

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Financing Framework

TenneT Holding B.V.
29 March 2022

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">• Green Financing Instruments
Relevant standards	<ul style="list-style-type: none">• International Capital Market Association (ICMA) Green Bond Principles (GBP), updated as of June 2021• Loan Market Association (LMA) Green Loan Principles (GLP) updated as of February 2021
Scope of verification	<ul style="list-style-type: none">• TenneT's Green Financing Framework (March 2022 version)
Lifecycle	<ul style="list-style-type: none">• Pre-issuance verification
Validity	<ul style="list-style-type: none">• As long as TenneT's Green Financing Framework does not change significantly.

CONTENTS

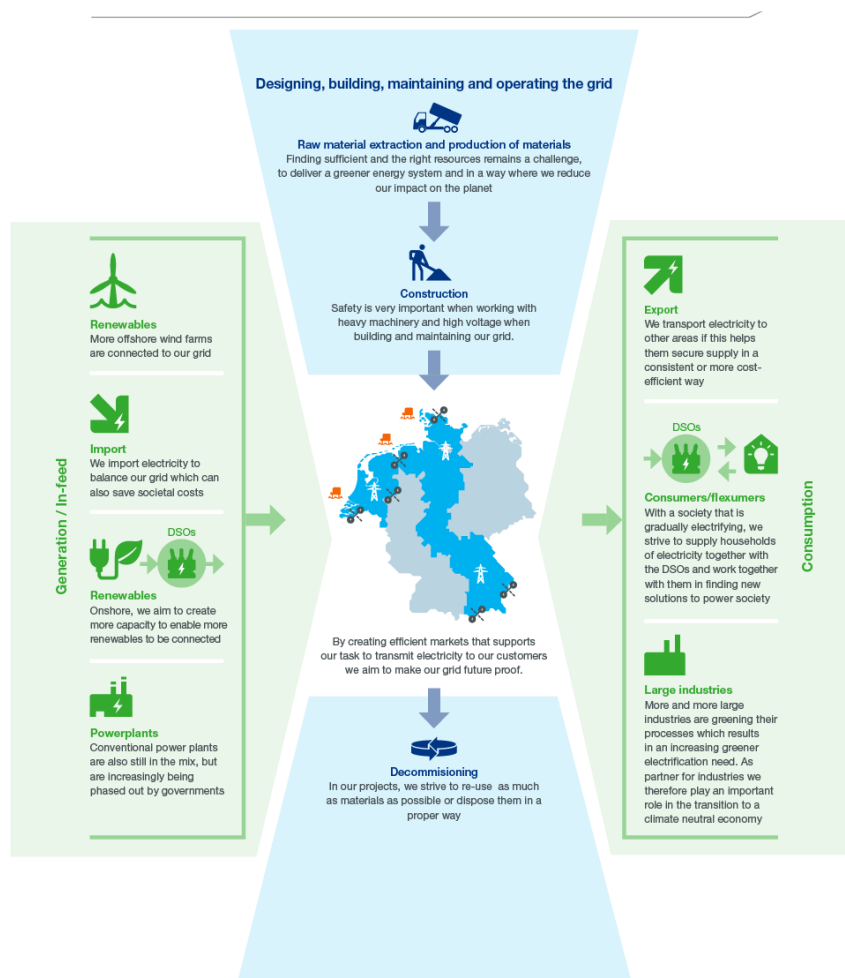
Scope of work	3
TenneT BUSINESS OVERVIEW	3
ISS ESG ASSESSMENT SUMMARY.....	4
ISS ESG SPO ASSESSMENT	5
PART I: GREEN FINANCING INSTRUMENTS LINK TO TENNET’S SUSTAINABILITY STRATEGY	5
A. ASSESSMENT OF TENNET’S ESG PERFORMANCE.....	5
B. CONSISTENCY OF GREEN FINANCING INSTRUMENTS WITH TENNET’S SUSTAINABILITY STRATEGY.....	7
PART II: ALIGNMENT WITH GREEN BOND PRINCIPLES AND GREEN LOAN PRINCIPLES	9
ANNEX 1: ISS ESG Corporate Rating Methodology	18
ANNEX 2: Quality management processes	20
About ISS ESG SPO	21

Scope of work

TenneT Holding B.V. (“the Issuer”, or “TenneT”) commissioned ISS ESG to assess the alignment of its Green Financing Framework with the International Capital Market Association’s (ICMA) Green Bond Principles (GBPs) and Loan Market Association’s (LMA) Green Loan Principles (GLPs), and to assess the link between the Green Financing Instruments and TenneT’s sustainability strategy – drawing on TenneT’s overall sustainability profile and issuance-specific Use of Proceeds categories.

TenneT BUSINESS OVERVIEW

TenneT is engaged in the operation of electricity transmission systems in Germany and the Netherlands. As a transmission network operator, the company has an important role in the transition to a more sustainable energy system by providing the infrastructure for connecting renewable energies to the network and for transporting electricity based on renewable sources over long distances.



ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ¹
Part 1: Green Financing Instruments link to issuer's sustainability strategy	<p>According to the ISS ESG Corporate Rating updated on 15.02.2022, the issuer shows a high sustainability performance against the industry peer group on key ESG issues faced by the Gas and Electricity Network Operators industry. The issuer is rated 5th out of 58 companies within its industry.</p> <p>The Use of Proceeds financed through this Green Financing Instruments are consistent with the issuer's sustainability strategy and material ESG topics for the issuer's industry. The rationale for issuing green bonds is clearly described by the issuer.</p>	Consistent
Part 2: Alignment with GBP and GLP	<p>The issuer has defined formal parameters for its Green Financing Instruments regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA's Green Bond Principles (June 2021) and LMA's Green Loan Principles (February 2021).</p>	Aligned
Part 3: Sustainability quality of the Asset Pool	<p>Not applicable for this mandate.</p> <p>Since 2015, ISS ESG verified and re-verified Green Financing Instruments issued by TenneT. All previous SPOs conducted by ISS ESG for TenneT's Green Financing Instruments are available on the ICS website².</p>	Not applicable

¹ ISS ESG's evaluation is based on the TenneT's Green Financing Framework (March 2022 version), on the analysed asset pool as received on the March 2022, and on the ISS ESG Corporate Rating applicable at the SPO delivery date (updated on the 15.02.2022).

² <https://www.isscorporatesolutions.com/solutions/esg-solutions/second-party-opinion/>

ISS ESG SPO ASSESSMENT

PART I: GREEN FINANCING INSTRUMENTS LINK TO TENNET'S SUSTAINABILITY STRATEGY

A. ASSESSMENT OF TENNET'S ESG PERFORMANCE

The ISS ESG Corporate Rating provides material and forward-looking environmental, social and governance (ESG) data and performance assessments.

COMPANY	SECTOR	DECILE RANK	TRANSPARENCY LEVEL
TENNET	Gas and Electricity Network Operators	1	VERY HIGH

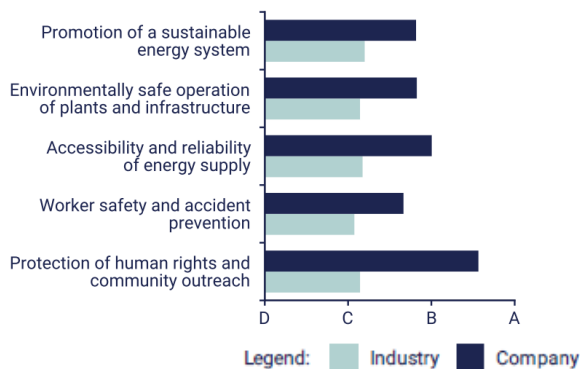
This means that the company currently shows a high sustainability performance against peers on key ESG issues faced by the Gas and Electricity Network Operators industry and obtains a Decile Rank relative to industry group of 1, given that a decile rank of 1 indicates highest relative ESG performance out of 10.

ESG performance

As of 28.02.2022, this Rating places TenneT 5th out of 58 companies rated by ISS ESG in the Gas and Electricity Network Operators sector.

Key challenges faced by companies in terms of sustainability management in this sector are displayed in the chart on the right, as well as the issuer's performance against those key challenges in comparison to the average industry peers' performance.

Key Issue Performance



Sustainability Opportunities

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

Sustainability Risks

For an electricity network operator, the main social issues include ensuring reliable electricity transmission and system stability and protecting the health and safety of employees and contractors. TenneT has taken appropriate measures to ensure network reliability, applying a control system, a risk management system and implementing audits. The average interruption time for the network was at a comparatively low value in 2021. TenneT has also established group-wide health and safety management systems, and while the accident rate is at a common industry level, it has increased in recent years, and some fatal accidents occurred among contractors, which may point to some deficiencies. On the environmental side, key issues include the reduction of greenhouse gas emissions (SF6 leakages and indirect emissions through transmission losses), and the possible biodiversity impacts of its transmission network. With regard to its climate strategy, the company has set science-based targets in line with the emission reductions required to limit the global temperature increase to 1.5°C compared to pre-industrial levels. TenneT takes various measures to reduce the negative environmental impacts of the transmission system, for example with regard to the protection of birds.

Governance opinion

TenneT's governance structure is designed to facilitate an effective supervision of the executive management team, with the chair of the Supervisory Board, Mr. Ab van der Touw, as well as all the other Supervisory Board members, being independent. In addition, the company has established completely independent audit, nomination and remuneration committees. (all governance data as at December 31, 2021). The company discloses its remuneration policy for executives, including long-term components, which could incentivize sustainable value creation.

An independent sustainability committee is not in place. However, sustainability performance objectives are, to some extent, integrated into the variable remuneration of the members of the executive management team. TenneT has established a code of ethics covering issues such as corruption, conflicts of interest, insider dealings and gifts and entertainment in varying degrees of detail. The code of ethics is available in local languages and distributed to all employees, and the company conducts risk assessments and compliance trainings. An anonymous and confidential hotline is available for employees and external stakeholders, and whistleblower protection is ensured.

Sustainability impact of products and services portfolio

Using a proprietary methodology, ISS ESG assessed the contribution of TenneT's current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs). This analysis is limited to the evaluation of final product characteristics and does not include practices along TenneT's production process.

As TenneT's only business is to construct and operate grids in Germany and Netherlands in which electricity is flowing generated from various sources including fossil fuels (natural gas, coal, lignite, oil), renewable sources (wind, solar, biomass, geothermal) and nuclear energy. As the contribution to and obstruction from the energy transmitted varies depending on its sources, ISS ESG concluding that TenneT's overall business has no impact on sustainability objectives. In section III of this report, ISS ESG has assessed the Use of Proceeds categories to be financed under the Green Financing

Breaches of international norms and ESG controversies

As of 1st March 2022, the company is not facing any severe controversy according to ISS ESG.

B. CONSISTENCY OF GREEN FINANCING INSTRUMENTS WITH TENNET'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the issuer

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

TenneT defined its ambitions and targets in a Corporate Social Responsibility ambition plan for 2025, which strives to enhance the energy transition in a sustainable manner, with the willingness to lead the way as green grid operator.

TenneT has identified seven key areas where it can have an impact. For most sustainability priorities defined, the issuer also set quantified targets to be achieved towards 2025³.

TOPIC	AMBITION AREA	DESCRIPTION
People	Society	Addressing stakeholders' concerns by committing to values such as being responsible, engaged and connected
	Diversity	Diversity is a key contribution to the company's success as high-performance organization
	Safety	Top priority in every activity undertaken by the company
Planet	Circular	Minimizing use of scarce materials, reusing materials and reducing waste across operations
	Climate	Recognize responsibility towards climate impact of operations and strive to reduce its impact by achieving climate neutrality by 2025.
	Nature	Recognize responsibility towards natural capital impact of operations and strive to reduce its impact while improving local ecosystems
Profit	Profitability	Profitability and return on capital are important to remain attractive for capital providers in order to finance the company's business and anticipated growth

Rationale for issuance

The issuer recognizes its role in avoiding CO₂ emissions to reach its Science-Based Target for committed near-term in helping keep the global average temperature to 1.5°C and Net-zero in long term. TenneT states being an important player in realizing decarbonization of the electricity sector and in making sure that electricity is delivered to society at all times.

³ TenneT is reporting on an annual basis of its performance against its Corporate Social Responsibility in its [annual report](#).

According to the issuer, green financing aligns with this important role, as the company’s work contributes towards national and international climate goals, in particular its home markets in the Netherlands and Germany.

Since 2015 TenneT issued green financing instruments and its Green Financing Framework includes TenneT onshore and offshore activities. The company explains in its Green Financing Framework that this is logical considering that these activities are required to bring the energy transition to the next level.

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

Contribution of Use of Proceeds categories to sustainability objectives and priorities

ISS ESG mapped the Use of Proceeds categories financed under this Green Financing Instruments with the sustainability objectives defined by the issuer, and with the key ESG industry challenges as defined in the ISS ESG Corporate Rating methodology for the Gas and Electricity Network Operators industry. Key ESG industry challenges are key issues that are highly relevant for a respective industry to tackle when it comes to sustainability, e.g. climate change and energy efficiency in the buildings sector. From this mapping, ISS ESG derived a level of contribution to the strategy of each Use of Proceeds categories.

USE OF PROCEEDS CATEGORY	SUSTAINABILITY OBJECTIVES FOR THE ISSUER	KEY ESG INDUSTRY CHALLENGES	CONTRIBUTION
Transmission infrastructure or equipment in an electricity system that transports at least 50% of renewable electricity	✓	✓	Contribution to a material objective
Construction/installation and operation of equipment and infrastructure where the main objective is an increase of the transmission of renewable electricity generation.	✓	✓	Contribution to a material objective
Construction and operation of interconnectors between transmission systems	✓	✓	Contribution to a material objective

Opinion: ISS ESG finds that the Use of Proceeds categories are consistent with the issuer’s sustainability strategy and material ESG topics for the issuer’s industry. The rationale for issuing Green Financing Instruments is clearly described by the issuer.

PART II: ALIGNMENT WITH GREEN BOND PRINCIPLES AND GREEN LOAN PRINCIPLES

1. Use of Proceeds

FROM ISSUER'S FRAMEWORK

The net proceeds of Green Financing Instruments will be exclusively used to finance and/or refinance eligible projects ("Eligible Green Projects"), in the eligible categories, together forming the "Green Project Portfolio". In this updated Green Financing Framework, TenneT aligns the definition of the Eligible Green Projects with the current definitions of the EU Taxonomy (technical screening) criteria.

Since TenneT wants to ensure that expenditures related to the grid are fairly contributing to decarbonization of the energy world, the "Electricity Network" expenditures will only be considered as an Eligible Green Activity when the grid is transporting more than 50% of renewable electricity⁴ within the country of operations (in 2020 26% of the electricity in the Netherlands was generated by renewable sources, 44% of the electricity in Germany was generated by renewable sources).

Individual projects based on the green activities "Connection services" or "Interconnectors" within the Green Project Portfolio will use CAPEX⁵ as finance classification. The table below shows this by providing a summary of the eligibility criteria for the Green Project Portfolio as well as its contribution to the UN SDGs and alignment with the EU Environmental Objectives.

GREEN ACTIVITIES (EU TSC 4.9 – TRANSMISSION AND DISTRIBUTION OF ELECTRICITY)	ELIGIBLE GREEN ASSETS AND CAPITAL EXPENDITURES AND RELATED ELIGIBILITY CRITERIA	REFERENCE FINANCIAL LINE	ICMA/LMA GBP
Electricity network (Operation of the grid)	Transmission infrastructure or equipment in an electricity system in a country that transports at least 50% of renewable electricity (in 2020 26% of the electricity in NL was generated by renewable sources, 44% of the electricity in Germany was generated by renewable sources) and complies with at least one of the following criteria: a) the system is the interconnected European system, i.e. the interconnected control areas of	Asset Value	Renewable Energy

⁴ In accordance with the Guarantees of Origin that show proof of green electricity production (which is based on an EU Directive), TenneT defines "renewable electricity" as electricity from renewable non-fossil sources, namely wind, water, sun, biomass, solar thermal and geothermal.

⁵ TenneT will use a three calendar year capex look-back period for new issuances in 2022 and thereafter.

	<p>Member States, Norway, Switzerland and the United Kingdom, and its subordinated systems;</p> <p>b) more than 67% of newly enabled generation capacity in the system is below the generation threshold value of 100 gCO₂e/kWh measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period;</p> <p>c) the average system grid emissions factor, calculated as the total annual emissions from power generation connected to the system, divided by the total annual net electricity production in that system, is below the threshold value of 100 gCO₂e/kWh measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period.</p> <p>Infrastructure dedicated to creating a direct connection or expanding an existing direct connection between a substation or network and a power production plant that is more greenhouse gas intensive than 100 gCO₂e/kWh measured on a life cycle basis is not compliant</p>		
<p>Connection services (Investment program to make the grid ready for the zero CO₂ economy)</p>	<p>Construction/installation and operation of equipment and infrastructure where the main objective is an increase of the transmission of renewable electricity generation.</p>	Capex	Renewable Energy
<p>Interconnectors (Interconnection with the European grid to secure supply and serve the electricity market)</p>	<p>Construction and operation of interconnectors between transmission systems, provided that one of the systems is compliant under the EU Taxonomy</p>	Capex	Renewable Energy

The projects financed through this Green Financing Framework can be viewed on TenneT's website. TenneT include several different investments in the Netherlands and Germany, such as:

Electricity network ('Operation of the grid')

- Construction and maintenance of all its (existing) assets offshore & onshore, like offshore platforms, cables, onshore stations, lines and pylons that are part of its transmission system.

Connection services (TenneT's investment program to make its grid ready for the zero CO2economy)

- Offshore platforms, offshore and onshore cables and land stations
- Onshore cables, lines, pylons and substations.

Interconnectors (TenneT's interconnection with the European grid to secure supply and serve the electricity market)

- Onshore and offshore cables
- Onshore lines and pylons
- Onshore (HVDC) land stations.

Opinion: ISS ESG considers the Use of Proceeds description provided by TenneT's Green Financing Framework as aligned with the Green Bond Principles and Green Loan Principles. Investments in or expenditures related to activities that the issuer carries out are reflected in the Use of Proceeds categories of TenneT's Framework. The issuer provides a qualitative analysis of the environmental contribution of the project category, in line with best market practice.

2. Process for Project Evaluation and Selection

FROM ISSUER'S FRAMEWORK

The quantitative contribution of the project categories is described in section 'impact indicators'.

Evaluation of the Green Projects against Eligibility criteria

- The assessment will be internally verified and approved by the Director Business Guidance and Associate Director Strategy & Partnerships.
- The Director Business Guidance is responsible for the financing of TenneT Holding B.V. and reports directly to the CFO. The Associate Director Strategy & Partnerships is responsible for the execution of the CSR ambition and reports to the CEO.
- The Head of Strategy and the Head of Treasury submit the selection of a new project, supported by information from the operations, offshore and onshore projects departments. The decision to add a project is based on the Green Financing Framework. The verification process could be adjusted due

to organizational changes within TenneT. However, TenneT is committed to continue with including senior management in their internal verification process.

Identified sustainability risks and benefits of the Green Project categories. It goes without saying that in any activity that TenneT pursue its work according to social and environmental laws. In addition TenneT states that its committed to the UN Global Compact Principles since 2015. The human rights principles (Principles 1 and 2) of the UN Global Compact are derived from the Universal Declaration of Human Rights. Principles 3, 4, 5 and 6 are championed by the International Labour Organization (ILO).

As per the minimum social safeguards of the EU Taxonomy, activities will also be undertaken with alignment to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the ILO on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

Furthermore, TenneT will take into account all possible sustainable impacts (risks & opportunities) linked to the project categories. In the issuer’s mitigation actions with respect to the identified risks, TenneT aims to incorporate the “Do No Significant Harm” principle to avoid carrying out activities that make a significant harm to any of the six environmental objectives set out in the EU Environmental Objectives.

People impact

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

Sustainability criteria and indicators for use of proceeds

TenneT has impact on the following SDGs and integrate the described indicators as part of its project evaluation and selection process to help TenneT to identify suitable projects

Planet impact

IMPACT AREA	DESCRIPTION
Circular	Use copper, steel, aluminum and many more materials to expand its grid. This has impact on raw material use and generates a waste stream that has significant impact from a circularity perspective.
Climate	Climate impact of operations is the issuer responsibility and its strive to reduce the impact focusing on grid losses, energy use, SF6 losses and mobility.
Nature	TenneT commitment to nature is to take its responsibility to avoid, minimise the impact and protect and improve local nature. While planning, constructing and operating its assets is has unavoidable impact, but also has the unique opportunity to make a positive contribution.

In addition, risks can be associated with project-related controversies, which will be transparently reported. In order to make sure that the related people and planet impact linked to potential projects are identified and the opportunities clearly fostered, a list of sustainability criteria has been established for the project categories.

ASPECT	INDICATORS
Society Community dialogue	I. Community dialogue is conducted as an integrated part of the planning process and during operation
Safety Working conditions during construction and maintenance work	I. The company itself as well as its contractors apply high labour and safety standards during construction and maintenance work. II. Number of fatal accidents and annual accident rate related to construction and maintenance work (own employees and contractors).
Supply chain Social standards in the supply chain	I. Suppliers comply with high standards regarding labour rights and working conditions.
Circular Decommissioning and recycling of cables, lines, onshore and offshore stations	I. Robust decommissioning process and rehabilitation of construction sites is conducted. II. Environmental impacts at end-of-life (after at least 20 years of operation) will be minimized
Climate Operational climate impact	I. Reducing energy use is taken into account in the design phase. II. High standards regarding reducing SF6-leakage are applied.
Nature aspects in planning, construction and operation of cables, lines, onshore and offshore stations	I. High environmental standards and requirements (environmental impact assessment, biodiversity assessment, research on impacts on maritime fauna).

	<p>II. In biodiversity hotspots for which alternative route planning has been considered and/ or route planning has been optimized in consultation with experts.</p> <p>III. High environmental standards during construction works (noise mitigation, avoidance of pile driving, minimization of discharges to ocean).</p> <p>IV. Number of environmental incidents related to construction and maintenance work.</p>
--	--

Opinion: ISS ESG considers the Process for Project Evaluation and Selection description provided by TenneT’s Green Financing Framework as aligned with the Green Bond Principles and Green Loan principles. The issuer involves various relevant stakeholders in this process, clearly defines responsibilities in the process for project evaluation and selection and is transparent about it and identified a number of other social and environmental risks from the project, in line with best market practice.

3. Management of Proceeds

FROM ISSUER’S FRAMEWORK

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

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

To be transparent on the financing/refinancing ratio of the portfolio, the yearly capex spend of the total portfolio will be reported, TenneT will use a third-party to verify the internal tracking and the allocation of proceeds to Eligible Green Projects .

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

Opinion: ISS ESG finds that Management of Proceeds proposed by TenneT’s Green Financing Framework is well aligned with the Green Bond Principles and Green Loan Principles.

4. Reporting

FROM ISSUER'S FRAMEWORK

TenneT committed to an annual reporting towards its Green investors, published together with its annual report. The report can be found online⁶. This reporting will comprise the following information:

1. The allocation of proceeds to the projects included in the project portfolio, including the type, sector, environmental objective for the project according to the EU taxonomy, the technical screening criteria applied, and the amount and the percentage of proceeds allocated to projects financed after bond issuance and projects financed before bond issuance
2. Yearly capex spend of the total portfolio
3. The advancement of the projects in the building phase
4. Environmental impact indicators
 - a. Expected total number of households that would be able to switch to 100% renewable energy (based on the yearly average electricity consumption of one German/Dutch household and the actual transported amount of renewable electricity).
 - b. Expected potential avoidance of CO₂-emissions per year (based on actual transported amount of renewable electricity, compared to the average carbon impact of the grid in Germany/the Netherlands).
5. Operational environmental and social indicators
 - a. Society;
 - i. Average interruption time
 - ii. Number of stakeholder dialogues
 - b. Safety
 - i. Project related safety performance
 - c. Supply chain;
 - i. Commitment with supplier code of conduct
 - d. Circularity;
 - i. Project related waste figures (for projects where waste data is administered)
 - e. Climate;
 - i. Grid losses (for offshore connections)
 - ii. Energy consumption
 - iii. SF₆ losses
 - f. Nature
 - i. Oil leakages and environmental incidents
 - ii. Positive nature measures (qualitative)
6. Significant controversies

TenneT aligns, on a best effort basis, the reporting with the portfolio approach described in "The Green Bonds Principles - Harmonized Framework for Impact Reporting (April 2020)". This reporting will be carried out once a year until the redemption of the allocated financing.

Opinion: ISS ESG finds that the reporting proposed by TenneT's Green Financing Framework is aligned with the Green Bond Principles and Green Loan Principles. The issuer commits to annually report, until redemption, on allocation and impact in a clear, detailed and transparent manner.

⁶ <https://www.tennet.eu/?L=0#&panel1-1>

Furthermore, the issuer is transparent on the level of impact reporting and the information that will be reported in the impact report. Besides that, the issuer is committed on a best efforts basis to report with the portfolio approach described in “The Green Bonds Principles - Harmonized Framework for Impact Reporting (April 2020) and defined the reporting frequency, the frequency of the impact report as well as discloses the location and link of the report, in line with best market practices.

External review

FROM ISSUER'S FRAMEWORK

TenneT has appointed ISS-ESG to provide a Second Party Opinion on its Green Financing Framework. ISS-ESG has been providing such opinions for TenneT since the first iteration of its Green Bond Framework, published in 2015.

DISCLAIMER

1. Validity of the SPO: As long as TeneT's Green Financing Framework does not change significantly.
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
3. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of ISS ESG in connection with the use of these SPO, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.
4. All statements of opinion and value judgements given by us do not in any way constitute purchase or investment recommendations. In particular, the SPO is no assessment of the economic profitability and credit worthiness of a bond but refers exclusively to the social and environmental criteria mentioned above.
5. We would point out that this SPO, in particular the images, text and graphics contained therein, and the layout and company logo of ISS ESG and ISS-ESG are protected under copyright and trademark law. Any use thereof shall require the express prior written consent of ISS. Use shall be deemed to refer in particular to the copying or duplication of the SPO wholly or in part, the distribution of the SPO, either free of charge or against payment, or the exploitation of this SPO in any other conceivable manner.

The issuer that is the subject of this report may have purchased self-assessment tools and publications from ISS Corporate Solutions, Inc. ("ICS"), a wholly-owned subsidiary of ISS, or ICS may have provided advisory or analytical services to the issuer. No employee of ICS played a role in the preparation of this report. If you are an ISS institutional client, you may inquire about any issuer's use of products and services from ICS by emailing disclosure@issgovernance.com.

This report has not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body. While ISS exercised due care in compiling this report, it makes no warranty, express or implied, regarding the accuracy, completeness or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment or other purposes. In particular, the research and scores provided are not intended to constitute an offer, solicitation or advice to buy or sell securities nor are they intended to solicit votes or proxies.

Deutsche Börse AG ("DB") owns an approximate 80% stake in ISS HoldCo Inc., the holding company which wholly owns ISS. The remainder of ISS HoldCo Inc. is held by a combination of Genstar Capital ("Genstar") and ISS management. ISS has formally adopted policies on non-interference and potential conflicts of interest related to DB, Genstar, and the board of directors of ISS HoldCo Inc. These policies are intended to establish appropriate standards and procedures to protect the integrity and independence of the research, recommendations, ratings and other analytical offerings produced by ISS and to safeguard the reputations of ISS and its owners. Further information regarding these policies are available at <https://www.issgovernance.com/compliance/due-diligence-materials>. © 2022 | Institutional Shareholder Services and/or its affiliates

ANNEX 1: ISS ESG Corporate Rating Methodology

Methodology - Overview

The ESG Corporate Rating methodology was originally developed by Institutional Shareholder Services Germany (formerly oekom research) and has been consistently updated for more than 25 years.

ESG Corporate Rating - The ESG Corporate Rating universe, which is currently expanding from more than 8,000 corporate issuers to a targeted 10,000 issuers in 2020, covers important national and international indices as well as additional companies from sectors with direct links to sustainability and the most important bond issuers that are not publicly listed companies.

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance indicators per sector, selected from a pool of 800+ proprietary indicators. All indicators are evaluated independently based on clearly defined performance expectations and the results are aggregated, taking into account each indicator's and each topic's materiality-oriented weight, to yield an overall score (rating). If no relevant or up-to-date company information with regard to a certain indicator is available, and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the indicator is assessed with a D-.

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

Analyst Opinion - Qualitative summary and explanation of the central rating results in three dimensions:

- (1) Opportunities - assessment of the quality and the current and future share of sales of a company's products and services, which positively or negatively contribute to the management of principal sustainability challenges.
- (2) Risks - summary assessment of how proactively and successfully the company addresses specific sustainability challenges found in its business activity and value chain, thus reducing its individual risks, in particular regarding its sector's key issues.
- (3) Governance - overview of the company's governance structures and measures as well as of the quality and efficacy of policies regarding its ethical business conduct.

Norm-Based Research - Severity Indicator - The assessment of companies' sustainability performance in the ESG Corporate Rating is informed by a systematic and comprehensive evaluation of companies' ability to prevent and mitigate ESG controversies. ISS ESG conducts research and analysis on corporate involvement in verified or alleged failures to respect recognized standards for responsible business conduct through Norm-Based Research.

Norm-Based Research is based on authoritative standards for responsible business conduct such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights and the Sustainable Development Goals.

As a stress-test of corporate disclosure, Norm-Based Research assesses the following:

- Companies' ability to address grievances and remediate negative impacts
- Degree of verification of allegations and claims
- Severity of impact on people and the environment, and systematic or systemic nature of malpractices

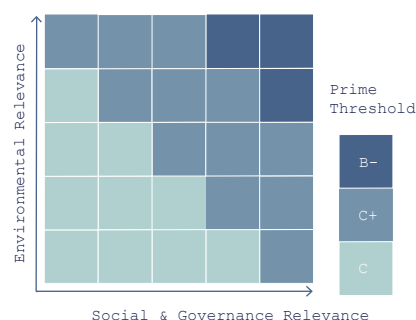
Severity of impact is categorized as Potential, Moderate, Severe, Very severe. This informs the ESG Corporate Rating.

Decile Rank - The Decile Rank indicates in which decile (tenth part of total) the individual Corporate Rating ranks within its industry from 1 (best – company's rating is in the first decile within its industry) to 10 (lowest – company's rating is in the tenth decile within its industry). The Decile Rank is determined based on the underlying numerical score of the rating. If the total number of companies within an industry cannot be evenly divided by ten, the surplus company ratings are distributed from the top (1 decile) to the bottom. If there are Corporate Ratings with identical absolute scores that span a division in decile ranks, all ratings with an equal decile score are classified in the higher decile, resulting in a smaller number of Corporate Ratings in the decile below.

Distribution of Ratings - Overview of the distribution of the ratings of all companies from the respective industry that are included in the ESG Corporate Rating universe (company portrayed in this report: dark blue).

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

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



Industry Leaders - List (in alphabetical order) of the top three companies in an industry from the ESG Corporate Rating universe at the time of generation of this report.

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

Performance Score - The ESG Performance Score allows for cross-industry comparisons using a standardized best-in-class threshold that is valid across all industries. It is the numerical representation of the alphabetic ratings (D- to A+) on a scale of 0 to 100 with 50 representing the prime threshold. All companies with values greater than 50 are Prime, while companies with values less than 50 are Not Prime. As a result, intervals are of varying size depending on the original industry-specific prime thresholds.

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

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

A+: the company shows excellent performance.

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

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

Sources of Information - A selection of sources used for this report is illustrated in the annex.

Status & Prime Threshold - Companies are categorized as Prime if they achieve/exceed the sustainability performance requirements (Prime threshold) defined by ISS ESG for a specific industry (absolute best-in-class approach) in the ESG Corporate Rating. Prime companies are sustainability leaders in their industry and are better positioned to cope with material ESG challenges and risks, as well as to seize opportunities, than their Not Prime peers. The financial materiality of the Prime Status has been confirmed by performance studies, showing a continuous outperformance of the Prime portfolio when compared to conventional indices over more than 14 years.

Transparency Level - The Transparency Level indicates the company's materiality-adjusted disclosure level regarding the environmental and social performance indicators defined in the ESG Corporate Rating. It takes into consideration whether the company has disclosed relevant information regarding a specific indicator, either in its public ESG disclosures or as part of the rating feedback process, as well as the indicator's materiality reflected in its absolute weight in the rating. The calculated percentage is classified in five transparency levels following the scale below.

0% - < 20%: very low

20% - < 40%: low

40% - < 60%: medium

60% - < 80%: high

80% - 100%: very high

For example, if a company discloses information for indicators with a cumulated absolute weight in the rating of 23 percent, then its Transparency Level is "low". A company's failure to disclose, or lack of transparency, will impact a company's ESG performance rating negatively.

ANNEX 2: Quality management processes

SCOPE

TenneT commissioned ISS ESG to compile a Green Financing Instruments SPO. The Second Party Opinion process includes verifying whether the Green Financing Framework aligns with the ICMA GBP and LMA GLP and to assess the sustainability credentials of its Green Financing Instruments, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA Green Bond Principles (June 2021)
- LMA Green Loan Principles (February 2021)

ISSUER'S RESPONSIBILITY

TenneT's responsibility was to provide information and documentation on:

- Framework

ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS ESG has conducted this independent Second Party Opinion of the Green Financing Instruments to be issued by TenneT based on ISS ESG methodology and in line with the ICMA GBP and LMA GLP.

The engagement with TenneT took place from February to March 2022

ISS ESG'S BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About ISS ESG SPO

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

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

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

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

For information about SPO services, please contact: SPOsales@isscorporatesolutions.com

For Information about this Green Financing Instruments SPO, contact: SPOOperations@iss-esg.com

Project team

Project lead

Adams Wong
AVP
SPO Operations

Project support

Fabio Silva
Consultant
ESG Consultant

Project supervision

Viola Lutz
Executive Director
Head of ISS ESG Climate Services