

**Announcement: Moody's assigns Green Bond Assessment (GBA) of GB1 to TenneT Holding B.V. Green Medium Term Note Offering**

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Global Credit Research - 30 May 2016

**Highest GB1 Grade Assigned to TenneT Green Note Offering**

New York, May 30, 2016 -- Moody's Investors Service has today assigned a Green Bond Assessment (GBA) of GB1 to TenneT Holding B.V. (A3 stable) green Medium Term Notes to be issued pursuant to TenneT Holding B.V. Euro Medium Term Note Programme and existing Green Bond Framework. The final maturities and amount are to be determined prior to issuance.

The proceeds from the note offering will be allocated to finance and/ or refinance a green project portfolio relating to the transmission of renewable electricity from offshore wind power plants into the onshore electricity grid using direct current or alternating current technologies. Currently four projects (DoIWin1, DoIWin2, DoIWin3 and BorWin3) in Germany are included in the green project portfolio and financed through the Green Bonds.

**ASSESSMENT RATIONALE**

The GB1 grade is supported by the TenneT exclusive and transparent Green Bonds Verification Framework that guides the company's evaluation and selection of eligible projects. The application of the Framework has been enabled by the firm's consultation with and reliance on environmental experts and the conduct of comprehensive environmental impact assessments. The Framework serves as the blueprint for decision making that is to be assumed by the firm's CSR Board. The CSR Board, which is already in place and oversees the continuing integration of CSR into TenneT's operational management, has a direct senior level link to the firm's Executive Board as the CFO is the chairman of the CSR Board.

Using a portfolio approach, 100% of the proceeds are being earmarked to finance and/ or refinance a green project portfolio which includes currently four offshore wind transmission projects in Germany. Qualifying as energy efficiency-wind energy transmission infrastructure projects for wind farms, two of these projects are currently under construction and two have been finalised to connect offshore wind farms in the German part of the North Sea to the onshore electricity grid using direct current technology with the intention of reducing emissions of greenhouse gasses into the atmosphere. The projects are, as follows:

- DoIWin1 (commissioning 2015): a 165 km HVDC (high voltage direct current) link with 800 MW capacity.
- DoIWin2 (commissioning 2016): a 135 km HVDC link with 916 MW capacity.
- DoIWin3 (commissioning 2017): a 162 km HVDC link with 900 MW capacity.
- BorWin3 (commissioning 2019): a 160 km HVDC link with 900 MW capacity.

TenneT has formalized its procedures for tracking and allocating net proceeds pending allocation to eligible projects. Furthermore, TenneT has made an explicit commitment to issue an annual report that describes the use of proceeds and also discloses the impact of the projects on the environment. The green bond report (as published on TenneT's website) is to be issued once a year until the notes are repaid in full or until the maturity date of the notes, and it will be reviewed by a second party consultant or an independent auditor conducting an independent audit with limited assurance.

Having previously issued two green public debt transactions, the first in May of 2015 in the form of two tranches of €500 million and more recently in May 2016 when it successfully placed an inaugural €500m green Schuldschein, TenneT released in March 2016 its first green bond report. The Green Bond Report 2015 covers last year's transactions and puts on display for investors what to expect in future reports. The report lists and identifies the three projects included in the green project portfolio as of 31 December 2015. These projects (DoIWin1, DoIWin2 and DoIWin3) are designed to provide grid connections to offshore wind parks off the coast

of Germany. As of December 31, 2015, the green bond proceeds raised in 2015 have been fully utilized on the three projects, however, the allocation of proceeds by individual project is not provided. TenneT, in line with its Green Bonds Verification Framework, also provides in its reporting two environmental impact metrics, namely impact on households and avoided CO2 emissions covering the single project that was partially operational in 2015. In addition, TenneT makes supplemental safety disclosures and reports environmental issues during operation by reporting, for example, the leakage rates of sulphur hexafluoride (SF6) which is used in high voltage equipment. While the potential impact of the projects is clear the actual environmental impacts for funded projects can only be provided at such time as the wind farms are connected to the onshore grid. For this reason, the environmental impact for operational projects are reported in the annual green bond report. Finally, the report's conclusions are bolstered by a review conducted by Ernst & Young Accountants LLP.

Moody's GBA represents a forward-looking transaction-oriented opinion on the relative effectiveness of the issuer's approach to manage, administer, allocate assets to and report on environmental projects financed by proceeds from green bond offerings. GBAs are expressed using a five-point relative scale, ranging from GB1 (Excellent) to GB5 (Poor). A GBA does not constitute a credit rating.

TenneT Holding B.V. (TenneT), located in Arnhem, Netherlands, is a leading European electricity transmission system operator (TSO) with activities in the Netherlands and in Germany. The company, which is ranked among Europe's top TSOs, is entirely owned by the State of the Netherlands.

The principal methodology used in this rating was Green Bonds Assessment (GBA) published in March 2016. Please see the Ratings Methodologies page on [www.moody's.com](http://www.moody's.com) for a copy of this methodology.

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