

Green Bond Framework

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The Green Bond 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 the Green Bond issuance. It comprises firstly the definition of use of proceeds categories offering social and/or environmental added value and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the Green Bond issue can be clearly identified and verified.

The sustainability criteria are complemented by specific indicators, which make it possible to enable possible quantitative measurement of the sustainability performance of the Green Bond issue and can be used for comprehensive reporting.

Use of proceeds

The proceeds of green bonds issued by TenneT will be exclusively used for the following project category:

A. Transmission of renewable electricity from offshore wind power plants into the onshore electricity grid using direct current technology or alternating current technology

Sustainability criteria and quantitative indicators for use of proceeds

Sustainability risks and benefits of the project category

The environmental **benefits** of this project category comprises climate protection and the transition towards a low carbon economy.

At the same time, it is important from a sustainability perspective to take into account all **possible risks** linked to this project category.

From a social perspective, these risks are linked to the following aspects:

- Health and safety standards, especially for contractors and subcontractors
- Supply chain standards with respect to labour rights and working conditions
- Community dialogue with affected public and private parties

From an environmental perspective, possible risks are linked to:

- Specific impacts on biodiversity (mainly in the planning stage)
- Impacts on the environment (construction, operation plus decommissioning stage)
- Supply chain standards with respect to environmental issues

In addition, risks can be associated with project-related controversies.

Sustainability criteria and Quantitative indicators for use of proceeds

In order to make sure that the remaining related environmental and social risks linked to potential projects are prevented and the opportunities clearly fostered, a list of sustainability criteria has been established for each project category.

Project category A: Transmission of renewable electricity from offshore wind power plants into the onshore electricity grid using direct current technology or alternating current technology

A.1. Consideration of environmental aspects in planning and installation of offshore converter platforms

Quantitative indicator: Percentage of offshore converter platforms that fulfil high environmental standards and requirements (environmental impact assessment, biodiversity assessment, research on impacts on maritime fauna).

Quantitative indicator: Percentage of offshore converter platforms that fulfil high environmental standards during offshore construction works (noise mitigation, avoidance of pile driving, minimisation of discharges to ocean).

A.2. Consideration of environmental aspects in operation of offshore and onshore converter stations

Quantitative indicator: Percentage of offshore converter platforms that fulfil high environmental standards and requirements during operations (noise mitigation, safe waste storage and disposal, environmentally friendly antitrust protection).

Quantitative indicator: Percentage of converter stations for which high standards regarding SF₆-leakage prevention are applied (alternatives to SF₆ insulation, replacement of equipment with persistent leaks, maintenance of infrastructure).

A.3. Consideration of environmental aspects in cable-laying (onshore and offshore)

Quantitative indicator: Percentage of offshore cables in biodiversity hotspots for which alternative route planning has been considered and/or route planning has been optimised in consultation with experts.

Quantitative indicator: Percentage of onshore and offshore cables that fulfil high environmental standards and requirements (environmental impact assessment, biodiversity assessment, research on impacts on flora and fauna, relocation of endangered species if applicable, research and mitigation with regard to soil warming).

Quantitative indicator: Percentage of onshore cables for which low-impact methods are applied during cable-laying (horizontal drilling, consideration of breeding periods of affected animals).

A.4. Standards for decommissioning and rehabilitation of cable-laying construction sites

Quantitative indicator: Percentage of projects for which decent decommissioning and rehabilitation of construction sites is conducted.

A.5. Standards for decommissioning and recycling of offshore converter platforms at end-of-life

Quantitative indicator: Percentage of projects for which environmental and social impacts at end-of-life (after at least 20 years of operation) will be minimised (recycling and reuse of parts, sound treatment of waste, financial provisions, high safety standards for workers).

A.6. Community dialogue

Quantitative indicator: Percentage of projects where community dialogue is conducted as an integrated part of the planning process and during operation (sound information of communities, community advisory panels and committees, surveys and dialogue platforms, grievance mechanisms and compensation schemes).

A.7. Working conditions during construction and maintenance work

Quantitative indicator: Percentage of projects where the company itself as well as its contractors apply high labour and safety standards during construction work (for all projects).

Quantitative indicator: Percentage of projects where the company itself as well as its contractors apply high labour and safety standards during maintenance work (only for offshore converter platforms).

Quantitative indicator: Occurrence of fatal accidents and annual accident rate related to construction and maintenance work (own employees and contractors) at project sites.

A.8. Social standards in the supply chain

Quantitative indicator: Percentage of projects where suppliers have to fulfil high standards regarding working conditions.

Quantitative indicator: Percentage of projects where suppliers have to fulfil high standards regarding environmental issues.

Impact Indicator n°1: Number of households provided with access to wind power

Quantitative indicator:

- For the initial verification of a project:
Total number of households per transmission line that would be able to switch to 100% renewable energy through the new transmission line (based on the average electricity consumption of one German household and if full capacity of new transmission lines was used).
- For annual reporting per project:
 1. Total number of households per transmission line that would be able to switch to 100% renewable energy through the new transmission line (based on the average electricity consumption of one German/Dutch household in the relevant year and if full capacity of new transmission lines was used).
 2. Total number of households that would be able to switch to 100% renewable energy through the new transmission line (based on the average electricity consumption of one German/Dutch household, and the amount of wind power installed and transmitted through the line in the relevant year).

Impact Indicator n°2: Potential avoidance of CO₂ emissions

Quantitative indicator:

- For the initial verification of a project:
Potential avoidance of CO₂-emissions per year as soon as the project is in operation and if 100% of cable capacity is used (compared to the carbon intensity of fossil fuel-based electricity generation in Germany).
- For annual reporting per project:
 1. Potential avoidance of CO₂-emissions per year as soon as the project is in operation and if 100% of cable capacity is used (compared to the carbon intensity of fossil fuel-based electricity generation in Germany/the Netherlands in the relevant year).
 2. CO₂ emissions avoided through the transmission of 100% wind power from offshore plants to the electricity grid (compared to the carbon intensity of fossil fuel-based electricity generation in Germany/the Netherlands, and based on the amount of wind power transmitted through the respective line in the relevant year).