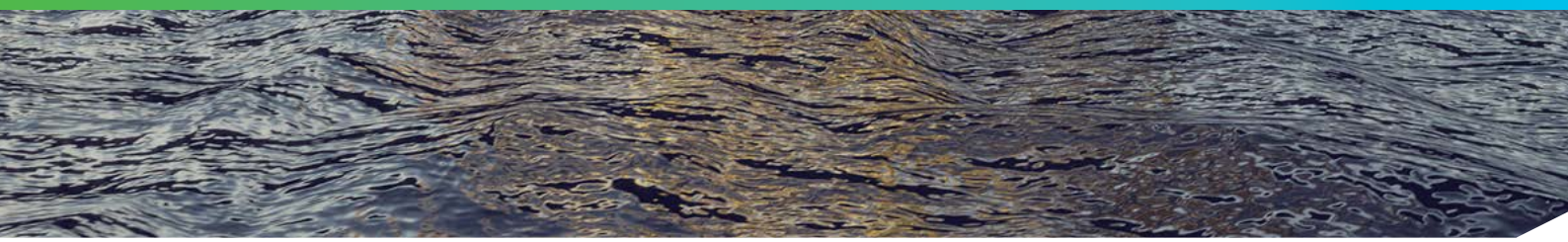
TenneT Holding B.V.

Green Finance Report 2019



TenneT
Taking power further

Contents

Highlights and key figures

2019

In January 2019, we successfully completed a Green US private placement of EUR 500 million.

Environmental Finance Bond Awards 2019

We received recognition from the investor community, receiving the yearly award for “Best corporate green bond”.

We successfully issued another EUR 1.25 bn of Green Bonds

S&P Global Ratings

Standard & Poor’s conducted an (ESG) evaluation of TenneT; an assessment of our ability to operate successfully, now and in the future. Standard & Poor’s awarded TenneT with the classification ‘strong’.

We completed the project Borssele Alpha, TenneT’s first and at the same time largest connection system for wind farms on the Dutch North Sea.

Borssele Alpha

In August 2019, the delivery of another offshore project was completed when BorWin3 went into operation.

BorWin3

In November 2019, TenneT entered into the largest sustainable Revolving Credit Facility in the Benelux. This EUR 3 billion facility provides TenneT with the financial firepower to drive the energy transition.

Key figures 2019

6.3 million

Households with access to wind power

7.5 GWh

Realised offshore connection capacity

9.2 million tonnes

of total potential avoidance of carbon emission

10 out of 14 projects

in the green finance portfolio commissioned

EUR 8.1 bn

Cumulative funding by green bonds as per 31 December 2019

Letter from the Board

Our purpose is to bring a brighter energy future together, for everyone. For over 20 years, we have been working hard to fulfil our societal role and we will continue to do so. As people expect electricity to be at their disposal at all times, we build, maintain and operate our grid day in and day out, to secure supply, not only today, but also tomorrow.

This year we have recalibrated our strategy. This does not mean that we are an entirely different company now. Our role remains the same: to secure supply of electricity for the people that live in the areas we serve. We want to achieve this in a way, that enables us to secure supply for generations to come.
This aligns with an increasing demand to transition to a low carbon economy. As TenneT, we believe that we have a key role to play in the energy transition, with the experience, knowledge and vision we have developed in these past decades. This fundament is key to be leading as a green grid operator, to act as a respon-sible TSO ourselves and to share insights with our stakeholders to help shape the future energy landscape. We believe in the power of cooperation and that is why we want to drive the energy transition together with others, through partnerships and other forms of collaboration.

By connecting more renewable energy sources to our grid, we contribute to decarbonising the energy use in the Netherlands and in Germany. This year, we have celebrated the delivery of two new offshore connec-tions. Four years after the start of the construction of BorWin3, this project was commissioned in 2019 and has been ready to feed energy into our German grid as of August. With the commissioning of this project, TenneT has been able to contribute to meet the German government's 2020 roll-out target of offshore wind capacity of 6.5 GW already in 2019 as this brings the total transmission capacity for offshore windfarms to over 7.1 GW.

We also reached an important milestone with the delivery of the first offshore platform as part of the Dutch roadmap to connect a total of more than 11 GW of capacity to the grid by 2030. Borssele Alpha has been completed in September as of this year and is the first of five projects of the first phase to connect 3.5 GW of renewable energy to land, to power approximately 5 million Dutch households by 2023.

Furthermore, we noticed increased attention from the investor community when it comes to our sustainable ambitions and performance. This includes the completion of the EUR 500 million green US private placement in January 2019 and the EUR 1.25 billion green bond issue in May of this year, which helps us finance these offshore projects and realise our sustainable ambitions.

We realise that the energy transition remains an important but at the same time a difficult topic. We continue to look for solutions to finance our projects and to consider sustainability, security of supply as well as affordability in weighing in our options.

Executive Board of TenneT Holding B.V.

Profile

TenneT is Europe's first cross-border grid operator. We design, build, maintain and operate the electricity grid in the Netherlands and large parts of Germany and facilitate the European energy market. 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.

Our task

The vast majority of our activities are regulated by the Autoriteit Consument & Markt (ACM) in the Netherlands and the Bundesnetzagentur (BNetzA) in Germany. We have three regulated tasks: (1) the transportation of electricity, (2) system services for maintaining the energy balance, and (3) market facilitation. In addition to our core tasks, we are involved in a limited number of so-called non-regulated activities. These either help to ensure that the energy market operates smoothly and efficiently, or are ancillary to our regulated activities by making better use of existing assets.

Transporting electricity

The high-voltage grid is the backbone of the electricity supply system. It is used for the transport of high-voltage electricity over long distances. We are a key player in the electricity supply chain. On the one side, this consists of producers of electricity from both conventional and fast-growing renewable energy sources and on the other side large industry and distribution system operators (DSOs). Next to that, we import and export electricity across borders to keep the grid stable and balanced at all times.

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.
Also, electricity generated at sea, for instance, is transported via subsea cables and then connected to the high voltage grid.

Market facilitation

Electricity recognises no geographical borders, and we believe North West Europe (NWE) 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 facilitate a single market that guarantees a reliable electricity supply at a fair price.

Strategy and value creation

TenneT TSO B.V. is part of the TenneT Group, which operates as TSO in the Netherlands and a large part of Germany.
In 2019, we finalised our strategic reorientation to recalibrate our strategic pillars. This has led to the following four newly defined pillars: 1) Energise our people and organisation; 2) Secure supply today and tomorrow; 3) Drive the energy transition and 4) Safeguard our financial health.

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

Our Green finance projects

Our Green project portfolio consists of 14 projects, three of which were added during 2019: DolWin6 and Hollandse Kust Zuid (HKZ), both Alpha and Beta. 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 or alternating current technology.

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. The majority of our projects are related to high voltage direct current 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 alternating current connections to bring the wind electricity to land. When completed, TenneT's investments backed by green financing will have the capacity to connect over 10.5 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

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. Next to this, our aim is to have positive environmental impacts where possible, such as improving the biodiversity at and near our assets, for example by including biodiversity measures in the design of our assets. Our most material positive impact is the connection of more and more renewable energy sources to our grid, thus avoiding carbon emissions which would have been emitted if the electricity was still generated 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 by taking next steps with respect to circularity.

Furthermore, we are a key partner for the national governments in the areas we serve when it comes to helping them achieve national and international climate goals. This relates to national climate agreements, as well as the Paris Climate Agreement,United Nations Sustainable Development Goals (SDGs) and the Science Based Targets initiative.

In our Integrated Annual Report 2019, we describe our strategy, how we create value and how this can be linked to the SDGs. 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. In the visual below we have linked this to our offshore projects and how these projects contribute to the SDGs.

14-15 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.

13 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.

5 We recognise 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.

12 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%.

9 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.

8 We consider people to be our most important asset. Over 3750 employees are working for TenneT and therefore we want to 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 the offshore converter platforms.

7 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 which allows us to learn from current best practices.

Our performance in 2019

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 2019.

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 impact indicators such as 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'.

Green portfolio performance table Eligible project category: Renewable energy	**Total**	**Note**
Total budget (EUR)	12.2 bn	A
Total amount spent as of 31 December 2019	10.2 bn	A
Transported electricity (GWh)	19,435	B
Grid losses (GWh)	757	B
Grid losses (%)	3.9%	B
Grid availability (%)	92.7%	B
Average interruption (hours)	644	B
Number of households with access to wind power [1]	6,310	C
Potential avoidance of CO_2 emissions [2]	9.2	D
Lost workday cases (LWC)	3	E
LTIF (LWC/million hours worked)	0.96	E
Kg SF_6 leaked/Kg SF_6 banked	0.02%	F

[1] Figures are presented in thousands of households
[2] Based on actual operational capacity in millions of tonnes

Developments related to the green project portfolio in 2019

In January 2019, we successfully completed the green US private placement of EUR 0.5 billion. Next to this, we successfully issued EUR 1.25 billion of green bonds in May 2019. This underpins the demand the investor community has for our green finance products and we will continue to look for new opportunities to expand this.

With respect to our projects, we are content with the progress we are making with our offshore portfolio. With the commissioning of BorWin3 and Borssele Alpha, the total offshore connections in the Green Finance Portfolio that have been commissioned has been brought up to 10.
Unfortunately, we did encounter some challenges with DolWin3. Due to an incident beginning of the year, a large number of valve modules were damaged. The duration of the repair works lasted several months and required further outages. We also regret (environmental) incidents that occurred near and on our assets. We consider every incident to be one too many. We will elaborate on this in more detail in the 'Notes to the Green portfolio performance table'.

Outlook

We continue to look for new ways to finance projects by means of green financing. As not only offshore, but also onshore projects benefit society to help make the transition to a low carbon economy. That is why we have included these as eligible projects in our updated Green Finance Framework. Furthermore, we continue to closely monitor trends such as the finalisation of the EU Sustainable Finance Taxonomy. Upon finalisation, this will provide the investor community with more guidance within the world of green financing. TenneT wants to be a leader in this field and when new guidance is available, we want to ensure that our green finance portfolio is in line with this. This has been reflected in our new Green Finance Framework that was published earlier in 2020.

Notes to the Green portfolio performance table

A. Advancement of proceeds and projects

As of 31 December 2019, the total amount budgeted by TenneT with respect to the 14 projects in the Green finance portfolio amounted to approximately EUR 12.2 billion. The total amount spent amounted to EUR 10.2 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 9.2 billion, of which approximately EUR 8.1 billion was financed through the green financing programme 2015 – 2019.
The percentage of eligible green project portfolio allocated to the net proceeds of green funding (usage) is 88.0%.

Use of proceeds for eligible green projects (in EUR bn)

Eligible green project portfolio		Allocation of Green funding	
Net funding requirement	9.2	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	1.35
		Funded by green bonds/debt in 2019	1.75
Total eligible green project portfolio	**9.2**	**Total outstanding green bonds/debt**	**8.1**

(figures as per 31 December 2019)

B. Transport and availability

Our offshore projects enable us to fulfill our role in a sustainable manner. Currently, there are ten operational projects, which transmitted 19,435 GWh of electricity in 2019. Thanks to HVDC technology we use in our German projects, grid losses are relatively low. The most significant issue we experienced in 2019, was related to DolWin3, which resulted in less energy transported than anticipated.
Both transport and availability are reported in line with regulatory operation.

C. Impact on households

We want to bring more and more renewable energy to electricity consumers. That is why we install wind farms at sea, and 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 2019 is around 6.3 million, which is about 15.2% of all German households*.

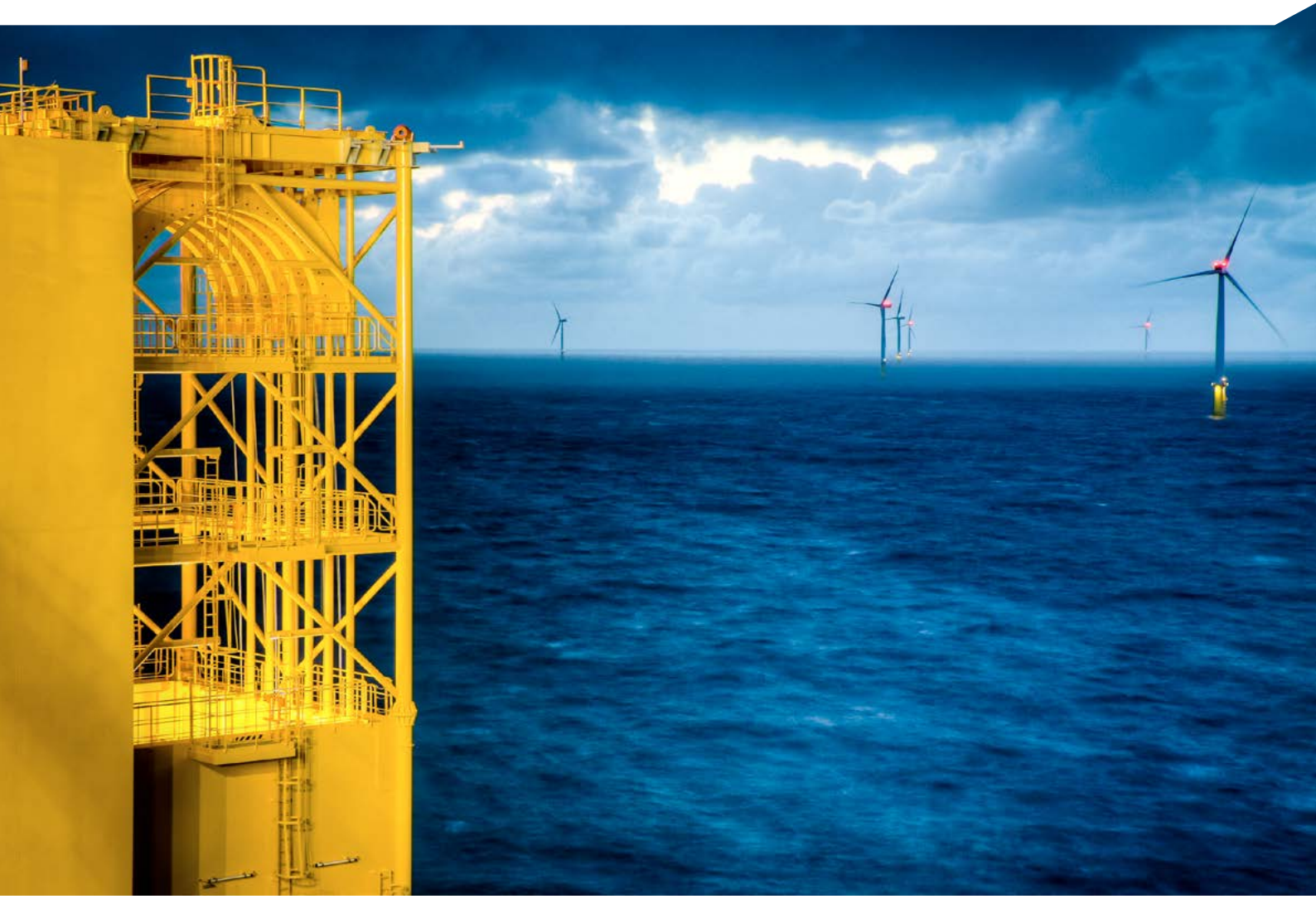
Although Borssele Alpha went into operation in 2019, currently it does not transport electricity as no offshore windfarms have been connected to this platform.

Therefore this calculation only includes the German households. This calculation is based on the average electricity consumption of a German household in 2014 and the assumption that a) full capacity of the new transmission lines is used; b) connected wind power plants reach 4,200 full-load hours per year, and; c) around 3.9% of electricity produced is lost during transmission and distribution.

D. Avoided CO_2 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 as electricity produced by wind farms emit significantly less CO_2. Our offshore projects help to avoid carbon emissions. The potential avoidance of CO_2 emissions in 2019 amounted to 9.2 million tonnes. If the full capacity of the fourteen transmission lines were used, wind parks connected to the electricity grid would avoid about 20.2 million tonnes of CO_2 emissions. In 2019, 45.6% of the maximum potential of avoided CO_2 emissions was realised. To calculate the amount of CO_2 avoided by any particular bond portfolio in 2019, please consult appendix 2 which includes instructions for calculations.

* This is based on the most recent data available from the German statistical office with respect to German households and relates to the year 2018.



E. 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. In 2019, the projects experienced less Lost Workday Cases (LWCs) than in 2018, as we reported 3 LWC, which has resulted in a safety performance of 0.96.

F. Environment

In our high-voltage equipment, we make use of Sulphur hexafluoride (SF_6), which is an excellent electrical insulator, without a reliable alternative which is as reliable as SF_6 over the long term. However SF_6 contributes significantly to greenhouse gas emissions as this gas has over 23 thousand times more impact on the environment than carbon dioxide. We aim to minimise usage and leakage of SF_6 in both relative and absolute terms, even as we expand our grid. We try to find new ways and alternatives that have less potential environmental impact and if suitable, we build assets that do not make use of SF_6 as an insulator. Since our offshore assets are still relatively new, we expect our leakage rates to be low. In 2019, our total SF_6 leakage rate was 0.02%.

Appendices

Appendix 1: Additional project information

	DolWin1	DolWin2	DolWin3	BorWin3	SylWin1
Offshore platform	DolWin alpha	DolWin beta	DolWin gamma	BorWin gamma	SylWin alpha
Onshore station/ Feed-in-point	Dörpen West, Germany	Dörpen West, Germany	Dörpen West, Germany	Emden Ost, Germany	Büttel, Germany
Transmission power	800 MW	916 MW	900 MW	900 MW	864 MW
Cable lenght 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	May 2015	May 2015	May 2015	May 2016	September 2016

	BorWin2	BorWin1	HelWin1	HelWin2	Borssele Alpha
Offshore platform	BorWin beta	BorWin alpha	HelWin alpha	HelWin beta	Borssele alpha
Onshore station/ Feed-in-point	Diele, Germany	Diele, Germany	Büttel, Germany	Büttel, Germany	Borssele, Netherlands
Transmission power	800 MW	400 MW	576 MW	690 MW	700 MW
Cable lenght 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	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	DolWin Kappa	HKZ Alpha	HKZ Beta
Offshore platform	Borssele beta	DolWin Kappa	HKZ Alpha	HKZ Beta
Onshore station/ Feed-in-point	Borssele, Netherlands	Emden/Ost	Maasvlakte2	Maasvlakte2
Transmission power	700 MW	900 MW	700 MW	700 MW
Cable lenght Total (submarine: onshore)	66 km (65 km: 1 km)	89 km	42 km	34 km
Start of construction	2017	2019	2019	2020
Start of operation	2020	2023	2021	2022
Added to Green Project Portfolio	March 2018	March 2019	March 2019	March 2019

Appendix 2: Potential avoided CO_2 emissions per bond issue

Avoided CO_2 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_2 emissions based on the carbon emission 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 of 2018 (474 g/KWh) 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 bond portfolio at that time are taken into account. Adding up the avoided carbon emissions of each project gives the total avoided CO_2 emissions per issue.

The avoided CO_2 emissions per bond issue were calculated for 2019. Depending on the size of the investment, the CO_2 emissions per investment can be calculated by:

$$\textit{Avoided } CO_2 \textit{ emissions related to investment } x = \frac{\textit{investment size (million)}}{\textit{size issue } y} \times \textit{avoided } CO_2 \textit{ emissions issue } y$$

Date of issue	Type of financing	Size (million EUR)	Avoided CO_2 emissions (tonnes x 1000) in 2019
June 2015	Green Bond	500	490
June 2015	Green Bond	500	490
May 2016	Green Schuldschein	77	80
May 2016	Green Schuldschein	100	100
May 2016	Green Schuldschein	55	50
May 2016	Green Schuldschein	50	50
May 2016	Green Schuldschein	138	140
May 2016	Green Schuldschein	80	80
June 2016	Green Bond	500	410
June 2016	Green Bond	500	410
October 2016	Green Bond	500	530
April 2017 / August 2018	Green Hybrid	1,100	1,200
June 2017	Green Bond	500	600
June 2017	Green Bond	500	600
June 2018	Green Bond	750	660
June 2018	Green Bond	500	440
January 2019	Green US Private Placement	500	450
May 2019	Green bond	500	480
May 2019	Green bond	750	490
Total		**8,100**	**7,750**

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 accompanying Green Finance Report for the year 2019 of TenneT Holding B.V. at Arnhem (hereinafter: TenneT).

Based on our procedures performed and the 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.

The sustainability information comprises a description of the sustainable performance (if operational) of the DolWin1, DolWin2, DolWin3, DolWin6, BorWin1, BorWin2, BorWin3, SylWin1, HelWin1, HelWin2, Borssele Alpha, Borssele Beta, HKZ Alpha and HKZ Beta projects for the year ended 31 December 2019.

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 2019 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.

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

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 2019 reporting guidance" on 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 reliable and adequate 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 the assurance engagement performed by a multi-disciplinary team, 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, 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 assurance engagement
- 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
- Determining the nature and extent of the assurance procedures for TenneT Netherlands & Germany, including 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 in the information 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

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the assurance engagement and significant findings that we identify during our assurance engagement.

Rotterdam, 9 March 2020

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, green USPP 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 14 projects: DolWin1, DolWin2, Dolwin3, BorWin1, BorWin2, BorWin3, SylWin1, HelWin1, HelWin2, Borssele alpha, Borssele beta, DolWin6, Hollandse Kust Zuid Alpha and Beta. The latter three projects were included in 2019.

We have disclosed qualitative information and quantitative data of these projects related to the reporting year starting on 1 January 2019 and ending on 31 December 2019. This 2019 Green Finance report was published on 12 March 2020 and the 2018 Green Finance report was published on 21 February 2019.

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 2019’ related to our Integrated Annual Report 2019 and Green Finance Report 2019, 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;
please send an email to treasury@tennet.eu

Disclaimer

Definitions of the KPIs reported are published on our website
www.tennet.eu/company/our-responsibility/download-reports/