Reporting guidance document Integrated Annual Report 2023 and Green Finance Report 2023

Integrated Annual Report 2023 (IAR2023)
We have included the definitions for the following KPIs included in IAR2023, listed in the order of appearance
At a Glance

KPI	Unit	Description
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
Non-Dutch / non-German hires	%	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
FFO/Net Debt	EUR mio	Refer to 'Safeguard sustainable financial performance and investor ratings' section below

KPI	Unit	Description
Grid availability	%	Grid availability is the combination of the availability of the national grids. Grid availability (ASAI) is calculated as 1 – (minutes lost/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.
Grid availability (offshore)	%	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	Unit	Description
Investments	EUR mio	The annual amount realised against the target amount with respect to the investments.
Installed offshore capacity by TenneT	GW	The cumulative number of GWs of offshore capacity installed related to our offshore grid connection systems realised to date set out against the amount of GW’s of installed offshore capacity that was planned per annum.
Number of interconnectors	#	A transition line which crosses or spans a border between countries and which connects the national transmission systems of countries.
Number of substations	#	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.
Completed offshore connections	#	The number of offshore connection systems that allow the infeed of offshore wind energy from wind farms.
Total circuit length	kilometres	The length of the overhead lines and underground cabling (a circuit consists of three phases)
Pylons	#	The number of electricity pylons that are used for the transmission of high voltage electricity

Create a safe and inspiring workplace

KPI	Unit	Description
TRIR		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. 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
Absentee rate		The number of days absent / number of days worked in the respective area.
% of female inflow of total inflow	%	Number of new females hired / total number of hired employees
Non-Dutch / non-German hires	%	The percentage of inflow of internal employees not being either non-Dutch or non-German hired in a respective country.
Employee	Head count	An employee is an individual who is in an employment relationship with TenneT according to national law or practice.
Workforce	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).

Create value to transition to a climate neutral economy

KPI	Unit	Description
Carbon footprint (gross)	Tonnes CO_2	The summation of all individual contributors to our carbon footprint, without taking greening or compensation into account.
Carbon footprint (net)	Tonnes CO_2	The summation of all individual contributors to our carbon footprint, with taking greening or compensation into account.
Location-based method	Tonnes CO_2	A location-based method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data).
Market-based method	Tonnes CO_2	A market-based method reflects emissions from electricity that companies have purposefully chosen (or their lack of choice).

Sulfurhexafluoride (SF_6) leakage	% and kilogrammes	The carbon footprint related to our SF_6 leakage, a strong contributor to greenhouse gas emissions. The amount leaked divided by the amount banked. We use the average amount of banked SF_6 in our assets. The amount of SF_6 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.
Lease vehicles	tonnes CO_2	The carbon footprint based on the amount of km travelled with lease cars.
Gas consumption	tonnes 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.
Grid losses	tonnes CO_2	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. 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. 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.
Electricity use offices	tonnes 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.
Electricity use stations	tonnes 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.
Business travelling and Offshore transport	tonnes CO_2	The carbon footprint based on the amount of kilometres travelled by car, train and plane and transport by helicopter and supply vessel.

Purchased and capital goods and services	tonnes CO_2	The carbon footprint related to projects that are executed by contractors to build and maintain our assets. This relates for instance to the extraction of the materials sourced and needed to realise our assets.
Number of environmental incidents	#	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. These types of cables are predominantly used in the Netherlands and to a lesser extent also in Germany.
Circular inflow and circular outflow		The estimated percentage of materials we use that is sourced from recovered materials and the estimated percentage of materials outflow that was recovered. In 2023, we have started with the percentage of non-virgin copper related to the purchases in 2023.

Safeguard sustainable financial performance 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	EUR mio	Adjusted funds from operations divided by net debt.

Green Finance Report 2023 (GFR2023)
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:

KPI	Unit	Description
Equivalent number of households able to switch to 100% renewable energy	#	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.
Potential avoidance of CO_2 emissions per year	Tonnes CO_2	The tonnes of emissions CO_2 emissions potentially avoided by connecting green electricity to our grid
Grid losses	GWh	Refer to IAR2023 table
SF_6 leakage (%)	%	Refer to IAR2023 table
Environmental incidents	#	Refer to IAR2023 table
Advancement of proceeds	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
Total budget	EUR bio	The total budget of the projects included in our Green project portfolio
Total amount spent	EUR bio	The total amount spent on the projects included in our Green project portfolio
Green project portfolio CAPEX	EUR bio	The total amount of costs capitalised of the projects included in our Green project portfolio
Average interruption time	hours	Average time a customer could not transport electricity.
Number of stakeholder dialogues	#	The number of events where we have interacted with stakeholders with respect to the projects included in our Green Finance portfolio
Fatalities		Fatal incidents occurred within the scope of the definition as indicated under 'TRIR' in the IAR2023 table.
Percentage of suppliers committed to our supplier code of conduct	%	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
Eligible green project portfolio	EUR bio	Budgeted amount for the portfolio or portfolio components eligible for Green Bond financing
Controversies		Events like major leaks, heavy accidents, etc.
Avoided CO2 emissions per bond issue	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