

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Financing Asset Pool

TenneT Holding B.V.
25 April 2023

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">Green Financing Instruments
Relevant standards	<ul style="list-style-type: none">Green Bond Principles, as administered by the ICMA (as of June 2021)Green Loan Principles, as administered by the LMA (as of February 2021)EU Taxonomy Climate Delegated Act (as of June 2021)
Scope of verification	<ul style="list-style-type: none">TenneT's Green Financing Framework (as of March 2022)TenneT's Asset Pool (as of February 16, 2023)
Lifecycle	<ul style="list-style-type: none">Post-issuance verification
Validity	<ul style="list-style-type: none">As long as there is no material change to the framework and to the asset pool

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SCOPE OF WORK

TenneT Holding B.V. (“the Issuer”, or “TenneT”) commissioned ISS Corporate Solutions (ICS) to assist with its Green Financing Instruments by assessing four core elements to determine the sustainability quality of the instrument:

1. TenneT’s Green Financing Framework (as of March 2022) – benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBP) and Loan Market Association (LMA) Green Loan Principles (GLP).
2. The Green Asset Pool – whether the nominated project categories contribute positively to the UN SDGs.
3. The alignment with the EU Taxonomy on a best-efforts basis¹ – whether the nominated project categories are aligned with the EU Taxonomy Technical Screening Criteria (including the Climate Change Mitigation Criteria and Do No Significant Harm Criteria) and Minimum Social Safeguards requirements as included in the EU Taxonomy Climate Delegated Act (June 2021)².
4. Linking the transactions to TenneT’s overall ESG profile – drawing on the issuance-specific Use of Proceeds categories.

TENNET BUSINESS OVERVIEW

TenneT Holding BV engages in the provision of power transmission services, system services and facilitation of the energy market. It functions as grid operator under the Dutch and German energy laws, the Elektriciteitswet and the German Energiewirtschaftsgesetz. It operates through the following segments: TSO Netherlands and TSO Germany. It is also involved in certain limited non-regulated activities, which help to ensure the energy market performs properly. The company was founded in 1998 and is headquartered in Arnhem, the Netherlands.³

TenneT Holding BV is classified in the Gas and Electricity Network Operators industry, as per ISS ESG’s sector classification.

¹ Whilst the Final Delegated Act for Mitigation and Adaptation were published in June 2021, the Technical Screening Criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage the alignment with the EU Taxonomy have been evaluated on a “best efforts basis”.

² European Commission, 2021, Commission Delegated Regulation (EU) 2021/2139 of June 4th 2021, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32021R2139>

³ In February 2023, TenneT announced that its explores a potential sale of its German activities to the German State to deliver on the ambitious energy transition targets

ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ⁴
Part 1: Alignment with GBP and GLP	The Issuer has defined a formal concept 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 Green Bond Principles and Green Loan Principles.	Aligned
Part 2: Sustainability quality of the Green Asset Pool	The Green Financing Instruments will (re-)finance eligible assets categories which include Renewable Energy. The use of proceeds categories have a significant contribution to SDG 13 'Climate Action' and a limited contribution to SDG 7 'Affordable and Clean Energy'.	Positive
Part 3: Alignment with EU Taxonomy	The alignment of TenneT's project characteristics, due diligence processes and policies have been assessed against the requirements of the EU Taxonomy (Climate Delegated Act of June 2021), on a best-efforts basis ⁵ . The nominated project categories are considered to be: <ul style="list-style-type: none"> ▪ Aligned with the Climate Change Mitigation Criteria ▪ Aligned with the Do No Significant Harm Criteria ▪ Aligned with the Minimum Social Safeguards requirements 	
Part 4: Linking the transactions to TenneT's overall ESG profile	The key sustainability objectives and the rationale for issuing Green Financing Instruments are clearly described by the Issuer. The project categories financed are in line with the sustainability objectives of the Issuer.	Consistent with Issuer's sustainability profile

⁴ The evaluation is based on the TenneT's Green Financing Asset Pool (March, 2022 version), on the analysed Green Asset Pool as received on the February 16, 2023, and on the ISS ESG Corporate Rating updated on the February 07, 2023 applicable at the SPO delivery date.

⁵ Whilst the Final Delegated Act for Mitigation and Adaptation were published in June 2021, the Technical Screening Criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage the alignment with the EU Taxonomy has been evaluated on a "best efforts basis".

SPO ASSESSMENT

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

This section evaluates the alignment of the TenneT’s Green Financing Framework (as of March 2022) with the Green Bond Principles, as administered by the ICMA (as of June 2021) and the Green Loan Principles, as administered by the LMA (as of February 2021).

GBP/GLP	ALIGNMENT	OPINION
1. Use of Proceeds	✓	<p>The Use of Proceeds description provided by TenneT’s Green Financing Framework is aligned with the Green Bond Principles (as of June 2021) and Green Loan Principles (as of February 2021).</p> <p>The Issuer’s green categories align with the project categories as proposed by the Green Bond Principles and Green Loan Principles. Criteria are defined in a clear and transparent manner.</p> <p>The Issuer defines a look-back period of three years, in line with best market practice.</p>
2. Process for Project Evaluation and Selection	✓	<p>The Process for Project Evaluation and Selection description provided by TenneT’s Green Financing Framework is aligned with the Green Bond Principles (as of June 2021) and Green Loan Principles (as of February 2021).</p> <p>The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed through an appropriate process. Moreover, the projects selected show alignment with the sustainability strategy of the Issuer.</p> <p>The Issuer identifies the alignment of their Green Bond framework and their green projects with official or market-wide taxonomies and references any green standards or certifications used, in line with best market practice.</p>
3. Management of Proceeds	✓	<p>The Management of Proceeds proposed by TenneT’s Green Financing Framework (March 2022) is aligned with the Green Bond Principles, as administered by the ICMA (as of June 2021), and Green Loan Principles, as administered by the LMA (as of February 2021).</p>

		<p>The proceeds collected will be equal to the amount allocated to eligible projects, with no exceptions. The proceeds are tracked in an appropriate manner and attested in a formal internal process. Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds.</p>
<p>4. Reporting</p>	<p>✓</p>	<p>The allocation and impact reporting proposed by TenneT’s Green Financing Framework (March 2022) is aligned with the Green Bond Principles, as administered by the ICMA (as of June 2021), and Green Loan Principles as administered by the LMA (as of February 2021).</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and to report in an appropriate frequency. TenneT explains the level of expected reporting and the type of information that will be reported. Moreover, the Issuer commits to report annually, until the proceeds have been fully allocated.</p> <p>The Issuer commits to get the allocation report audited by an external party, and discloses the location and link of the report, in line with best market practices.</p>

PART II: SUSTAINABILITY QUALITY OF THE ISSUANCE

CONTRIBUTION OF THE GREEN FINANCING INSTRUMENTS TO THE UN SDGs




Companies can contribute to the achievement of the SDGs by providing specific services/products which help address global sustainability challenges, and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain.

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an Issuer's products or services on the UN SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the ICMA Green and/or Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on 5-point scale (see Annex 1 for methodology):

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
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The Green Financing Instruments' Use of Proceeds category has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Renewable Energy – Energy Infrastructure: <ul style="list-style-type: none"> Transmission infrastructure or equipment in an electricity system that transports at least 50% of renewable electricity⁶ Construction/installation and operation of equipment and infrastructure where the main objective is an increase of the transmission of renewable electricity generation. 	Significant Contribution	 
Renewable Energy – Energy Infrastructure: <ul style="list-style-type: none"> Construction and operation of interconnectors between transmission systems. 	Significant Contribution	

⁶ Eligibility criteria matches Technical Screening Criteria for activity 4.9 in the EU Taxonomy, complying to one of the criteria: the system is the interconnected European system, more than 67% of newly enabled generation capacity is below 100gCO₂e/kWh or the average system grid emissions factor divided by the total annual net electricity production is below 100gCO₂e/kWh.

PART III: ALIGNMENT OF THE GREEN ASSET POOL WITH THE EU TAXONOMY CLIMATE DELEGATED ACTS

The alignment of TenneT's project characteristics, due diligence processes and policies for the nominated Use of Proceeds project category have been assessed with the relevant Climate Change Mitigation, Do No Significant Harm Criteria (DNSH) and Minimum Social Safeguards requirements of the EU Taxonomy Climate Delegated Act⁷ (June 2021), based on information provided by TenneT. Where TenneT's project characteristics, due diligence processes and policies meet the EU Taxonomy Criteria requirements, a tick is shown in the table below.



TenneT's project selection criteria overlap with the following economic activity in the EU Taxonomy:

4.9 Transmission and Distribution of Electricity

Furthermore, this analysis only displays how the EU Taxonomy criteria are fulfilled/not fulfilled. For ease of reading, the original text of the EU Taxonomy criteria is not shown. Readers can recover the original criteria at the following [link](#).

⁷https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852/amending-and-supplementary-acts/implementing-and-delegated-acts_en

4.9 - Transmission and distribution of electricity

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ⁸	ALIGNMENT WITH THE EU TAXONOMY
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA	
<p>TenneT confirms that all projects listed in the asset pool (February 2023 version) located in Germany and the Netherlands are to be financed under the green financing instrument governed by their latest green financing framework (March 2022 version).</p> <p>Project locations were assessed and found none of the proposed projects shown in the asset pool is outside of Germany or the Netherlands.</p> <p>Therefore, the projects are part of the interconnected European system and therefore considered eligible with the criteria requirements.</p>	
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA	
<p>TenneT also works together with its supplier to find out a more robust solution to stand with the impact of the climate (including scenarios related to drought, flooding and more extreme weather events). Here is one of the examples of how TenneT works together with their supplier - Netbeheerders leren werken met water⁹.</p> <p>During the design of new assets, TenneT takes into account different scenarios until 2035, 2050 and 2100 to test how assets would perform in approx. 10-100 years. The typical lifespans of TenneT’s assets are between 15 and 100 years. Material climate risks are also identified during this stage and mitigated through adaptation solutions, where necessary. TenneT confirms that it conducts risk assessments at the planning stage for every project and the assessment considers the expected lifetime of the activity, including the physical climate risks (both acute and chronic). When applicable, appropriate climate adaptation measures are applied (e.g. reengineering the facility or building, change of location and change of materials).</p> <p>One of the examples provided by TenneT is as follows: In Noordwaard, where flooding submerged part of a pylon (Mast 58) on the 380 kV line between Krimpen aan den IJssel and Geertruidenberg. TenneT designed a new steel base for the mast, coated to withstand water, and raised the pylon by 4 metres – all while maintaining the power supply.</p>	
3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA	
N/A: there are no EU Taxonomy criteria for the category	
4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA	

⁸ This column is based on input provided by the Issuer.

⁹ <https://www.netbeheernederland.nl/nieuws/netbeheerders-leren-werken-met-water-1410> (Dutch Language only)

TenneT states that it commits to the principles of the UN Global Compact¹⁰, Organisation for Economic Development (OECD) guidelines¹¹ to minimize their impact on the environment and to facilitate a circular economy.

Examples provided from TenneT’s annual report demonstrate how the company minimizes waste and supports the circular economy.

TenneT sets a target to reduce the use of virgin copper and non-recyclable waste by 25% in 2025 (baseline 2020). The target has been transformed into requirements to their supplier (internal document sampled: Employer’s Requirements Specifications – IV1234 SPE.00.100-2GW).

For the 2GW Program, strict requirements for the contracted parties are in place, regarding transparency and quantification of material use and its environmental impacts and limitation of non-recyclable waste at end of life of the assets. Contractors are expected to gradually limit their environmental impact in the coming years with each new asset that is planned.

TenneT establishes a material passports system for their tenders with a better understanding and insight on material usage in projects. This records all raw materials used in a specific product, stating which include recycled and recyclable material. The passport provides transparency of resource mix and provides a basis to increase the circularity of product components. TenneT states in its annual report that it aims to include a raw material passport system in all its new tenders, allowing a comprehensive view of circularity in its supply chain and close collaboration with its supplier.

TenneT confirms that requirement on the amount of recycled material and mandatory material passport system will be added to the contracts to specific products like transformers or land cables when they will be updated.



5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA

TenneT confirms its construction site activities; activities follow the principles of the IFC General Environmental, Health, and Safety Guidelines.

TenneT also confirms that its activities also respect applicable norms and regulations to limit the impact of electromagnetic radiation on human health as well as all their activities do not use PCBs polychlorinated biphenyls.

TenneT has published a series of Brochures to explain its procedure for constructing the high voltage facilities and the facilities impacting the environment, safety, neighbour property with measures as well as the compensation arrangement.



¹⁰ https://www.tennet.eu/fileadmin/user_upload/Company/Our_Responsibility/CSR_2020/UNGC- COP TenneT_2020.pdf

¹¹ TenneT, March 2023, Additional CSR data, <https://tennet-drupal.s3.eu-central-1.amazonaws.com/default/2023-03/Additional%20CSR%20data%20document%202022.pdf>

TenneT has developed a Code of Conduct for timber stands and coppice management, with rules and guidelines for the maintenance and construction works, aligned with Nature Protection laws that ensure flora and fauna protection. Environmental incidents are monitor and trackers as well as the amount of oil leaked from cables.

6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA

All projects are located within the Netherlands and Germany, they are subject to the directive and relevant national legislation for EIAs.

TenneT confirms all its projects have completed the Environmental Impact Assessment (EIA) in accordance with Directive 2011/92/EU. The Issuer has also developed a new Code of Conduct with rules and guidelines for the maintenance and construction works, aligned with Nature Protection laws that ensure flora and fauna protection.




TenneT has an initiative called “Groene kaart” which focus on nature, biodiversity, communities and society as a whole. The initiative is realized through protective measures for animals, nature-inclusive measures and biodiversity¹².

¹² Refer to <https://www.tennet.eu/grid/green-map>

Minimum Social Safeguards

The alignment of the project characteristics and selection processes in place with the EU Taxonomy Minimum Social Safeguards as described in Article 18 of the Taxonomy Regulation¹³ have been assessed. The results of this assessment are applicable for every Project Category financed under this framework and are displayed below:

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ¹⁴	ALIGNMENT WITH THE EU TAXONOMY REQUIREMENT
<p>TenneT commits in its corporate human rights statement¹⁵ to the principles of the UN Global Compact, as well as its acknowledgement and support for the United Nations Guiding Principles on business and human rights (UNGP), and the OECD guidelines for multinational enterprises, to respect the human right and uphold social standards.</p> <p>For identify and assess adverse impacts against UNGP, TenneT setup human right assessment framework based on the UNGP and conducted a human rights assessment in 2018/2019. TenneT has policy in place to not accept suppliers who fail to meet the standards. In 2022, 50 suppliers were followed up through visits, of which 4 suppliers were not approved and 43 suppliers either met the standards or accepted after corrective actions have been successfully implemented.</p> <p>Regarding the International Labour Organization (ILO) commitment, TenneT also has set expectations regarding the conduct and integrity of its service providers and suppliers. For this purpose, TenneT has published a Supplier Code of Conduct¹⁶, with the content being revised in 2022, which formulates its expectations and forms part of its contracts with suppliers.</p> <p>In addition, TenneT communicate with its stakeholders on an annual basis regarding the impacts and results of its supplier visits through Integrated Annual Report. The Issuer also have a ‘Speak Up’ portal where public, including stakeholders can report potential misconduct, compliance violation and address grievances. The results of the Speak Up portal will also be reported and updated in the Integrated Annual Report.</p>	

¹³ European Commission, 2021, Commission Delegated Regulation (EU) 2021/2139 of June 4th, 2021, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32020R0852>

¹⁴ This column is based on input provided by the Issuer.

¹⁵ TenneT Corporate Human Rights Statement. https://tennet-drupal.s3.eu-central-1.amazonaws.com/default/2023-01/STP%2022-023_Human%20Rights%20corporate%20statement_MAB.pdf

¹⁶ Corporate Supplier Code of Conduct <https://tennet-drupal.s3.eu-central-1.amazonaws.com/default/2022-11/Supplier%20Code%20of%20Conduct%20EN.pdf>

PART IV: LINKING THE TRANSACTIONS TO TENNET'S ESG PROFILE

A. TENNET'S BUSINESS EXPOSURE TO ESG RISKS

This section aims to provide an overall level of information on the ESG risks to which the Issuer is exposed through its business activities, providing additional context to the issuance assessed in the present report.

ESG risks associated with the Issuer's industry

The Issuer is classified in the Gas and Electricity Network Operators Industry, as per ISS ESG's sector classification. Key challenges faced by companies in terms of sustainability management in this industry are displayed in the table below. Please note, that this is not a company specific assessment but areas that are of particular relevance for companies within that industry.

ESG KEY ISSUES IN THE INDUSTRY
Protection of human rights and community outreach
Worker safety and accident prevention
Accessibility and reliability of energy supply
Environmentally safe operation of plants and infrastructure
Promotion of a sustainable energy system

ESG performance of the Issuer

Leveraging ISS ESG's Corporate Rating research, further information about the Issuer's ESG performance can be found on ISS ESG Gateway at: <https://www.issgovernance.com/esg/iss-esg-gateway/>.

Please note that the consistency between the issuance subject to this report and the Issuer's sustainability strategy is further detailed in Part IV.B of the report.

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 the company's production process.

ISS ESG determined that, based on the information provided by the company, its overall business model has no net impact (contribution and/or obstruction) to the UN SDGs.

Breaches of international norms and ESG controversies

At Issuer level

At the date of publication and leveraging ISS ESG Research, no controversy in which the Issuer would be involved has been identified.

At industry level

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the Gas and Electricity Network Operators industry are as follows: failure to mitigate climate change impacts, failure to respect the right to life and failure to respect the right to safe and healthy working conditions.

Please note, that this is not a company specific assessment but areas that can be of particular relevance for companies within that industry.

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

Key sustainability objectives and priorities defined by the Issuer

TenneT's Corporate Social Responsibility (CSR) strategy is based on the idea of transporting energy and maintaining the security of electricity supply in a responsible way. The strategy is supervised by the Executive Board and aims at benefiting people and the planet while generating an adequate return for capital providers. In fact, TenneT has developed a CSR ambition plan 2025 that focus on people, planet and profit:

1. People: the company states their aims at contributing to society by creating impact for people working for and impacted by TenneT
 - a. Society: the company wants to address its stakeholders' concerns by being connected, engaged and responsible
 - b. Diversity: the company recognizes diversity as a contributor for success and set as targets in 2022 to have a female inflow of 30% and a non-Dutch and non-German inflow of 10%.
 - c. Safety: the company gives great importance to safety and set as a 2024 target to have a Total Recordable Incident Rate lower than 4.1.
2. Planet: TenneT commits to the environment by avoiding, compensating, and minimizing its impact on the planet
 - a. Circularity: the company wants to minimize the use of scarce materials, reduce waste in its operations and reuse materials. TenneT has set a 2025 target of 25% less virgin copper use and non-recyclable waste and has raised its circularity requirements in some of its tenders. For instance, suppliers must provide evidence of which percentage of their materials are recycled.
 - b. Climate: the company commits to reduce its operations climate impact and has set a climate neutrality target by 2025. In alignment with Science Based Targets (SBT), TenneT aims at reducing absolute scope 1 and 2 emission by 95% and reduce absolute scope 3 emissions from purchased goods and services and capital goods by 30% by 2030 from a 2019 base year.
 - c. Nature: the company aims at minimizing its impact and at protecting and improving local nature. TenneT has set a Net Zero target on nature by 2025 and is developing a roadmap for nature to support in identifying opportunities where positive nature measures can be implemented. The roadmap makes it easier to identify high impact positive measures and scale up positive impacts to reach the company's nature ambition. TenneT also requests in its investment plans to include biodiversity a 'Commitment to Nature' paragraph. This includes a description of the anticipated impact on nature, mitigating actions to minimise impact and measures to create a positive impact on nature. In 2022, 100% of TenneT's G2 documents included a 'Commitment to Nature' paragraph.
3. Profit: TenneT aims at providing an affordable cost of electricity supply for society
 - a. Profitability: TenneT has set a target to deliver a return on capital aligned with its capital providers' expectations.

These strategies and targets are annually disclosed in a public report¹⁷. 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)”.

Moreover, the company has issued Green Financing Instruments for the past eight years and is a member of the Netbeheer Nederland partnership (an association in the Dutch energy sectors), the Groene Netten coalition (a collaboration between infrastructure managers in the Netherlands), and the Science Target Based initiative (SBTi).

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.

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.

Opinion: *The key sustainability objectives and the rationale for issuing Green Financing Instruments are clearly described by the Issuer. The project category financed is in line with the sustainability objectives of the Issuer.*

¹⁷ TenneT, 2022, Annual Report, <https://annualreport.tennet.eu/2022/annualreport>

DISCLAIMER

1. Validity of the Second Party Opinion (SPO): Valid as long as the Framework and asset pool remain unchanged.
2. ISS Corporate Solutions, Inc. (“ICS”), a wholly-owned subsidiary of Institutional Shareholder Services Inc. (“ISS”), sells/distributes SPOs which are prepared and issued by ISS ESG, the responsible investment arm of ISS, on the basis of ISS ESG’s proprietary methodology. In doing so, ISS adheres to standardized procedures to ensure consistent quality of responsibility research worldwide.
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ANNEX 1: Methodology

EU Taxonomy

The assessment evaluates whether the details of the nominated projects and assets or project selection eligibility criteria included in the Green Financing Framework meet the criteria listed in relevant Activities in the EU Taxonomy Climate Delegated Act (June 2021).

The evaluation shows if TenneT's project categories are indicatively in line with the requirements listed in the EU Taxonomy Technical Annex.

The evaluation was carried out using information and documents provided on a confidential basis by TenneT (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the project category location, were drawn on to complement the information provided by the Issuer.

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, the extent to which TenneT's Green Financing Instruments contributes to related SDGs has been identified.

ANNEX 2: ISS ESG Corporate Rating Methodology

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

For more information, please visit:

<https://www.issgovernance.com/file/publications/methodology/Corporate-Rating-Methodology.pdf>

ANNEX 3: Quality management processes

SCOPE

TenneT commissioned ICS to compile a Green Financing Instruments SPO. The Second Party Opinion process includes verifying whether the Green Financing Asset Pool aligns with the Green Bond Principles and Green Loan Principles 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 (as of June 2021)
- LMA Green Loan Principles (as of February 2021)
- EU Taxonomy Climate Delegated Act (as of June 2021)

ISSUER'S RESPONSIBILITY

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

- Framework
- Asset pool
- Documentation on the alignment of the project categories with the EU Climate Delegated Act

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.

This independent Second Party Opinion of the Green Financing Instruments to be issued by TenneT has been conducted based on ISS ESG methodology and in line with the ICMA Green Bond Principles and Green Loan Principles.

The engagement with TenneT took place from February to April 2023.

ISS' 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 behavior 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.

ANNEX 4: Current Green Asset Portfolio

Currently the following projects are included in the Green Asset Portfolio and financed through TenneT's Green Bonds:

Project	Connection start	Connection end	Transmission power	Cable length total (submarine, onshore)	Expected construction date	Expected operation date	Added in green project portfolio
Ostbayernring	UW Redwitz	UW Schwandorf	380 kV	182.1 km	2021	2025	April 2023
Raitersaich - Altheim	UW Raitersaich	UW Altheim	380 kV	180 km	2027	2030	April 2023
Wahle-Wolmirstedt	Wahle	Regelzonengrenze TenneT - 50Hertz (Nähe Helmstedt)	380 kV	55 km	2024	2026	April 2023
Mecklar - Bergrheinfeld/West	UW Mecklar	UW Bergrheinfeld/West	380 kV	131 km	2027	2031	April 2023
Twistetal-Vieselbach	UW Twistetal	Regelzonengrenze TenneT - 50Hertz (Vieselbach)	380 kV	126 km	2023	2027	April 2023
Ostniedersachsenleitung	UW Wahle	Elbe (Übergabepunkt A390 "Elbe - Lübeck - Leitung")	380 kV	140 km	2027	2032	April 2023
Ovenstädt-Bechterdissen	UW Ovenstädt	UW Bechterdissen	380 kV	60 km (59 km; 1 km)	2028	2031	April 2023
Alfa Ventus	AlfaVentus platform	Hagermarsch, Germany	62 MW	66km (60km; 6km)	2006	2009	March 2020
Altheim - St. Peter	Altheim	St. Peter	3.6 GW	86 km	2019	2026	March 2022
BalWin3	NOR-9-2	Wilhelmshaven	2GW	250 km	2023	2029	April 2023
BalWin4	NOR-9-3	Unterweser	2GW	282 km	2023	2029	April 2023
Beter Benutzen: Zwolle-Ens	Zwolle	Ens	2x4kA	42 km	2023	2024	April 2023
Borssele alpha	Borssele alpha	Borssele, Netherlands	700 MW	60 km (59 km; 1 km)	2017	2019	March 2018
Borssele beta	Borssele beta	Borssele, Netherlands	700 MW	66 km (65 km; 1 km)	2017	2020	March 2018

BorWin1**	BorWin alpha	Diele, Germany	400 MW	200 km (125 km; 75 km)	2008	2010	June 2017
BorWin2	BorWin beta	Diele, Germany	800 MW	200 km (125 km; 75 km)	2010	2015	March 2017
BorWin3	BorWin gamma	Emden Ost, Germany	900 MW	160 km (130 km; 30 km)	2015	2019	May 2016
Borwin5	BorWin epsilon	Garrel-Ost, Germany	900MW	230 km (110km; 120km)	2022	2025	March 2021
BorWin6	Plattform BorWin kappa	Büttel	980 MW	233 km	2022	2027	March 2022
Conneforde - Cloppenburg - Merzen	Conneforde	Merzen	3.6 GW	97,6 km	2022	2026	March 2022
Heide/West - Klein Rogahn G0	Heide/West	Klein Roghan (50Hertz controll zone area)	2 GW	212 km, (approx. 106km within TenneT scope)	2029	2032	April 2023
Deelnet Hoogeveen 110kV	Within scope of this project is upgrading of several connections and stations as well as building of new lines and stations				2023	2028	March 2023
Dolwin1	DolWin alpha	Dörpen West, Germany	800 MW	165 km (75 km; 90 km)	2011	2015	May 2015
DolWin2	DolWin beta	Dörpen West, Germany	916 MW	135 km (45 km; 90 km)	2012	2016	May 2015
DolWin3	DolWin gamma	Dörpen West, Germany	900 MW	160 km (80 km; 80 km)	2014	2018	May 2015
DolWin5	DolWin epsilon	Emden-Ost, Germany	900 MW	130 km (100km; 30km)	2021 (Cable), 2024 (platform)	2024	March 2021
DolWin6	DolWin Kappa	Emden/Ost	900 MW	86 km (45 km; 41 km)	2019	2023	March 2019
Dörpen/West - Niederrhein	Dörpen West substation	Stadt Meppen, Germany	3100 MW	31km (onshore)	2017	2022	April 2020
Emden/Ost - Conneforde	Emden/Ost	Conneforde	2.8 GW	59,2 km	2017	2022	March 2022
Ganderkesee - St.Hülfe	Ganderkesee	Hülfe	3.6 GW	60,84 km	2017	2023	March 2022
Hamburg/Nor d - Dollern	Hamburg/Nor d	Dollern	3.6 GW	43 km	2017	2019	March 2022
HelWin1	HelWin alpha	Büttel, Germany	576 MW	130 km (85 km; 45 km)	2011	2015	June 2017

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

HelWin2	HelWin beta	Büttel, Germany	690 MW	130 km (85 km; 45 km)	2011	2015	March 2018
HKN	HKN platform	Beverwijk, Netherlands	700 MW	45km (35km; 10km)	2020	2023	April 2020
HKZ Alpha	HKZ Alpha	Maasvlakte2	700 MW	45 km (42 km; 3 km)	2019	2021	March 2019
HKZ BETA	HKZ Beta	Maasvlakte2	700 MW	37 km (34 km; 3 km)	2020	2022	March 2019
Hollandse Kust West Alpha	Windenergiegebied Hollandse Kust (west Alpha)	Wijk aan Zee	700 MW	70 km	2020	2024	March 2022
Hollandse Kust West Beta	Windenergiegebied Hollandse Kust (west Beta)	Wijk aan Zee	700 MW	68 km	2022	2026	March 2022
IJmuiden Ver Alpha	Windgebied 1	Borssele	2 GW	179 km	2023	2028	March 2022
IJmuiden Ver Beta	Windgebied 1	Maasvlakte	2 GW	158 km	2023	2029	March 2022
IJmuiden Ver Gamma	Dutch North Sea (IJmuiden Ver Gamma wind area)	Maasvlakte (Rotterdam port)	2GW	166 km	2023	2031	April 2023
LanWin1	NOR-12-1	Unterweser	2GW	277 km	2023	2030	April 2023
LanWin2	NOR-12-2	Heide	2GW	260 km	2024	2030	April 2023
LanWin4	NOR-11-2	Wilhelmshaven	2GW	232 km	2023	2031	April 2023
LanWin5	NOR-13-1	Rastede	2GW	300 km	2025	2031	April 2023
Mittelachse	Part 1: Audorf Part 2: Audorf Part 3: Flensburg (Handewitt) (Total: From Hamburg- Nord to Kassö (Denmark))	Part 1: Hamburg Nord Part 2: Flensburg (Handewitt) Part 3: Kassö (Denmark)	3000MW	Part 1: 70 km (onshore) Part 2: 70 km (onshore) Part 3: 10 km (onshore)	Part 1: 2015 Part 2: 2018 Part 3: 2019	Part 1: 2017 Part 2: 2020 Part 3: 2020	March 2021
Musselkanaal, nieuw 380kV station	Musselkanaal	Musselkanaal	N/A	N/A	2023	2027	April 2023
Nederwiek 1	Dutch North Sea (Nederwiek wind area)	Borssele	2GW	217 km	2023	2031	April 2023
Nederwiek 2	Dutch North Sea (Nederwiek wind area)	Maasvlakte (Rotterdam port)	2GW	205 km	2023	2031	April 2023
Nederwiek 3	Dutch North Sea	Geertruidenberg or Moerdijk	2GW	290km in total - 220km offshore cable and 60-70 inshore and/or onshore cable	2027	2031	April 2023
Netuitbreiding Schouwen-Duiveland & Tholen	Halsteren (Noord-Brabant)	Zierikzee (Zeeland)	150kv 300MW	30km 150kV land cable, 2 km 380kV OHL (connecting to existing OHL Rilland –	2023	2028	April 2023

				Geertuidenberg)			
Nordergründe	Norder- gründe platform	Inhausen, Germany	111 MW	32km (28km; 4km)	2013	2017	April 2020
NW380	Eemshaven Oudeschip	Vierverlaten (Hoogkerk)	2x4kA	42 km	2020	2024	April 2023
Oberbachern - Ottenhofen	Oberbachern	Ottenhofen	4.0 GW	47 km	2023	2031	March 2022
Ostküstenleitung	Abschnitt Segeberg	Siems	3.6 GW	126,5 km	2022	2027	March 2022
Willemshaven2- Conneforde	UW Fedderwarden	UW Conneforde	380 kV	51 km	2026	2029	April 2023
Lübeck-Krümmel	Elbe (Übergabepunkt A380 "Ostniedersachsenleitung")	UW Lübeck West	380 kV	80 km	2028	2032	April 2023
UW Wiemersdorf	UW Hardebek	Leitungseinführung (Audorf Süd - Hamburg Nord)	380 kV	2 km	2024	2026	April 2023
Pirach - Pleinting	Pirach	Pleinting	3.6 GW	80 km	2026	2030	March 2022
Simonshaven 380kV: uitbreiding station	Simonshaven (Zuid-Holland)	Simonshaven (Zuid-Holland)	N/A	N/A	2023	2027	April 2023
Stade - Landesbergen	Stade	Landesbergen	4.0 GW	167 km	2016	2026	March 2022
SuedLink	Schleswig- Holstein: part 1: Brunsbüttel and part 2 Wilster	Part 1: Großgartach in Baden- Württemberg and Part 2: Bergheinfeld -West in Bayern	4000M W (2x2000 MW)	700 km (onshore) – TenneT part is 245 km (including Elbe tunnel)	2023	2028	March 2021
SuedOstLink	Part 1: Wolmirstedt in Sachsen- Anhalt; Part 2 Klein Rogahn in Mecklenburg- Vorpommern	Part 1: ISAR bei Landshut in Bayern; Part 2: ISAR bei Landshut in Bayern	4000M W (2x2000 M W)	270 km (onshore) from frontier Thüringen/ Bayern to ISAR bei Landshut	2022	Part 1: 2025 Part 2: 2030	March 2021
SylWin1	SylWin alpha	Büttel, Germany	864 MW	205 km (160 km; 45 km)	2012	2015	September 2016
Veenoord Boerdijk, nieuw 380kV-station	Veenoord Boerdijk	Veenoord Boerdijk	does not apply	N/A	2024	2027	April 2023
Wahle - Mecklar	Wahle	Mecklar	3.6 GW	225,2 km	2015	2026	March 2022
Westküsten- leitung	Brunsbüttel substation	Danish border, Germany	3500 MW-	138 (onshore)	2015	2023	April 2020
Willemshaven - Conneforde	Wilhelmshaven	Conneforde	3.6 GW	29,7 km	2016	2020	March 2022
Zuid West - Oost	Rilland	Tilburg	2.6 GW	163 km	2024	2030	March 2022

Zuid West - West	Borssele	Rilland	2.6 GW	43 km	2016	2023	March 2022
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About this 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.

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.

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