

**Reporting guidance document
Integrated Annual Report 2022 and
Green Finance Report 2022**



Integrated Annual Report 2022 (IAR2022)

We have included the definitions for the following KPIs included in IAR2022, listed in the order of appearance

At a Glance

KPI

Internal Engagement Index	%	Employee survey conducted amongst TenneT employees in 2021, where we measure the 'sustainable engagement' of our employees in terms of engagement, enablement and how energised they are.
Reputation survey	%	A bi-annual survey performed by TenneT amongst stakeholders to measure TenneT's reputation.
Onshore Grid availability	%	Refer to 'Ensure critical infrastructure for society' section below
Investments	EUR mio	Refer to 'Ensure critical infrastructure for society' section below
Percentage greened of our carbon footprint	%	This is the result of the calculation 100% minus (total net carbon footprint/total gross carbon footprint)
Offshore grid connection capacity	%	Refer to 'Create value to transition to a climate neutral economy' section below
Total recordable injury rate (TRIR)		Refer to 'Create a safe and inspiring workplace' section below
Female inflow of total inflow	%	Refer to 'Create a safe and inspiring workplace' section below
Absentee rate		Refer to 'Create a safe and inspiring workplace' section below
Adjusted underlying earnings before interest and taxes (EBIT)	EUR mio	Refer to 'Safeguard sustainable financial performance and investor ratings' section below
Return on invested capital (ROIC)	%	Refer to 'Safeguard sustainable financial performance and investor ratings' section below
Adjusted FFO/Net debt	%	Refer to 'Safeguard sustainable financial performance and investor ratings' section below

How we create value

KPI

Grid availability	%	Refer to 'Deliver a high security of supply' section
Number of interruptions	#	Number of incidents that resulted in energy not transported in our grid, affecting either generators, consumers or suppliers with affected underlying consumers.
Number of interconnectors	#	A transition line which crosses or spans a border between countries and which connects the national transmission systems of countries.
Investments	EUR bio	Refer to 'Ensure critical infrastructure for society' section below
Asset data	Kilometres	Refer to 'Ensure critical infrastructure for society' section below
Total recordable injury rate (TRIR)		Refer to 'Create a safe and inspiring workplace' section below
Absentee rate		Refer to 'Create a safe and inspiring workplace' section below
Employee training and development	EUR	The average amount spent on training, education and other development opportunities.
Total gross carbon footprint	Tonnes CO ₂	Refer to 'Create value to transition to a climate neutral economy' section below
Percentage greened of our carbon footprint	%	This is the result of the calculation: 100% minus (the total net carbon footprint/total gross carbon footprint)
Environmental incidents		Refer to 'Create value to transition to a climate neutral economy' section below

KPI

Return on invested capital (ROIC)

Adjusted underlying EBIT

Adjusted FFO/Net debt

Unit	Description
%	Refer to 'Safeguard sustainable financial performance and investor ratings' section below
EUR mio	Refer to 'Safeguard sustainable financial performance and investor ratings' section below
%	Refer to 'Safeguard sustainable financial performance and investor ratings' section below

The UN Sustainable Development Goals and TenneT

Total greenhouse gas emissions (gross)

Total avoided emissions

Societal financial impact on households in our serving area

Equivalent number of households that in theory would have been able to receive 100% green electricity

Societal value of the availability of our grid

% of females in board positions

Reduction of non-recyclable waste and copper use

%	Refer to 'Create value to transition to a climate neutral economy' section below
#	The tonnes of emissions CO ₂ emissions potentially avoided by connecting green electricity to our grid
#	TenneT's share of the electricity bill of an average household in the Netherlands and in Germany.
	Actual renewable electricity transported from renewable energy sources directly connected to our grid divided by average electricity consumption of either a German or a Dutch household considering the locations of our projects.
	The value the availability of our grid has based on research performed in the Netherlands. More information has been included in the Additional CSR data document.
	The number of females in the Executive and Supervisory board divided by the total number of members of both boards combined.
	Refer to 'Create value to transition to a climate neutral economy' section below

Deliver a high security of supply

KPI

Grid availability

Grid availability (offshore)

Unit	Description
%	Grid availability is the combination of the availability of the national grids. Grid availability (ASAI) is calculated as $1 - (\text{minutes lost} / \text{total minutes in one year})$. In NL we report the SAIDI, based on interrupted customer minutes and ASIDI, based interrupted active power minutes. In GE we report the ASIDI.
%	Based on the ASAI (Average Service Availability Index), the average availability a customer would experience. Scope: only operational systems compliant to section 2.3.2 "Leitfaden zur Ermittlung einer umlagefähigen Entschädigung bei Störung, Verzögerung oder Wartung der Netzanbindung von Offshore-Anlagen" of October 2013, i.e. OWF/ GCP operational period starts at least 4 months after end of soak test. Calculation of the KPIs are in line with IEEE1366. In other words; we report according to the regulatory scheme.

Ensure critical infrastructure for society

KPI

Investments

Installed offshore capacity by TenneT

Number of interconnectors

Number of substations

Completed offshore connections

Total circuit length

Pylons

Unit	Description
EUR mio	The annual amount realised against the budgeted amount with respect to the investments.
GW	The cumulative number of GWs of offshore capacity installed related to our offshore grid connection systems realised to date.
#	A transition line which crosses or spans a border between countries and which connects the national transmission systems of countries.
#	The number of locations where electricity is transformed to another voltage level or where connections cross to transport electricity. At a minimum, there should be a circuit breaker or a power transformer present at the location and either one of these should be controlled or owned by TenneT.
#	The number of offshore connection systems that allow the infeed of offshore wind energy from wind farms.
kilometres	The length of the overhead lines and underground cabling (a circuit consists of three phases)
#	The number of electricity pylons that are used for the transmission of high voltage electricity

Create a safe and inspiring workplace

KPI

TRIR

Unit	Description
	<p>TRIR is the abbreviation of Total Recordable Incident Rate, which is the number of recordable incidents per million worked hours. The TRIR is calculated as the number of TRI x one million, divided by the number of worked hours. TRI is defined as the sum of fatalities, lost work day cases, restricted work day cases and medical treatment cases. In 2021, we expanded the scope of a medical treatment case which increases the number of incidents included in TRI. Worked hours are defined as the total number of worked hours, based on registered hours or estimated hours and include TenneT staff and contractor staff working on TenneT controlled sites. We use registered hours where possible. Where this is not, we make use of estimates.</p> <p>An example of this are our onshore contractor hours where these hours are (Total spend x hour-material ratio) / hourly rate. The hourly rate and hour material ratio is estimated based on historical financial information</p>
	The number of days absent / number of days worked in the respective area.
%	Number of new females hired / total number of hired employees
Head count	An employee is an individual who is in an employment relationship with TenneT according to national law or practice.
Head count	“Workforce” includes colleagues who are in an employment relationship with TenneT (“employees”) and non-employee colleagues who are either individual contractors supplying labour to TenneT (‘self-employed workers’) or workers provided by undertakings primarily engaged in “employment activities” (NACE Code N78).

Absentee rate

% of female inflow of total inflow

Employee

Workforce

Create value to transition to a climate neutral economy

KPI

Carbon footprint (gross)

Carbon footprint (net)

Grid losses

Unit	Description
Tonnes CO ₂	The summation of all individual contributors to our carbon footprint, without taking greening or compensation into account.
Tonnes CO ₂	The summation of all individual contributors to our carbon footprint, with taking greening or compensation into account.
ton CO ₂	<p>The carbon footprint based on the grid losses, where a different conversion factor is used for NL and GE, because the grid mix is different.</p> <p>Grid losses relates to energy that's lost while transporting electricity. Every 15 minutes, we compare the total amount of kWh transferred into the grid with the total transferred out, which result in the amount of energy lost.</p>

Grid losses (continued)

SF₆ leakage

Electricity use offices

Electricity use stations

Gas consumption

Lease vehicles

Travel and transport

Number of environmental incidents

		These in- and outflows are electronically measured in 15-minute timeslots at control centres using external meter readings in the grid. The accumulated data is periodically checked and reported on by an independent metering company using validated software. TenneT verifies this data with its metering systems. The completeness of the metering data is determined by a plausibility check. We report according to the regulatory scheme. Where metering is not possible, we estimate data.
% and kilogrammes		<p>The carbon footprint related to our SF₆ leakage, a strong contributor to greenhouse gas emissions. The amount leaked divided by the amount banked. We use the average amount of banked SF₆ in our assets.</p> <p>The amount of SF₆ leaked is directly recorded by the amount of refills that occur during the year on specific components. Specific maintenance guidelines are in place on the way that these recordings should be made. These refills are reported by the service providers.</p>
ton CO ₂		The carbon footprint based on the electricity use of our offices. If available, we use data from the reporting year, sometimes estimated based if not a full reporting year is available. However due to the nature of this information, there might be a time lag and then the usage is based on the previous year and will be restated next year.
ton CO ₂		The carbon footprint based on the electricity consumption of our stations for which TenneT has 100% ownership. The electricity use of our stations is based on the previous year and will be restated next year.
ton CO ₂		The carbon footprint based on the gas consumption of our offices. If available, we use data from the reporting year, sometimes estimated based if not a full reporting year is available. However due to the nature of this information, there might be a time lag and then the usage is based on the previous year and will be restated next year.
ton CO ₂		The carbon footprint based on the amount of km travelled with lease cars.
ton CO ₂		The carbon footprint based on the amount of kilometres travelled by car, train and plane and transport by helicopter and supply vessel.
#		Within our stations and lines we have technical equipment that contains oil or cooling liquids. An environmental incident is an incident that impacts the environment (being either air, water or land) and can include an accidental spill (loss of containments) or a leakage of oil. Incidents are reported in our incident management system, iTask.

Oil leakages from cables	Litres	The number of litres of oil leaked from cables. Litres are based on the amount refilled. Due to the complex nature of these leakages, it might be challenging at times to determine whether a refill actually relates to an incident and to find the location of the leakages as these cables are underground, which in some instances can take some time. It is our policy that, if a leakage occurs but was reported after the period end closing date of that period, the leakage will be included in the figures of the next reporting period. As a result, the reported total of leakages could also include leakages that occurred in the previous reporting period.
Estimated non-recyclable waste and virgin copper	%	The percentage estimated of non-recyclable waste and virgin copper based on the current insights available at the time of publication. When more recent data is available, this percentage will be further updated. Currently we have based our estimation for non-recyclable waste on available waste data of 2020 and used proxy-data when no recent data was available. The data on waste includes insights from our offices, onshore- and offshore operations and onshore projects. The estimated percentage of virgin copper is based on the available raw material passports provided by our suppliers as well as insights on the use of virgin copper in transformers and cables.

Safeguard sustainable financial performance and investor ratings

KPI	Unit	Description
ROIC – Return on invested capital	%	Earnings before interest and tax expressed as a percentage of the average invested capital during the year based on 'underlying' information
Adjusted EBIT – Earnings before interest and tax	EUR mio	Earnings for the period before income tax expense and interest payments and adjusted for special items (refer to page 67 IAR2022)
Adjusted FFO/Net debt	%	Profit for the year plus depreciation, amortisation and impairments minus gain/loss on the disposal of assets minus capitalised interest on assets under construction, plus interest on provisions, minus 50% of Hybrid interest divided by net debt

Green Finance Report 2022 (GFR2022)

TenneT has committed itself to report on an annual basis towards Green Bond investors, until redemption of the allocated bonds. The reporting will comprise the information included in the table below. Here we have included definitions used in providing quantitative and qualitative performance information. With this we want to report accurate and complete performance information and provide a balanced view of how projects are progressing towards our investors to track the performance of the projects in our green finance portfolio. The table below provides a list of the information included and the definitions applied, listed in order of appearance:

GFR2022

KPI

Advancement of proceeds

Total budget

Total amount spent

Green project portfolio CAPEX

Equivalent number of households able to switch to 100% renewable energy

Potential avoidance of CO₂ emissions per year

Average interruption hours

Number of stakeholder dialogues

Lost workday cases, LTIF

Percentage of suppliers committed to our supplier code of conduct

Grid losses

SF₆ leakage (%)

Environmental incidents

Eligible green project portfolio

Unit	Description
EUR bio	Allocation of proceeds describes how much of the Green Bond funding has been used to finance or refinance, in part or in full, new and / or existing eligible green projects
EUR bio	The total budget of the projects included in our Green project portfolio
EUR bio	The total amount spent on the projects included in our Green project portfolio
EUR bio	The total amount of costs capitalised of the projects included in our Green project portfolio
#	Actual renewable electricity transported from renewable energy sources directly connected to our grid divided by average electricity consumption of either a German or a Dutch household considering the locations of our projects.
Tonnes CO ₂	The tonnes of emissions CO ₂ emissions potentially avoided by connecting green electricity to our grid
hours	Average time a customer could not transport electricity.
#	The number of events where we have interacted with stakeholders with respect to the projects included in our Green Finance portfolio
	LTIF is defined as the number of lost time injuries per million working hours. The LTIF is calculated as the division of the LTI x one million (#LTI x 1,000,000), by the total number of working hours. The LTI is defined as the sum of the number of work related incidents, resulting in fatalities, permanent total disabilities and lost workday cases (LWCs). LWCs are any work-related injury or illness, other than a fatal injury, which results in a person being unfit for work on any day after the day of occurrence of the occupational injury. 'Any day' includes rest days, weekend days, leave days, public holidays or days after ceasing employment. Number of work related incidents is including contractor personnel at TenneT sites. For the working hours, refer to IAR2022 table – TRIR.
%	The number of suppliers related to the projects included in our Green project portfolio that have committed to TenneT's supplier code of conduct / total number of suppliers related to the projects included in our Green project portfolio
GWh	Refer to IAR2022 table
%	Refer to IAR2022 table
#	Refer to IAR2022 table
EUR bio	Budgeted amount for the portfolio or portfolio components eligible for Green Bond financing

Controversies
Transported electricity

Grid availability
Avoided CO2 emissions per bond issue

	Events like major leaks, heavy accidents, etc.
GWh	The amount electricity transported to our customers. The data is based on the same measurements as described for the grid losses.
%	Refer to GFR2022 table
Tonnes CO ₂	The avoided CO2 emissions (based on a tank-to-wheel carbon emission factor) per bond issue, based on the amount spend, amount funded by green bonds and projects funded