oekom research AKTIENGESELLSCHAFT

Second Party Opinion

Verification of the Sustainability Quality of Green Bonds issued by TenneT

9 April 2018

Aim and Scope of this Second Party Opinion

TenneT commissioned oekom research[1] to assist with the issuance of its senior Green Debt and/or Green Perpetual Capital Securities (each a "**Green Bond**" collectively the "**Green Bonds**") which may be issued in 2018 by confirming the sustainable added value of a Green Project Portfolio, from which assets for Green Bond issuances will be chosen. The assessment of the Green Project Portfolio was conducted using the criteria and indicators of oekom Green Bond KPIs. The proceeds of the Green Bonds are used exclusively to finance a Green Project Portfolio of projects with an environmental added value relating to the transmission of renewable electricity from offshore wind power plants into the onshore electricity grid using direct current technology or alternating current technology.

The 2018 Green Bond issuances will be used to finance further expenses of projects that have already been part of the Green Project Portfolio: DolWin1, DolWin2, DolWin3, BorWin1, BorWin2, BorWin3, SylWin1 and HelWin1. In March 2018, HelWin2, Borssele alpha and Borssele beta have been added to this portfolio.

oekom research's mandate included the following services:

- Evaluation of compliance of the Green Project Portfolio with the oekom Green Bond KPIs. The Green Bond KPIs ("oekom Green Bond KPIs") contain a clear description of eligible asset categories and the social and environmental criteria assigned to each category for evaluating the sustainability-related performance of the assets (re-)financed through the proceeds of the bonds.
- Analysis of the alignment of the Green Bonds to be issued out of the Green Project Portfolio against ICMA's Green Bond Principles.
- Review and classification of TenneT's sustainability performance on the basis of the oekom Corporate Rating.

[1] On March 15, 2018, oekom research joined Institutional Shareholder Services Inc. ("ISS"). oekom research will be renamed ISS-oekom.

Overall Evaluation of the Green Project Portfolio

oekom's overall evaluation of the Green Project Portfolio of TenneT is positive:

- TenneT has defined a formal concept for its Green Bonds 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 (Part I of this Second Party Opinion).
- The overall sustainability quality of the financed projects in terms of sustainability benefits and risk avoidance and minimisation is good (Part II of this Second Party Opinion).
- The issuer itself shows a good sustainability performance (Part III of this Second Party Opinion).

Part I – Green Bond Principles

1) Use of Proceeds

The proceeds of the Green Bonds are and will be used exclusively to finance projects relating to the transmission of renewable electricity from offshore wind power plants into the onshore electricity grid using direct current technology or alternating current technology. The projects financed through the Green Bonds include several different investments, such as:

- offshore platforms (connecting wind power)
- offshore cables (link generation site to shore) located in the North Sea
- onshore cables (link shore to onshore stations), and
- onshore stations located in Northern Germany and the Netherlands.

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

	DolWin1	DolWin2	DolWin3	BorWin3	SylWin1	BorWin2
Offshore platform	DolWin alpha	DolWin beta	DolWin gamma	BorWin gamma	SylWin alpha	BorWin beta
Onshore station/ Feed-in point	Dörpen West, Germany	Dörpen West, Germany	Dörpen West, Germany	Emden Ost, Germany	Büttel, Germany	Diele, Germany
Transmission power	800 MW	916 MW	900 MW	900 MW	864 MW	800 MW
Cable length Total (submarine; onshore)	165 km (75 km; 90 km)	135 km (45 km; 90 km)	160 km (80 km; 80 km)	160 km (130 km; 30 km)	205 km (160 km; 45 km)	200 km (125 km; 75 km)
Start of construction	2011	2012	2014	2015	2012	2010
Start of operation	2015	2016	2018	2019	2015	2015
Added to Green Project Portfolio	May 2015	May 2015	May 2015	May 2016	Sep. 2016	March 2017

	BorWin1[2]	HelWin1	HelWin2	Borssele alpha	Borssele beta
Offshore platform	BorWin alpha	HelWin alpha	HelWin beta	Borssele alpha	Borssele beta
Onshore station/ Feed-in point	Diele, Germany	Büttel, Germany	Büttel, Germany	Borssele, Netherlands	Borssele, Netherlands
Transmission power	400 MW	576 MW	690 MW	700 MW	700 MW
Cable length Total (submarine; onshore)	200 km (125 km; 75 km)	130 km (85 km; 45 km)	130 km (85 km; 45 km)	60 km (59 km; 1 km)	66 km (65 km; 1 km)
Start of construction	2008	2011	2011	2016	2017
Start of operation	2010	2015	2015	2019	2020
Added to Green Project Portfolio	June 2017	June 2017	March 2018	March 2018	March 2018

For all eleven transmission systems, TenneT has/had to lay high voltage underground cables through environmentally sensitive areas in order to connect offshore wind power plants to the onshore electricity grid. Environmentally sensitive areas affected by these projects include the German Wadden Sea National Park, the Dutch Western Scheldt and protected natural habitats of wild fauna and flora, such as Unterems and Außenems. So far, oekom research's evaluation of TenneT's projects has always been positive and there have been no serious negative incidents in relation to the work performed by TenneT.

2) Process for Project Evaluation and Selection

Eligible green projects are assessed and approved by TenneT's CSR Board. The CSR Board oversees the continuing integration of CSR into TenneT's operational management and has a direct senior level link to the firm's Executive Board, since the Chief Financial Officer is the chair of the CSR Board. The CSR Policy Advisor and Group Treasurer bring the selection of a new project to the CSR Board, supported by input from the offshore department. The CSR Board decides based on the Green Bond KPIs whether a project fits the criteria and will oversee the quality of impact reporting.

3) Management of Proceeds

Pending allocation of the net proceeds of the Green Bonds to the eligible projects, TenneT has committed to moving proceeds to a sub portfolio with the special purpose of financing, refinancing

[2] The construction of BorWin1 started before TenneT acquired Transpower, part of E.ON (currently TenneT Germany).

and/or investing in eligible projects. The net proceeds will be held, at TenneT's discretion, in cash or other liquid marketable instruments. The balance of the portfolio will be reduced by the amounts invested in the eligible projects until the amount is fully used. TenneT commits to establish a system to monitor and account for the net proceeds for investment in eligible projects.

TenneT states that the total current budget for the eleven projects included in the green project portfolio amounts to approx. EUR 10 billion. About 14% of the current total budget have already been raised via other sources such as third party minority participations and bank funding. The net proceeds of the Green Bonds expected to be issued in 2018 will make an additional contribution to the overall financing of the aforementioned eleven projects within the Green Project Portfolio.

4) Reporting

TenneT commits to a regular reporting towards Green Bond investors. This reporting will comprise the following information:

- The allocation of proceeds to the projects included in the project portfolio
- The advancement of the projects in the building phase
- Environmental and social impact indicators (see below for further detail)

In particular, TenneT plans to report on the following key performance indicators:

- Project-related safety performance (accident rate, fatal accidents)
- SF_6 emissions related to the projects
- Average interruption time related to the projects
- Transmission losses due to transport of wind energy generated offshore to the stations onshore
- Significant controversies (major leaks, heavy accidents, etc.)

In addition, the impact indicators as defined in the oekom Green Bond KPIs will be updated on a yearly basis.

This reporting will be carried out once a year until the redemption of the allocated bonds. It will be reviewed by a second party consultant or by an independent auditor with limited assurance. The reporting will be provided by TenneT on its website (www.tennet.eu), with the first (2015), second (2016) and third Green Bond Report (2017) already being available.[3]

[3] Green Finance Reports: http://www.tennet.eu/company/investor-relations/green-financing/

Part II – Sustainability Quality of the Green Project Portfolio

1) oekom Green Bond KPIs

The oekom Green Bond KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of TenneT's Green Project Portfolio. It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the Green Project Portfolio can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the Green Project Portfolio and which can also be used for reporting. Details on the individual criteria and indicators for the categories can be found in Annex 1 „oekom Green Bond KPIs".

2) Evaluation of the Assets within the Green Project Portfolio

Method

oekom research has evaluated whether the assets included in the Green Project Portfolio match the eligible project category and criteria listed in the oekom Green Bond KPIs. The evaluation was carried out using information and documents provided to oekom research on a confidential basis by TenneT (e.g. environmental impact assessments, health and safety standards for contractors and subcontractors, official planning approvals, petitions of affected parties). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by TenneT.

Findings

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

Sustainability Benefits and Risks of the Asset Category

The project category is positive from a sustainability perspective because it is a prerequisite for increasing the share of wind energy in the overall European energy mix.

Nevertheless, certain risks are related to the projects: Working conditions at construction sites, negative impacts on local communities as well as adverse impacts on biodiversity and the environment are the most important factors when assessing the overall sustainability performance of power transmission projects.

All projects selected for the Green Project Portfolio are located in highly-regulated and developed countries.

- **1. Consideration of environmental aspects in planning and installation of offshore platforms**
  - ✓ For all offshore platforms, comprehensive environmental impact assessments including research with respect to possibly affected animals such as marine mammals, birds, fish and bats were conducted.
  - ✓ For all offshore platforms, sensitive/reproduction periods were considered and low-impact construction methods (e.g. “soft-start” procedures, noise-reducing technology) used.
  - ✓ Contractors are required to prove that their ships have "fit-for-purpose" certifications and that they do not discharge effluents into the ocean.
- **2. Consideration of environmental aspects in operation of offshore and onshore stations**
  - ✓ Solid and hazardous waste from all offshore platforms is or will be appropriately treated onshore in Germany or the Netherlands.
  - O Regarding 2 out of 11 projects, measures for environmentally friendly antirust protection of steel jackets have been applied. For other projects no information is available.
  - ✓ TenneT's SF_6 policy applies to all stations. It contains clear responsibilities and targets for SF_6 management, such as the goal to reduce the SF_6 leakage rate by 20% by 2020 compared to the 2015 level.
- **3. Consideration of environmental aspects in cable-laying (onshore and offshore)**
  - ✓ For all offshore cable-laying projects, either existing routes were used or alternative routes considered during planning. Final route planning was discussed in detail in order to minimise the environmental impact of construction work.
  - ✓ All cable-laying projects fulfil high environmental standards. For example, comprehensive environmental impact and biodiversity assessments including research with respect to affected flora, fauna, water and soil were conducted. All connections are sub-soil (offshore) and underground (onshore) and for the majority of projects soil-warming is limited.

- ✓ During cable-laying, low impact methods are applied. For example, breeding periods of birds are taken into account and all relevant protected areas (European Flora-Fauna-Habitat areas) are tunnelled completely.

- **4. Standards for decommissioning and rehabilitation of cable-laying construction sites**
  - ✓ For all construction sites, the rehabilitation of the landscape and the removal of construction equipment after cable-laying were ensured.
  - ✓ For all relevant projects, compensation payments for rehabilitation measures in affected and/or circumjacent conservation areas (in consultation with state authorities) are required.

- **5. Standards for decommissioning and recycling of offshore platforms at end-of-life**
  - ✓ For all projects, the removal of offshore platforms and safe disposal of maritime installations on land after decommissioning is ensured. If required, TenneT has provided financial securities to ensure removal costs are covered after decommissioning.
  - ✓ All offshore platforms are to be disassembled in qualified locations at their end-of-life and materials to be recycled.

- **6. Community dialogue**
  - ✓ Regarding 9 out of 11 projects, comprehensive measures to inform affected communities at an early stage have been taken and feedback mechanisms for public consultation are in place. For BorWin1 only limited information is available on conducted measures.
  - ✓ For all projects, landowners, whose property is crossed by the cable routes, are compensated.

- **7. Working conditions during construction and maintenance work**
  - ✓ For all projects, TenneT requires high safety standards from its contractors and subcontractors regarding construction sites as well as for operation and maintenance work. Comprehensive health and safety management systems have to be implemented, comprising e.g. clear responsibilities, emergency plans, data compilation, appropriate training and audits.
  - ✓ For all projects, high labour standards regarding e.g. working time, periods of rest, minimum wages, freedom of association, collective bargaining and non-discrimination are in place (in accordance with national legislation).
  - ✓ No fatal accidents occurred in the context of the projects so far.
  - ✓ For all projects, accident rates are available. The overall accident rate of 0.4 LTIF[4] for 2017, is below a common industry level with regard to an industry wide benchmark.

- **8. Social standards in the supply chain**
  - ✓ For all projects, good and binding health and safety standards are applied within the supply chain.
  - O For all projects, supplier standards cover labour rights and working conditions (e.g. forced labour, freedom of association, wages) to some extent. However, these are not detailed and/or not binding.
  - ✓ For all projects, supplier standards cover environmental standards within the supply chain (e.g. wastewater treatment, hazardous substances management).
  - O For all projects, some measures to ensure compliance with the standards are implemented (e.g. off-site audits, exclusion in case of non-compliance). However, no information is available on

[4] LTIF: Lost time injury frequency (lost workday case/million hours worked).

further compliance measures for supplier standards (e.g. procedures other than exclusion of suppliers in case of non-compliance, facilitation of non-compliance reporting, on-site audits).

Controversies

- Safety incidents at the projects are rare, but occasionally happen. Like a serious incident during cable-laying works for HelWin1, where a contractor was seriously injured. TenneT has made an effort to clarify cause and course of the accident quickly.
- No further controversial activities or practices that could be attributed to TenneT were revealed during the controversy assessment.
- For the sake of completeness it is to be mentioned that the German Nature and Biodiversity Conservation Union (NABU – Naturschutzbund Deutschland e.V.) has criticised the operator of a wind farm connected via SylWin1 (Butendiek) for insufficient protection of porpoises, a protected species, during construction works. The criticism was directed at the wind farm operator and cannot be attributed to TenneT.

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

All eleven transmission lines together would allow about 9 million households in Germany (about 22% of all German households) and about 2 million households in the Netherlands (about 22% of all Dutch households) to switch to 100% renewable energy. This calculation is based on the average electricity consumption of one German or Dutch household in 2014 and the assumption that a) full capacity of the new transmission lines is used, b) connected wind power plants reach 4,200 full load hours per year and c) around 4% of electricity produced is lost during transmission and distribution.

Impact Indicator 2: Potential avoidance of CO_2 emissions

If the full capacity of the eleven transmission lines is used, wind parks connected to the electricity grid through the transmission lines would provide about 33 TWh of renewable energy per year and annually avoid about 17.8 million tons of CO_2 emissions. This calculation is based on the *average carbon intensity of the German and Dutch electricity grid in 2016* and the assumption that a) full capacity of the new transmission lines is used, b) connected wind power plants reach 4,200 full load hours per year and c) around 4% of electricity produced is lost during transmission and distribution.

Part III – Assessment of TenneT's Sustainability Performance

Corporate Responsibility Prime
rated by oekom research

In the oekom Corporate Rating with a rating scale from A+ (excellent) to D- (poor), TenneT was awarded a score of B and classified as "Prime", meaning that it fulfils oekom research's demanding requirements regarding sustainability performance in its sector.

As at 6 April 2018, this rating puts TenneT Holding B.V. in place 5 out of 28 companies rated by oekom research in the sector Utilities/ Network Operators.

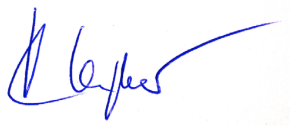
In this sector, oekom research has identified the following issues as key challenges facing companies in term of sustainability management:

- Facilitation of the energy transition and resource efficiency
- Environmentally safe operation of plants and infrastructure
- Accessibility and reliability of energy and water supply
- Business ethics and government relations
- Worker safety and accident prevention

In all key issues, TenneT Holding B.V. achieved a rating that was above the average for the Utilities/ Network Operators sector.

The company has not committed any violations in the areas of controversial business practices or controversial areas of business, and thus does not breach any of the exclusion criteria which are frequently applied by investors. Overall, the company has a "minor" controversy level, which is below the average level of "moderate" in the sector Utilities/ Network Operators.

Details on the rating of the issuer can be found in Annex 2 "oekom Corporate Rating TenneT Holding B.V.".



Robert Haßler, CEO

oekom research AG

Munich, 9 April 2018

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About oekom research

oekom research is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries with regard to their environmental and social performance. oekom research has extensive experience as a partner to institutional investors and financial service providers, identifying issuers of securities and bonds which are distinguished by their responsible management of social and environmental issues. More than 100 asset managers and asset owners routinely draw on the rating agency's research in their investment decision making. oekom research's analyses therefore currently influence the management of assets valued at over 600 billion euros.

As part of our Green 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 verify the compliance with the criteria in the selection of projects and draw up an independent second party opinion so that investors are as well informed as possible about the quality of the loan from a sustainability point of view.

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Annex

- Annex 1: oekom Green Bond KPIs
- Annex 2: oekom Corporate Rating of TenneT Holding B.V.

Annex 1: oekom Green Bond KPIs

oekom Green Bond KPIs

The oekom Green Bond KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of TenneT's Green Project Portfolio. It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the Green Bonds can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the Green Bonds and which can also be used for reporting.

Use of Proceeds

The proceeds of the 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 Indicators for Use of Proceeds

In order to ensure that the environmental and social risks linked to the underlying assets are prevented and the opportunities clearly fostered, a set of sustainability criteria has been established for the 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

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

- Percentage of offshore platforms that fulfil high environmental standards and requirements (environmental impact assessment, biodiversity assessment, research on impacts on maritime fauna).
- Percentage of offshore platforms that fulfil high environmental standards during off-shore construction works (noise mitigation, avoidance of pile driving, minimisation of discharges to ocean).

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

- Percentage of offshore platforms that fulfil high environmental standards and requirements during operations (noise mitigation, safe waste storage and disposal, environmentally friendly antirust protection).
- Percentage of stations for which high standards regarding SF6-leakage prevention are applied (alternatives to SF6 insulation, replacement of equipment with persistent leaks, maintenance of infrastructure).

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

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

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

- Percentage of projects for which decent decommissioning and rehabilitation of construction sites is conducted.

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

- 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).

6. Community dialogue

- 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).

7. Working conditions during construction and maintenance work

- Percentage of projects where the company itself as well as its contractors apply high labour and safety standards during construction work (for all projects).
- Percentage of projects where the company itself as well as its contractors apply high labour and safety standards during maintenance work (only for offshore platforms).
- Occurrence of fatal accidents and annual accident rate related to construction and maintenance work (own employees and contractors) at project sites.

8. Social standards in the supply chain

- Percentage of projects where suppliers have to fulfil high standards regarding working conditions.
- Percentage of projects where suppliers have to fulfil high standards regarding environmental issues.

Controversies

- Description of possible controversies (e.g. due to labour rights violations, environmental accidents, adverse biodiversity impacts).

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

- For the initial evaluation 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 2: Potential avoidance of CO_2 emissions

- For the initial evaluation of a project:
  Potential avoidance of CO_2-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 CO_2-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. CO_2 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).

oekom Corporate Rating

TenneT Holding B.V.

Industry	**Utilities/Network Operators**	**Status**	**Prime**
Country	**Netherlands**	**Rating**	**B**
ISIN	**XS0513509959**	**Prime Threshold**	**C+**

Corporate Responsibility Prime rated by oekom research

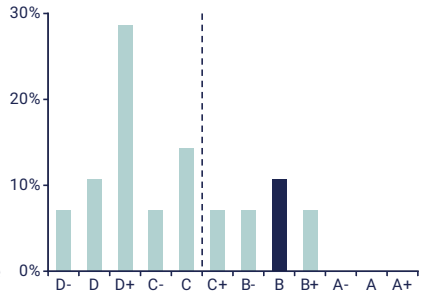
D-	D	D+	C-	C	C+	B-	B	B+	A-	A	A+
poor			medium			good			excellent		

Industry Leaders

Company name (in alphabetical order)	Country	Grade
Alliander N.V.	NL	B+
Red Eléctrica Corp. S.A.	ES	B+
TERNA - Rete Elettrica Nazionale SpA	IT	B

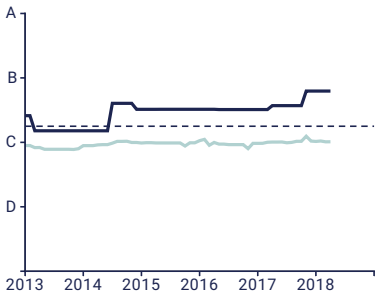
Distribution of Ratings

28 companies in the industry

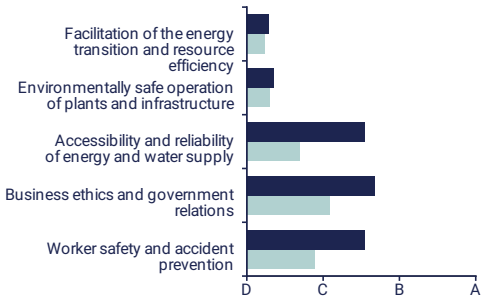


Legend: Industry Company --- Prime

Rating History



Key Issue Performance



Strengths and Weaknesses

+ low average interruption time of the network
+ comprehensive initiatives to enhance community awareness and outreach
+ adequate measures to minimise environmental impacts of electricity transmission systems
+ various activities to integrate renewable energy sources in the electricity grid

- increasing greenhouse gas emissions intensity in recent years
- limited transparency on participation in public policy making and lobbying activities

Controversy Monitor

Company		Industry	
Controversy Score	0	Maximum Controversy Score	-8
Controversy Level	Minor	Controversy Risk	Moderate

Minor	Moderate	Significant	Severe

Minor	Moderate	Significant	Severe

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Please note that all data in this report relates to the point in time at which the report was generated.

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TenneT Holding B.V.

Methodology - Overview

oekom Corporate Rating - The oekom Universe comprises more than 3,800 companies (mostly companies in important national and international indices, but also small and mid caps drawn from sectors with direct links to sustainability as well as significant non-listed bond issuers).

The assessment of a company's social and environmental performance is based on approximately 100 environmental, social and governance criteria, selected specifically for each industry. All criteria are individually weighted and evaluated and the results are aggregated to yield an overall score (rating), in which the key issues account for at least 50 per cent of the total weight. In case there is no relevant or up-to-date company information available on a certain criterion and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the criterion is graded 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 itself as well as information from 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.

An external rating committee assists the analysts at oekom research with the content-related design of industry-specific criteria and carries out a final plausibility check of the rating results at the end of the rating process.

Controversy Monitor - The oekom Controversy Monitor is a tool for assessing and managing reputational and financial risks associated with companies' negative environmental and social impacts.

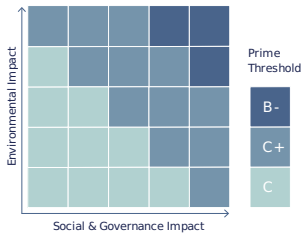
The controversy score is a unit of measurement for the number and severity of a company's current controversies. All controversial business areas and business practices receive a negative score, which can vary depending on the significance, number and severity of the controversies. Both the company's score and the maximum score obtained in the industry are displayed.

For better classification, the scores are assigned different levels: minor, moderate, significant and severe. The industry level relates to the average controversy score.

Only controversies for which reliable information from trustworthy sources is available are recorded. In addition to proven misconduct and activities of companies, alleged misconduct and activities are also assessed when the facts and circumstantial evidence provided by those sources, taking into account the experience of specialised analysts for each topic, is estimated to be sufficiently reliable. It should be noted that large international companies are more often the focus of public and media attention. Thus, the information available on those companies is often more comprehensive than for less prominent companies.

Distribution of Ratings - Overview of the distribution of the ratings of all companies from the respective industry that are included in the oekom 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 analysed is classified in a Sustainability Matrix.
Depending on this classification, the two dimensions of the oekom Corporate Rating, the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the oekom 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 oekom 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.

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).

Status & Prime Threshold - Companies are categorised as Prime if they achieve/exceed the minimum sustainability performance requirements (Prime threshold) defined by oekom for a specific industry (absolute best-in-class approach) in the oekom Corporate Rating. Prime companies rank among the sustainability leaders in that industry.

Strengths & Weaknesses - Overview of selected strengths and weaknesses of a company with regard to the key issues of the industry from a sustainability point of view.

