



## TenneT Holding B.V.

*(incorporated with limited liability in the Netherlands with its statutory seat in Arnhem)*

### **€550,000,000 Fixed-to-Reset Rate NC5.25 Perpetual Capital Securities**

**Issue Price: 99.678 per cent.**

### **€550,000,000 Fixed-to-Reset Rate NC8 Perpetual Capital Securities**

**Issue Price: 99.838 per cent.**

The €550,000,000 Fixed-to-Reset Rate NC5.25 Perpetual Capital Securities (the "**NC5.25 Securities**") and the €550,000,000 Fixed-to-Reset Rate NC8 Perpetual Capital Securities (the "**NC8 Securities**" and together with the NC5.25 Securities, the "**Securities**", and each a "**Series**") will each be issued by TenneT Holding B.V. (the "**Issuer**") on 21 March 2024 (the "**Issue Date**").

The NC5.25 Securities will bear interest on their principal amount from (and including) the Issue Date to (but excluding) 21 June 2029 (the "**NC5.25 First Reset Date**"), at a rate of 4.625 per cent. per annum, payable annually in arrear on 21 June in each year, except that the first payment of interest, to be made on 21 June 2024, will be in respect of the period from (and including) the Issue Date to (but excluding) 21 June 2024 and will amount to €11.63 per €1,000 in principal amount of the NC5.25 Securities. Thereafter, unless previously redeemed, the NC5.25 Securities will bear interest from (and including) the NC5.25 First Reset Date to (but excluding) 21 June 2034 (the "**NC5.25 First Step-up Date**") at a rate per annum which shall be 1.947 per cent. above the euro 5 year Swap Rate (as defined in the Terms and Conditions of the NC5.25 Securities (the "**NC5.25 Conditions**")) for the relevant Reset Period (as defined in the NC5.25 Conditions), payable annually in arrear on 21 June in each year. From (and including) the NC5.25 First Step-up Date to (but excluding) 21 June 2049 (the "**NC5.25 Second Step-up Date**") the NC5.25 Securities will bear interest at a rate per annum which shall be 2.197 per cent. above the euro 5 year Swap Rate for the relevant Reset Period payable annually in arrear on 21 June in each year. From (and including) the NC5.25 Second Step-up Date, the NC5.25 Securities will bear interest at a rate per annum which shall be 2.947 per cent. above the euro 5 year Swap Rate for the relevant Reset Period payable annually in arrear on 21 June in each year, all as more particularly described in "*Terms and Conditions of the NC5.25 Securities — Coupon Payments*".

The NC8 Securities will bear interest on their principal amount from (and including) the Issue Date to (but excluding) 21 March 2032 (the "**NC8 First Reset Date**"), at a rate of 4.875 per cent. per annum, payable annually in arrear on 21 March in each year. Thereafter, unless previously redeemed, the NC8 Securities will bear interest from (and including) the NC8 First Reset Date to (but excluding) 21 March 2037 (the "**NC8 First Step-up Date**") at a rate per annum which shall be 2.214 per cent. above the euro 5 year Swap Rate (as defined in the Terms and Conditions of the NC8 Securities (the "**NC8 Conditions**", and together with the NC5.25 Conditions, the "**Conditions**")) for the relevant Reset Period (as defined in the NC8 Conditions), payable annually in arrear on 21 March in each year. From (and including) the NC8 First Step-up Date to (but excluding) 21 March 2052 (the "**NC8 Second Step-up Date**") the NC8 Securities will bear interest at a rate per annum which shall be 2.464 per cent. above the euro 5 year Swap Rate for the relevant Reset Period payable annually in arrear on 21 March in each year. From (and including) the NC8 Second Step-up Date, the NC8 Securities will bear interest at a rate per annum which shall be 3.214 per cent. above the euro 5 year Swap Rate for the relevant Reset Period payable annually in arrear on 21 March in each year, all as more particularly described in "*Terms and Conditions of the NC8 Securities — Coupon Payments*".

If the Issuer does not elect to redeem the NC5.25 Securities or the NC8 Securities in accordance with Condition 6 of the applicable Conditions, following the occurrence of a Change of Control (as defined in the applicable Conditions), the then prevailing interest rate (and each subsequent interest rate otherwise determined in accordance with the applicable Conditions) shall be increased by 5 per cent. per annum with effect from (and including) the date on which the Change of Control occurred, see "*Terms and Conditions of the NC5.25 Securities — Coupon Payments — Step-up after Change of Control*" and "*Terms and Conditions of the NC8 Securities — Coupon Payments — Step-up after Change of Control*". Each Series of Securities will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest at the prevailing Coupon Rate (as defined in the applicable Conditions) in accordance with the applicable Conditions.

The Issuer may, at its discretion, elect to defer any interest, in whole but not in part, except for interest payable upon redemption of the NC5.25 Securities or the NC8 Securities as more particularly described in "*Terms and Conditions of the NC5.25 Securities — Deferral of Interest*" and "*Terms and Conditions of the NC8 Securities — Deferral of Interest*". Any amounts so deferred, together with further interest

accrued thereon at the interest rate per annum prevailing from time to time (which interest shall compound on each Coupon Payment Date (as defined in the applicable Conditions)) shall constitute Arrears of Interest (as defined in the applicable Conditions). The Issuer may pay outstanding Arrears of Interest, in whole or in part, at any time in accordance with the applicable Conditions. Notwithstanding this, the Issuer shall pay any outstanding Arrears of Interest, in whole but not in part, on the first to occur of the following dates (i) the 10th Business Day (as defined in the applicable Conditions) following the date on which a Mandatory Payment Event (as defined in the applicable Conditions) occurs; (ii) any Coupon Payment Date in respect of the NC5.25 Securities (a "**NC5.25 Coupon Payment Date**") or any Coupon Payment Date in respect of the NC8 Securities (a "**NC8 Coupon Payment Date**") in respect of which the Issuer does not elect to defer the interest accrued in respect of the relevant interest period; and (iii) the date on which the Securities are redeemed or the Issuer becomes subject to a Winding-up (as defined in the applicable Conditions), all as more particularly described in "*Terms and Conditions of the NC5.25 Securities — Deferral of Interest*" and "*Terms and Conditions of the NC8 Securities — Deferral of Interest*".

The Securities are perpetual securities in respect of which there is no fixed redemption date by which the Issuer would be under the obligation to redeem the Securities and the Securities shall be redeemable (at the option of the Issuer) in whole but not in part on any Business Day from and including, with respect to the NC5.25 Securities, the NC5.25 First Call Date to and including the NC5.25 First Reset Date or any NC5.25 Coupon Payment Date thereafter at their principal amount together with any interest accrued thereon, including any Arrears of Interest and any Additional Amounts, up to (but excluding) the redemption date, see "*Terms and Conditions of the NC5.25 Securities — Redemption, Purchase and Modification*" and with respect to the NC8 Securities, the NC8 First Call Date to and including the NC8 First Reset Date or any NC8 Coupon Payment Date thereafter at their principal amount together with any interest accrued thereon, including any Arrears of Interest and any Additional Amounts, up to (but excluding) the redemption date, see "*Terms and Conditions of the NC8 Securities — Redemption, Purchase and Modification*". In addition thereto, the Securities may be redeemed at the option of the Issuer, including, without limitation, upon the occurrence of a Withholding Tax Event, an Income Tax Deduction Event, an Accounting Event, a Rating Event, a Change of Control and following the exercise of the Clean-up Call or the Make-whole Call (each as defined in the applicable Conditions), see "*Terms and Conditions of the NC5.25 Securities — Redemption, Purchase and Modification*" and "*Terms and Conditions of the NC8 Securities — Redemption, Purchase and Modification*". The Securities will become due and payable in the event of a winding-up of the Issuer, see "*Terms and Conditions of the NC5.25 Securities — Enforcement Events*" and "*Terms and Conditions of the NC8 Securities — Enforcement Events*".

The Securities will be unsecured securities of the Issuer and will constitute subordinated obligations of the Issuer, all as more particularly described in "*Terms and Conditions of the NC5.25 Securities — Status, Subordination*" and "*Terms and Conditions of the NC8 Securities — Status, Subordination*". Payments in respect of the Securities shall be made free and clear of, and without withholding or deduction for, or on account of, taxes of the Netherlands, unless such withholding or deduction is required by law. In the event that any such withholding or deduction is made, additional amounts may be payable by the Issuer, subject to certain exceptions as is more fully described in "*Terms and Conditions of the NC5.25 Securities — Taxation*" and "*Terms and Conditions of the NC8 Securities — Taxation*".

This prospectus (the "**Prospectus**") has been approved by the Netherlands Authority for the Financial Markets (Stichting Autoriteit Financiële Markten, the "**AFM**"), as the competent authority under Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"). **The AFM only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the issuer that is the subject of this Prospectus or of the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Securities** (see "*Risk Factors — Risks related to the Securities generally — The Securities may not be a suitable investment for all investors seeking exposure to green assets. Any failure to use the net proceeds of the Securities in connection with green projects, and/or any failure to meet, or to continue to meet, the GBP or the investment requirements of certain environmentally focused investors with respect to the Securities may affect the value and/or trading price of the Securities, and/or may have consequences for certain investors with portfolio mandates to invest in green assets*" below). Application has been made for the listing and trading of the Securities on Euronext Amsterdam N.V. ("**Euronext Amsterdam**") with effect from 21 March 2024.

Each Series of Securities will initially be represented by a temporary global security (each a "**Temporary Global Security**"), without coupons, which will be deposited with a common depositary on behalf of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") on or about the Issue Date. Each Temporary Global Security will be exchangeable for interests in a permanent global security (each a "**Permanent Global Security**" and together with the Temporary Global Securities, the "**Global Securities**"), without coupons, on or after a date which is expected to be on or about 30 April 2024, upon certification as to non-U.S. beneficial ownership. Each Permanent Global Security will be exchangeable for definitive Securities in bearer form in the denominations of €100,000 and integral multiples of €1,000 in excess thereof. No definitive Securities will be issued with a denomination above €199,000, see "*Summary of Provisions relating to the Securities while in Global Form*".

The Securities are expected to be rated BB+ by S&P Global Ratings Europe Limited ("**S&P**") and Baa3 by Moody's Investors Service Limited ("**Moody's**"). Each of S&P and Moody's is established in the European Union or the United Kingdom and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). As at the date of this Prospectus, the Issuer has a long term senior

unsecured debt rating of "A-" by S&P and "A3" by Moody's. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" in this Prospectus.

**Joint Structuring Advisers to the Issuer and Joint Lead Managers**

**ABN AMRO**

**DEUTSCHE BANK**

**Joint Lead Managers**

**ABN AMRO**

**DEUTSCHE BANK**

**BNP PARIBAS**

**ING**

**Passive Bookrunners**

**SANTANDER CORPORATE &  
INVESTMENT BANKING**

**COMMERZBANK**

**RABOBANK**

**UNICREDIT**

**SMBC**

This Prospectus is dated 19 March 2024.

This Prospectus has been prepared for the purposes of the listing and admission to trading of the Securities on Euronext Amsterdam and does not constitute an offer of, or an invitation by or on behalf of the Managers to, subscribe or purchase any of the Securities in any jurisdiction by any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer, the information contained in this Prospectus is in accordance with the facts and makes no omission likely to affect its import.

**The validity of this Prospectus (as supplemented as at the relevant time, if applicable) in relation to Securities which are to be admitted to trading on a regulated market in the European Economic Area (the "EEA") will expire on the earlier of (i) the first date on which the Securities commence trading on Euronext Amsterdam and (ii) 12 months from the date of this Prospectus. The obligation to supplement this Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Prospectus is no longer valid.**

This Prospectus is to be read in conjunction with all the documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*"). Other than in relation to the documents which are deemed to be incorporated by reference (see "*Documents Incorporated by Reference*" below), the information on the websites to which this Prospectus refers does not form part of this Prospectus (unless that information is incorporated by reference into the Prospectus) and has not been scrutinised or approved by the AFM. Persons into whose possession this Prospectus comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. For a description of further restrictions on offers and sales of Securities and distribution of this Prospectus, see "*Subscription and Sale*" below.

No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer or the Managers. Neither the delivery of this Prospectus nor any offer or sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Securities is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. To the fullest extent permitted by law, the Managers accept no responsibility whatsoever for the contents of this Prospectus or for any other statement, made or purported to be made by a Manager or on its behalf in connection with the Issuer or the issue and offering of the Securities. Each Manager accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement.

**MIFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Securities has led to the conclusion that: (i) the target market for the Securities is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Securities (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

**Prohibition of sales to EEA Retail Investors** – The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**Prohibition of sales to UK Retail Investors** – The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive 2016/97/EU, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK law ("**UK MiFIR**"); or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of UK law by virtue of the EUWA (the "**UK Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain exceptions, Securities may not be offered, sold or delivered within the United States or to U.S. persons.

References to "**euro**", "**Euro**", "**EUR**" and "**€**" refer to the lawful currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community as amended by the Treaty on European Union.

In connection with the issue of the Securities, ABN AMRO Bank N.V. (the "**Stabilising Manager**") (or any person acting on behalf of the Stabilising Manager) may over-allot Securities or effect transactions with a view to supporting the market price of the Securities at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Securities is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Securities and 60 days after the date of the allotment of the Securities. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or any person acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact such investment will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including where the currency for principal and interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Securities and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Securities are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. These investors purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Securities unless it has the expertise (either alone or with a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of the Securities and the impact this investment will have on the potential investor's overall investment portfolio. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Securities under any applicable risk-based capital or similar rules, and consult their own tax advisers as to the tax consequences of the purchase, ownership and disposal of the Securities.

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## **Risk Factors**

*Before investing in the Securities, prospective investors should consider carefully all of the information in this Prospectus, including the following specific risks in addition to the other information set out in this Prospectus.*

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Securities. All of these factors are contingencies which may or may not occur. Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Securities are also described below.*

*If any of the following risks actually occur, the Issuer's business, results of operations or financial condition could be materially adversely affected, and could result in an inability to pay interest, principal or other amounts on or in connection with the Securities. The Issuer believes that the factors described below represent the material risks inherent in investing in the Securities, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Securities for other reasons. The risks described below are not the only risks the Issuer faces. Additional risks not presently known to the Issuer or that it currently believes to be immaterial could also have a material impact on its business, results of operations or financial condition and may result in an inability to pay interest, principal or other amounts on or in connection with the Securities.*

*Although the most material risk factors have been presented first within each category, the order in which the remaining risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential negative impact to the Issuer's business, financial condition, results of operations and prospects. The Issuer may face a number of these risks described below simultaneously and some risks described below may be interdependent. While the risk factors below have been divided into categories with each risk being discussed in the most appropriate category, some risk factors could belong in more than one category and prospective investors should carefully consider all of the risk factors set out in this section. Where a risk factor could belong in more than one category, such risk factor is included in the category that is most appropriate for it.*

*Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision. Furthermore, before making an investment decision with respect to any Securities, prospective investors should consult their own stockbroker, bank manager, lawyer, auditor or other financial, legal and tax advisers and carefully review the risks associated with an investment in the Securities and consider such an investment decision in light of the prospective investor's personal circumstances.*

*Any references in this Prospectus to the "Group" are to the Issuer and its subsidiaries and affiliates taken as a whole. Any references in this Prospectus to "TenneT TSO NL" are to TenneT TSO B.V. including its subsidiaries and any references in this Prospectus to "TenneT TSO Germany" are to TenneT GmbH & Co KG including its subsidiaries. All capitalised terms that are not defined in these Risk Factors will have the meanings given to them elsewhere in this Prospectus.*

**Factors that may affect the Issuer's ability to fulfil its obligations under or in connection with the Securities**

### **Risks relating to the Issuer**

#### **A. Risks relating to the Issuer's business operations**

***Impact of Dutch and German regulatory frameworks and tax rules on the Issuer's business financial conditions and net income***

The business, results of operations, revenue, profits, financial position, prospects and cash flows of the Issuer could be affected by the Dutch and German regulatory frameworks, which include both economic and environmental rules and regulations (see "*Business Description of the Issuer — Regulatory framework*").

The regulated activities of the Group, which produced more than 99% of the Group's consolidated underlying revenue in 2023, depend on licences, authorisations, exemptions and/or dispensations in order to operate its business. These licences, authorisations, exemptions and/or dispensations may be subject to withdrawal, amendments and/or additional conditions being imposed on the regulated activities of the Group. Given the dependency of the Group on its regulated business, the occurrence of any of these events, or a combination thereof, may result in the Group no longer being able to conduct its business or part thereof. This could have a material adverse effect on the revenue of the Group, potentially reducing it significantly, and therefore on the Issuer's profits and financial position.

The Issuer's income also depends on interest and dividends received from its subsidiaries, which payments are often not regulated. However, the Issuer's net income is to a large degree derived from the revenues of the regulated activities of its subsidiaries. Such activities of the Issuer's regulated subsidiaries depend on governmental regulations and European legislation, which implies that, in the end, the Issuer's net income is sensitive to regulatory amendments and decisions.

In addition, the tax laws applicable to the Group's business, including the laws of the Netherlands and Germany, are subject to change and interpretation. Any new legislation, interpretations of existing legislation or changes in tax rates could impact the Group's tax obligations or cause the Group to change the way it operates its business and result in increased taxation of its earnings.

#### *Dutch regulatory and administrative decisions and proceedings*

The allowed income and tariffs of TenneT TSO NL are subject to incentive regulation by the Authority Consumer & Market (*Autoriteit Consument & Markt*, the "**ACM**") providing for a revenue cap (see "*Business Description of the Issuer — Regulatory framework — Tariff regulation*"). Within this regulatory framework, the ACM adopts various decisions regarding TenneT TSO NL. The business, financial condition and net income of TenneT TSO NL and the Issuer are sensitive to and may be materially affected by the outcome of such regulatory decisions and any related or other proceedings, inter alia when such decisions and proceedings are based on estimated data (such as inflation), historical data, assumptions, research, efficiency and productivity goals which may be too stringent, fail to acknowledge costs which TenneT TSO NL cannot avoid incurring and, consequently, deviate from actual values or costs made. In addition, changes in the value of the parameters or in the regulatory methodology used may impact the revenue levels of TenneT TSO NL and therefore potentially impact its cash flows, results of operations and financial position. Costs relating to damage of assets of TenneT TSO NL or third parties, e.g. due to unplanned outages of the network, which cannot or cannot be fully recouped by TenneT TSO NL via tariffs or insurances may also materially affect the business, financial condition and net income of TenneT TSO NL and the Issuer.

In general, the assessment of exposures and ultimate outcomes of regulatory decisions and legal and regulatory proceedings involves uncertainties and may be subject to change.

For example, TenneT TSO NL was involved in an ACM complaint procedure regarding a claim of an industrial customer due to an unplanned outage of the 150kV network. At the request of this industrial customer, the ACM decided that TenneT TSO NL did not comply with the obligation of (old) Article 31, paragraph 12 of the Dutch Electricity Act (as defined below) on redundancy requirements of the high voltage grids (except for the grid at sea). TenneT TSO NL filed an appeal against this ACM decision with the *College van Beroep voor het bedrijfsleven* (the "**CBb**"). The CBb ruled that TenneT TSO NL did comply with the redundancy criteria for the involved grid station, but confirmed the judgment of the ACM that TenneT TSO NL during this outage had not acted in accordance with the provisions in the Dutch Electricity Act, more specifically article 16 (grid operator



task) of the Dutch Electricity Act. This CBb ruling has been used as a starting point in a civil law procedure regarding the question whether and to what extent TenneT TSO NL is obliged to compensate damages caused by the unplanned outage of the network. The court of first instance ruled that TenneT does not have to pay damages to the industrial customer. The industrial customer appealed against the judgment and sought a judgment on the establishment of liability. In an interim judgment, the court of appeal ruled that TenneT is liable for the damage caused to the industrial customer as a result of the outage and has asked parties to confirm their preferred approach. Depending on how the proceedings develop, the court of appeal may hold that TenneT has to pay damages to the industrial customer. As the appeal procedure has been split into a liability procedure (*vaststelling aansprakelijkheid*) and (potentially) a subsequent damage assessment procedure (*schadestaatprocedure*), the possible amount of damages is not presently known, although the initial claim (in first instance) was not material. In respect of a similar claim, the European Court of Justice and afterwards also the CBb established that a complaint made by a different entity against TenneT as the operator of a national grid following unplanned outage may not be dismissed for the sole reason that that party's installation is not connected to the national electricity system, but only to a regional system linked to the national system. The findings in both cases may have an impact on similar claims in the future, which could (individually or in aggregate – by setting a precedent) materially affect the financial condition and net income of TenneT TSO NL and the Issuer.

#### *Dutch certifications as a TSO and interconnector operator*

TenneT TSO NL is currently certified as transmission system operator (a "TSO") for the Dutch national (extra) high voltage grid and as interconnector operator for its part of the NorNed Cable and the Cobra Cable and fully complies with all applicable requirements. In addition, TenneT TSO NL has been certified and appointed as the sole offshore grid operator in the Netherlands. There can be no assurance that either of these certifications will never be revoked and subsequently needs to be obtained again, *e.g.* because of non-compliance by TenneT TSO NL with certification requirements or change of conditions and/or regulation. This could have a material impact on the Issuer's business.

#### *German grid tariffs*

For an overview of the German regulatory framework and recent amendments thereto, reference is made to "*Business Description of the Issuer — Regulatory framework — Regulation of grid tariffs*".

The revenues of TenneT TSO Germany are derived from the operation of the transmission grid and are subject to regulation by the German Federal Network Agency (*Bundesnetzagentur*, "**BNetzA**"). Consequently, TenneT TSO Germany's overall business, financial condition and net income are – similar to TenneT TSO NL – sensitive to regulatory changes and decisions of the regulator. Such changes and decisions may impact the revenue levels of TenneT TSO Germany and may therefore impact its cash flows. For instance, the return on equity will decrease, mainly driven by a reduced regulatory rate of return on equity in Germany, starting with the new 5-year regulatory period in 2024 and other regulatory changes. Next to that, changes made to the regulatory framework in Germany in 2019 and changes made to the *Energiewirtschaftsgesetz* ("**EnWG**") in Germany in 2021, which transfers the joint responsibility that TSOs have for new DC grid projects that cover multiple areas to the TSO in whose control area the southern grid interconnection point is located, may impact the revenue levels of TenneT TSO Germany and may therefore impact its cash flows (see "*—Connection of offshore wind farms in Germany*").

#### *German certifications as a TSO*

BNetzA certified TenneT TSO Germany as a TSO by its decision dated 3 August 2015. Similar to TenneT TSO NL, there can be no assurance that the certification will never be revoked and subsequently needs to be obtained again, *e.g.* because of non-compliance by TenneT TSO Germany with certification requirements or change of conditions and/or regulation. This could have a material impact on the Issuer's business.

### *Clean Energy Package*

The EU's Clean Energy Package has entered into force, requiring amongst others that TSOs provide to the market 70% of the total cross-border transmission capacity. The ACM approved a derogation of TenneT TSO NL from the Clean Energy Package and approved an action plan which gradually aims to fulfil the targets in the Netherlands by 2026. The German government introduced an action plan to gradually achieve the 70% target by 2026. Any delays of TenneT TSO NL and TenneT TSO Germany to fulfil the targets under these action plans could lead to material financial penalties.

### *Connection of offshore wind farms in Germany*

For a description of the regulatory framework relating to the connection of offshore wind farms, see "*Business Description of the Issuer — Regulatory framework — Connection of offshore wind farms*".

The realisation of offshore grid connection systems extending from the offshore wind farms ("OWF") to the nearest technologically and economically feasible onshore grid connection point ("**OWF Connections**") requires large scale investments. As TenneT TSO Germany decided to make use of the grandfathering model introduced by the ordinance "Regulation for the calculation of the Offshore grid levy and adjustments to the regulatory framework" (*Verordnung zur Berechnung der Offshore-Netzumlage und zu Anpassungen im Regulierungsrecht*, "**ONU-VO**"), the regulatory treatment of investments depends on whether the respective projects are completed and commissioned before year-end 2019 or later. For new project investments, there is a risk that BNetzA does not approve certain capital expenditures if these are higher than those of an "efficient and comparable grid operator" (section 3a paragraph 1 in conjunction with section 4 paragraph 1 StromNEV). That could lead to a material negative effect on the financial position of TenneT TSO Germany if those cost positions are not covered through other mechanisms.

From 2019 on, due to regulatory changes, operational expenses are reimbursed based on actuals instead of by way of an OPEX lump sum. However, it cannot be ruled out that the actual operating costs will not be fully reimbursed, as the regulator may potentially not be able to sufficiently verify such operating costs. The reimbursement of actual operating costs is therefore subject to a regulatory verification risk.

In addition, several contractors of OWF Connections have filed judicial claims against certain subsidiaries of TenneT TSO Germany (see for pending procedures in this regard "*Business Description of the Issuer — Legal and arbitration proceedings — TenneT TSO Germany*"). In case of compensation payments to OWF operators, TenneT TSO Germany's operational costs will increase. However, in principle, TenneT TSO Germany is entitled – possibly with a time lag – to pass through compensation payments for delays and interruptions to the other TSOs and eventually to end consumers (so-called offshore liability balancing regime). For restrictions and limitations in this regard, inter alia in case of wilful misconduct or gross or simple negligence, see "*Business Description of the Issuer — Regulatory framework — Connection of offshore wind farms*". Although it cannot be entirely ruled out that certain delays will be found to have been caused by wilful misconduct or by gross or simple negligence (which would have an impact on the profits and financial position of TenneT TSO Germany), so far BNetzA has not found that TenneT TSO Germany acted negligently or wilfully in this respect. If and to the extent these claims were (partly) justified and the payments resulting therefrom could not be passed through to the end customers, the binding rulings may have a negative impact on the financial position of TenneT TSO Germany and the Group as a whole.

### ***Operational risks and risks related to material projects***

#### *Operational, technical and realisation risk*

The Issuer faces a substantial investment programme in the coming years to (i) connect renewable and conventional electricity production capacity to the grid; (ii) ensure optimal grid availability (security of supply); (iii) drive the energy transition as a green grid operator and thought leader (see "*Business Description of the*

*Issuer — Strategy — Issuer's Sustainability strategy*) and (iv) changed grid planning requirements and assumptions (e.g. increased targets for offshore wind and changes in the expected electricity demand). Although these risks have not yet materialised, the level, complexity and innovative character of these investment projects brings along operational risks. First, the acceptance of requests by customers to be connected to the grid could potentially become limited or postponed due to shortages in either resources or physical grid capacity. Secondly, TenneT could face delivery and preparation delays for its projects and ultimately setbacks in respect of its investment programme, due to TenneT TSO NL being required to calculate for each construction and operation phase how it affects nitrogen emissions in the Netherlands as a result of the repeal of the nitrogen exemption in November 2022. Thirdly, the development of innovative instruments to increase flexibility and grid utilization is necessary for an affordable energy transition, but may lead to significant changes in grid operation and maintenance, e.g. due to increased volatility of renewable energy.

Furthermore, there is a risk, amongst others, of financial instability of suppliers, insufficient supplier capacity, materials and services and human resources to realise the substantial investment programme. Additionally, the increasing number of construction and maintenance operations - in conjunction with the volatility of renewable energies - aggravates the outage planning. The development of several large projects simultaneously and the introduction of new combinations of existing technology in, amongst others, platform design, construction and installation of offshore high voltage direct current ("**HVDC**") converter stations increase realisation risks for projects. Due to the novelty and complexity of HVDC connections (e.g. multihub), further technical as well as operational issues might arise after the construction phase. Accordingly, should any such risks occur, these may result in increased costs and/or delays in project completion, which may result in curtailment or suspension of the Issuer's related operations. As a result, the manifestation of such risks could have a material adverse effect on the Issuer's business, financial condition and net income. It is also reiterated that interruptions in the transmission network may lead to claims and investigations as well as reputational damage, so that the Issuer's business, financial condition and net income may also be affected in that way (see "*Impact of Dutch and German regulatory frameworks and tax rules on the Issuer's business financial conditions and net income — Dutch regulatory and administrative decisions and proceedings*" and "*Reputational damage*").

#### *Grid performance, including risk of blackouts*

Due to more intensive grid usage, the introduction of new technologies, the market integration of European electricity markets, the effort of numerous European TSOs via ENTSO-E (the European association for the cooperation of TSOs for electricity) to assist and support the Ukrainian power grid and the increased feed-in from renewable energy, combined with the grid condition, there is an increased risk of interruptions and/or outages within the grid of TenneT TSO NL and TenneT TSO Germany. In addition, a risk of voltage control issues in grid operation could occur due to high level penetration of renewable energy sources and/or insufficient voltage control capabilities which could result in over- or undershooting voltage limits, especially within the grid of TenneT TSO NL. Such events may lead to damage or reduced lifetime of TenneT's assets and components, disconnection of customers or grid interruptions. Weaknesses in the market design may lead to a systematic shortage of electricity production and significant frequency deviations in the grid. Shortages can e.g. be caused by inaccurate forecasts on renewable power production, whereas different prices at the intraday market, compared to imbalance settlement prices, incentivise balancing parties to not compensate imbalances. Additionally, non-harmonised ramp-up and ramp-down times of different production entities may lead to frequency spikes. The Issuer manages these risks for example by speeding up replacements and investments in its current network, combined with improved information technology ("**IT**") systems to steer the network. Furthermore, a terrorist- or cyber-attack with as its main goal to disrupt the energy grid might cause interruptions, outages and/or a severe blackout within the grid. Next to that, theft of copper – either taken out of active (sub)stations or taken out of the storage location – and theft of resources located at sites in general remain a continued risk for grid downtime and maintenance costs. The Issuer manages these risks mainly by improving its security measures of its physical and non-physical critical systems. To the extent the Issuer fails

to manage these risks, their occurrences might have material adverse effects on the Issuer's business, financial condition and net income.

Extreme weather events, rising sea levels and rising ground water levels could impact the Issuer's system resilience, assets, supply chain and investments costs. Changes in weather conditions can result in significant changes in energy demand and ultimately impacting turnover and (financial) performance of the Issuer. In addition, weather changes (for example, high or low wind or rain levels) can affect the energy production from certain renewable resources. The Issuer manages these risks by taking mitigation measures during the design, construction and maintenance of its assets. To the extent the Issuer fails to manage these risks related to extreme weather events or water levels, their occurrence might have material adverse effects on its business, financial condition and net income.

#### *Dependency on information technology systems*

The Issuer expects more technological and market developments in the upcoming decades, as a result of which international co-operation and disruptive innovation and digitalisation will be required to guarantee a secure and reliable supply of energy and to meet both the energy needs of society and the national and international carbon-reduction targets. Different sectors will most likely couple, *e.g.* energy from electricity, gas production, storages and distribution as well as mobility. New ground breaking-innovations or changes in the market design could have a material adverse effect on the Issuer's business, financial condition or results of operations. In addition, new market players in the fields of digitisation and digitalisation are expected to provide new services concerning energy data. Furthermore, the Issuer's operations and business processes depend on the availability of IT systems. Due to the nature of the Issuer's business, the availability of IT systems is of paramount importance and interruptions could have significant effects on the direct accessibility of electricity throughout the Netherlands as well as in Germany. The Issuer has in place IT solutions and information security management systems to ensure an uninterrupted operation of its IT systems. Risks are significant interruptions in the availability of IT systems, inability of the Issuer to adapt to the fast changes in the IT domain and technical problems compromising the accessibility or confidentiality of business-critical information. Decentralised renewable power production parties are usually connected to distribution system operator ("**DSO**") grids. As a result the Issuer may only have limited access to data. In addition, there is a risk that the Issuer could be the target of external attempts to gain unauthorised access to its IT systems. Each of these events could have a material adverse effect on the Issuer's business, financial condition or results of operations.

#### *Reputational damage*

The Issuer and its subsidiaries perform public tasks and have multiple stakeholders. Therefore, the Issuer carries an increased risk of reputational damage. In case of any resistance from stakeholders with respect to new grid infrastructure, investments can be delayed, which could affect future grid performance. Incidents or interruptions in the grid, stranded investments, delays in the completion of (large) projects, delays in connection and supply of electricity or increased costs for society could also have negative effects on the Issuer's reputation, reducing political or public acceptance. There is a risk that personnel at construction sites or at (sub)stations will not adhere to the Issuer's safety guidelines, whether intentionally or unintentionally, which could lead to severe accidents or fatalities, and consequently to reputational damage for the Issuer. Furthermore, to realise its investment programme, the Group conducts business with suppliers and secures equipment from countries which are considered politically sensitive. Although the Issuer is not performing operational business in these countries and is not dependent on such business, this could negatively affect the Issuer's reputation, business, financial condition and net income due to public scrutiny relating to national security concerns or human rights standards. Furthermore, a changing energy landscape influenced by national, European and global political ambitions to meet and extend the 2030 climate targets, accompanied by additional legal requirements with respect to environmental protection, increases the complexity of mid- and long-term planning. The Issuer's failure to comply with declarations previously made could have a negative effect on its external credibility and

reputation, which could have materially adverse consequences on the Issuer's business, financial position and net profits. Additionally, in Germany, a law (NABEG) empowers regulatory authorities to impose sanctions and penalties against TSOs.

#### *Operating costs*

The Issuer could experience market constraints leading to higher costs for its ancillary services, for example caused by limited availability of interconnected power in Europe or a significant increase in traded power prices. These higher costs lead to a difference between budgeted and actual costs, and this difference has to be prefinanced by the Issuer. The higher costs can be recouped via future tariffs, but have, under current IFRS treatment of regulatory receivables, a negative effect on the Issuer's reported IFRS result. Furthermore, the costs for the Issuer's investment programme and operating expenditures, among others, could rise due to external factors (e.g. inflation or scarce materials) as well as internal factors (e.g. increased workforce, low cost consciousness and inefficiencies), which could have a material adverse effect on the Issuer's business, financial condition and net income.

The energy crisis, war in Ukraine, and increase in European and global political ambitions to meet and extend climate targets has led to increased demand and a price surge for resources and goods for complex offshore projects (e.g. platform design, construction and installation of offshore HVDC converter stations). These inflationary effects, as well as increased competition for scarce resources and limited supplier capacity for offshore projects may result in increased costs and/or delays in project completion and could consequently have a material adverse effect on the Issuer's business, financial condition and net income.

#### *Geopolitical risk*

Geopolitical uncertainty from a range of factors, amongst others the war in Ukraine and increasing geopolitical tensions in other regions, such as the recent escalation of military and diplomatic tensions in the Middle East, may result in supply chain interruptions, delays in projects, higher energy prices, higher costs for ancillary services and higher cost of supplies that are needed for maintenance and investment projects. In addition, government targets may change due to developments in the geopolitical landscape, which may have an impact on the Issuer's investment scheme. Furthermore, ongoing political uncertainty may also have an impact on stability and predictability of the infeed of electricity into the grid, which may have a material adverse impact on the security of supply and consequently on the Issuer's business, financial condition and net income.

#### ***Scarcity of qualified short- and long-term staff***

As the operations of the Issuer are strongly technical in nature, the availability of sufficient qualified personnel is key to the Issuer's business, financial condition and income. The Issuer experiences difficulties in attracting and retaining qualified (technical) personnel needed to support its operations. The Issuer's investment portfolio causes a high workload throughout the entire supply chain and together with the high degree of organisational complexity of the Issuer's projects, this may lead to the situation where a lack or loss of staff results in insufficient expertise and know-how and in unsatisfactory quality levels of the Issuer's operations, the inability to operate the Issuer's grid, delays in completion of infrastructure projects and maintenance, or failure to meet strategic objectives. The occurrence of one of such risks could have a material adverse effect on the Issuer's business, financial condition and net income.

#### ***Impact of environmental issues relating to subsidiaries of Issuer on the Issuer's business, financial condition and net income***

As the environment is one of the focal points in the Issuer's internal and external activities, the Issuer has an established environmental policy in order to meet all applicable environmental standards.

The operations and properties of subsidiaries of the Issuer are subject to various local and EU laws and regulations concerning the protection of the environment, including regulation of air and water quality, controls of hazardous or toxic substances and guidelines regarding health and safety. Subsidiaries of the Issuer may be required to pay for clean-up costs (and in specific circumstances, for aftercare costs) for any contaminated property they currently own or have owned in the past.

Environmental laws can impose liability without regard to whether the owner or operator had knowledge of the release of substances or caused the release. Although the Issuer might have no knowledge of properties requiring immediate remediation or decontamination or other measures related to environmental obligations (except as provisioned for), environmental authorities may come to a different assessment. Third parties may also initiate proceedings to require decontamination. Hence, one or more of the Issuer's subsidiaries may be required to initiate costly, extensive and time-consuming clean ups at one or more of its properties, in addition to the risk of incremental penalty payments or other penalties. Such requirements (imposed on the subsidiaries of the Issuer) could have a material adverse effect on the Issuer's business, financial condition and net income.

Although the Issuer strives to limit the impact on the environment to a maximum possible extent, due to the nature of its operations it, TenneT TSO NL and/or TenneT TSO Germany, cannot entirely exclude the generation of emissions, the creation of waste, the use of non-renewable materials or their infrastructure having a negative effect on biodiversity. A risk with respect to emissions in both the Netherlands and Germany is posed by the use of sulphur hexafluoride ("**SF6**") in the absence of technical alternatives for certain types of (extra) high-voltage switchgear. SF6 is a gas with greenhouse impact. It is used in closed systems, but it may be released through leakages and/or during maintenance work on the installation. Furthermore, the leakage of oil used in transformers and cables could have another negative local environmental impact of the Issuer's operations. Therefore, polyethylene cables, which do not contain any oil are used for almost all new projects.

Any of the above developments may affect the timing and amount of investments, could result in increased expenditures on the part of the Issuer and in potential liability risks relating to damages claimed by affected persons.

## **B. Risks relating to the structure of the Issuer**

### ***The Issuer is a holding company with no operations and relies on its operating subsidiaries to provide it with the funds necessary to meet its financial obligations***

The Issuer is a holding company with no material, direct business operations. The principal assets of the Issuer are the equity interests it directly or indirectly holds in its operating subsidiaries. As a result, the Issuer is dependent on loans, interest, dividends and other payments from its subsidiaries to generate the funds necessary to meet its financial obligations, including the payment of dividends to its shareholder and the payment of interest and principal to its creditors, including the holders of the Securities (the "**Securityholders**") and the Couponholders (as defined in the applicable Conditions). The ability of the Issuer's subsidiaries to make such distributions and other payments depends on their earnings and may be subject to statutory or contractual restrictions. In this respect, reference is made to "*Business Description of the Issuer — Regulatory framework*", under headings "*Dutch Decree on Financial Management*" and "*System responsibility*".

Due to the legal framework described under "*Business Description of the Issuer — Regulatory framework — System responsibility*", the ability of the Issuer to upstream cash from TenneT TSO Germany in order to meet its obligations under the Securities is restricted. In addition, in view of its position as an equity investor in its subsidiaries, the Issuer's right to receive assets upon their liquidation or reorganisation will be effectively subordinated to the claims of creditors of its subsidiaries. Although the Issuer's subsidiaries have no material borrowings as at the date of this Prospectus, to the extent that the Issuer is recognised as a creditor of such

subsidiaries, the Issuer's claims may still be subordinated to any security interest in or other lien on their assets and to any of their debt or other obligations that are senior to the Issuer's claims.

If the subsidiaries of the Issuer are for whatever reason not in a position to upstream funds to the Issuer or only upstream funds in a lesser amount than envisaged based on previous years and therefore the amounts that the Issuer receives from its subsidiaries may not be sufficient to meet its financial obligations, as a result of which the Issuer may not be able to fulfil its obligations under the Securities in full.

### ***Influence of the Dutch State as the sole shareholder of the Issuer***

The Issuer is controlled by the State of the Netherlands (the "**Dutch State**"), being the sole shareholder of the shares in the share capital of the Issuer. From financial year 2015 up to and including financial year 2022, the Issuer has paid 35% of the underlying distributable profit, after income allocated to project investors and distributions made to hybrid capital holders, as dividend to its shareholder. For financial year 2023, the Issuer expects to pay 35% of the underlying distributable profit, after distributions made to hybrid capital holders and excluding the profits generated by TenneT TSO Germany, as dividend to its shareholder. In the past, most recently in its Spring Memorandum 2023 (*Voorjaarsnota 2023*, the "**Spring Memorandum 2023**"), the Dutch State explicitly stated that it has a strong interest in maintaining a healthy financial profile for the Issuer. Through its role as sole shareholder, policymaker and legislator the Dutch State has a certain influence on the Issuer's operations, which - depending on the circumstances - may positively or negatively influence the Issuer's business, financial condition and net income.

On 1 July 2022, the Dutch government published its Policy on Government Participations 2022 (*Nota Deelnemingenbeleid 2022*, the "**Policy on Government Participations 2022**"). In the Policy on Government Participations 2022, the Dutch State recognises a positive effect of the strengthening of its influence over the Issuer as mentioned in its Policy on Government Participations 2013 (*Nota Deelnemingenbeleid 2013*, the "**Policy on Government Participations 2013**"), e.g. in respect of important investments and in respect of the appointment of members of the executive board and supervisory board. The Policy on Government Participations 2022 is furthermore focused on the role of participations to secure the public interest, and strives to further professionalise active participations.

The Issuer's significant amount of investments (see "*Business Description of the Issuer — Funding*") is expected to require additional equity capital to maintain credit ratings for the Issuer and for its individual subsidiaries.

With respect to the equity capital for investments in the Dutch electricity grid, the Dutch State stated in its Spring Memorandum 2023 that the existing reserves for capital contributions in TenneT will be released because of the potential sale of TenneT TSO Germany to the German state (the "**Potential Sale**"), stating that the Issuer would be able to finance its capital needs from the proceeds of such anticipated sale. During this sale process the Issuer will continue to be required to make investments in the Dutch and German electricity grids. As at the date of this Prospectus, it is uncertain whether and under what conditions an agreement can be reached on a full sale of TenneT TSO Germany to the German state (see "*— The Issuer will face risks related to the potential sale of TenneT TSO Germany to the German state*") and consequently if and when the Issuer will receive proceeds from such Potential Sale.

If the full sale of TenneT TSO Germany does not materialise or the Issuer does not receive the proceeds timely or at all, the Issuer will be required to obtain funding from other sources to finance its capital needs, which includes investments relating to the German electricity grid. Pending further developments regarding the Potential Sale, the Issuer and the Dutch State have entered into a shareholder loan facility of EUR 25 billion, safeguarding the Issuer's planned net investments in the Netherlands and Germany for 2024 and 2025. The shareholder loan facility is not entered into as a long-term solution but provides a bridge until (i) the Potential Sale is completed or (ii) in the event of the unexpected failure of negotiations, another structural finance solution

is found. Entering into a loan facility instead of capital contributions may have an impact on the assessment of the Issuer's credit profile. The material terms of the shareholder loan facility are set out below.

Every drawing under the shareholder loan facility is considered to constitute a separate loan. The interest rate of each loan is calculated upon drawing, and is based on the market interest (which is the Euro Mid-swap rate) and a credit margin (*kredietmarge*), which, depending on the maturity of the loan, varies between 0.6 per cent and 1.2 per cent. The Issuer can request for a maturity of six to sixteen years. In connection with the shareholder loan facility, two fees are payable by the Issuer. A general fee of 0.1 to 0.2 per cent over the full shareholder loan facility, and a commitment fee of maximum 0.1 per cent for the unused part of the shareholder loan facility during the availability period of the shareholder loan facility (2024 and 2025).

The shareholder loan facility includes two regimes with respect to repayment of the loans. First, upon completion of the Potential Sale, the Issuer cannot draw any new loans and has to repay (part of) the shareholder loan facility from the net proceeds of the sale, after deducting certain amounts from the net proceeds. One of the amounts that will be deducted from the net proceeds prior to repayment of the shareholder loan facility is EUR 1.6 billion, that the Issuer will apply towards repayment of the capital contribution of the Dutch State in 2023. Second, any amounts that remain outstanding under the shareholder loan facility, or, if completion of the Potential Sale does not occur, the full outstanding amount under the shareholder loan facility will have a repayment date between 2030 and 2040. The maximum repayment amount for each year is capped at 10 percent of the total amount of the shareholder loan facility.

Potential conflicts of interest may exist between the objectives of the Group versus the political interest of the Dutch State. It cannot be assured that all decisions and actions taken by the Dutch State as the sole shareholder of the Issuer are fully compatible with the Issuer's interests and the Dutch State may also change certain policies over time. Such decisions and actions may require extensive investments from the Issuer (for example in relation to reaching sustainability targets in Dutch and German national energy policies) and may result in lower credit ratings, lower revenues or a lower profit margin which could have a material adverse effect on the Issuer's business, financial condition and net income.

In addition, there is a risk of a political conflict of interest regarding national energy strategy between the Netherlands and Germany. For example, either the Netherlands or Germany might require adherence to other or more ambitious sustainability targets. This possible conflict of interest regarding national energy strategy could have a material adverse effect on the Issuer's business, financial condition, and net income.

***The Issuer will face risks related to the potential sale of TenneT TSO Germany to the German state***

With respect to the equity capital for investments in the German electricity grid, the Issuer is exploring several possibilities together with the Dutch State, one of which is the Potential Sale. After the relevant Dutch ministers informed the Dutch parliament by letters of 28 November 2022 and 6 February 2023 that a full sale to the German state is an option, TenneT published a statement on its website on 10 February 2023, expressing its intention to explore a potential full sale of TenneT TSO Germany to the German state and indicating that it will collaborate closely with the Dutch State in respect hereof. By letter of 23 February 2023, the Dutch Minister of Finance and the Dutch Minister of Climate and Energy Policy informed the Dutch parliament why of the various conceivable scenarios to meet the Issuer's capital needs, a full sale of TenneT TSO Germany to the German state is considered the preferred scenario at this time. This letter also sets out the three conditions which a transaction with the German state will at least have to meet, being: (i) the continuity of the Issuer's operations in the Netherlands must not be jeopardised, (ii) an agreement on cooperation to realise future synergy benefits between the Dutch State and the German state must be entered into, and (iii) the purchase price must be in line with market conditions. The letter provides that the Dutch State can only decide definitively whether a full sale of TenneT TSO Germany is indeed desirable when it is clear whether a transaction is possible under these conditions, and that no irreversible steps will be taken until then. The letter of 23 February 2023 indicates that



the next period will be used to examine together with the German state and TenneT whether and under what conditions agreement can be reached on a full sale of TenneT TSO Germany to the German state. Once the interim agreement on cooperation and offer by the German state have been assessed against the three criteria listed above, the Dutch parliament will be informed about the position of the Dutch State before it decides on entering in a second phase of negotiations.

By letter of 6 July 2023, the Dutch Minister of Finance updated the Dutch parliament on the developments in the process of the Potential Sale. The letter includes that the negotiations are proceeding constructively, but that there are still material differences to overcome on some key issues. Parties are working towards an agreement on the transaction terms and when this concept agreement is finalised, the Dutch parliament will be informed. The letter also sets out that the above developments have consequences on the timeline of the Potential Transaction.

Depending on the pursued transaction structure, strategy and timing, a full sale of TenneT TSO Germany to the German state may have an impact on the credit profile of the Group or individual subsidiaries and may result in a change in credit rating and/or financial profile, which could have a material adverse effect on the Issuer's financial condition and planned investments.

In addition, the Issuer may not be able to realise the potential full sale of TenneT TSO Germany which could lead to negative reactions from the financial markets or other stakeholders, which may impact the Issuer's business, financial condition and net income. This would also require the Issuer to continue to make investments relating to the German electricity grid and to obtain funding from other sources to finance its capital needs, (see "*Influence of the Dutch State as the sole shareholder of the Issuer*").

## **C. Risks relating to the financing of the Issuer**

### ***(Re-)financing risk***

The Issuer faces substantial financing needs in the coming years to fund its onshore and offshore investment projects in the Netherlands and Germany as well as international sub-sea (extra) high-voltage cables (see also "*Business Description of the Issuer — Funding*"). If the Issuer is unable to raise such financing, it might not be able to invest as scheduled. Any limitations on the Issuer's ability to invest as scheduled, could affect the Issuer's cash flows, and affect its ability to execute its strategic plans, which could have a material adverse effect on the Issuer's business, financial condition and net income.

Additionally, current and future problems that are and may be affecting the domestic and international debt and equity markets generally may adversely affect the availability and cost of funding for the Issuer. The envisaged capital expenditures and ensuing financing needs of the Issuer will require that it seeks external financing, either in the form of public or private financing or other arrangements, which may not be available at attractive terms or may not be available at all. Any limitations on the Issuer's envisaged capital expenditures could affect the Issuer's cash flows and affect its ability to execute its strategic plans, which could have a material adverse effect on the Issuer's business, financial condition and net income. If the debt and/or equity markets are not available for a prolonged period of time, the Issuer may find itself cut off from sufficient financing sources, which may lead to a situation where the Issuer can no longer pay its obligations – including under the Securities – when they fall due.

In order to mitigate the risk of the inability to secure timely financing, the Issuer concluded a committed EUR 3,300,000,000 revolving credit facility. In addition, the Issuer has made arrangements with the Dutch State regarding a shareholder loan facility of EUR 25 billion (see "*Risks relating to the structure of the Issuer—Influence of the Dutch State as the sole shareholder of the Issuer*"). However, there can be no assurance that

these amounts will suffice in case capital markets close or do not have sufficient capital available for a prolonged period of time.

### ***Risk of lack of sustainable access to equity***

The significant amount of investments during the next ten or more years (see "*Business Description of the Issuer — Funding*") is expected to require additional equity to secure sufficient credit ratings. The Issuer is in discussions with the Dutch Ministry of Finance (see "*— Risks relating to the structure of the Issuer — Influence of the Dutch State as the sole shareholder of the Issuer*" and "*— Risks relating to the structure of the Issuer — The Issuer will face risks related to the potential sale of TenneT TSO Germany to the German state*") about the possible contribution of additional equity or alternative fall-back solutions, and the level and timing thereof. There is a risk that the Issuer will be unable to raise equity or secure equity commitments in a timely fashion which could adversely affect its investment plans which could have a material adverse effect on the Issuer's business, financial condition or results of operations as well as the credit rating of the Issuer.

### ***Interest rate risk***

The Issuer is allowed under its current policy to partly finance itself with floating rate debt. As the reference interest rate on this debt can fluctuate, the Issuer is exposed to interest rate risk. In addition, interest rates on future debt issuances as a result of the Issuer's large financing needs are yet uncertain. Increasing interest rates will result in higher interest costs and may negatively affect the profitability of the Issuer. The Issuer's policy is to have between 50% and 100% of its debt portfolio financed on a fixed-rate basis or hedged through the use of interest rate swaps. On 31 December 2023, approximately 98% of the senior debt portfolio of the Issuer with an original maturity longer than 12 months was on a fixed rate basis. Adverse fluctuations and increases in interest rates, to the extent that they are not hedged, could have a material adverse effect on the Issuer's financial condition and net income.

### ***Credit rating risk***

Rating agencies have issued, and may in the future issue, credit ratings for the Issuer or one or more of its subsidiaries or its debt instruments. There is no assurance that a rating assigned to a subsidiary would be equal to the corresponding rating of the Issuer. Furthermore, there is no assurance that any such ratings will not be lowered or withdrawn by the relevant rating agency or the Issuer at any time if, in its judgment, circumstances so warrant. A decision by any rating agency to downgrade or withdraw the Issuer's current credit rating (for whatever reason) could reduce the Issuer's funding options, increase its cost of borrowings and adversely affect its net income.

### ***ESG rating risk***

Several parties have conducted an Environmental, Social & Governance ("**ESG**") evaluation and assigned the Issuer with classifications and/or ratings. ESG ratings may vary amongst rating agencies as the methodologies used to determine ESG ratings may differ. The Issuer's ESG classifications and/or ratings are not necessarily indicative of its current or future operating or financial performance and are only current as of the dates on which they were initially issued. There is also no assurance that a classification or rating assigned to the Issuer will not be downgraded or withdrawn by the relevant rating agency or Issuer at any time if, in its judgment, circumstances so warrant. Currently, the providers of such ESG ratings are not subject to any regulatory or other similar oversight in respect of their determination and award of ESG ratings. A decision by any rating agency to downgrade or withdraw the Issuer's ESG classification or rating (for whatever reason) could reduce its funding options, increase its cost of borrowing and adversely affect its net income.

### ***Risks related to the Securities generally***

#### ***The Issuer's obligations under the Securities are unsecured and subordinated***

The Issuer's obligations under the Securities will be unsecured and subordinated and will rank junior to the claims of all senior and other unsubordinated and other subordinated creditors of the Issuer, except for creditors of Parity Securities and any loans and securities expressed to rank *pari passu* with the Securities and after redemption in full of each of the 2013 Capital Securities and the 2017 Capital Securities, the Issuer's preferred share capital, see "*Terms and Conditions of the NC5.25 Securities — Status, Subordination*", "*Terms and Conditions of the NC8 Securities — Status, Subordination*", "*Terms and Conditions of the NC5.25 Securities — Winding-up*" and "*Terms and Conditions of the NC8 Securities — Winding-up*".

The Securities will be deeply subordinated obligations and the most junior instrument in the capital of the Issuer, other than ordinary shares and preference shares, if any, the latter only for as long as the 2013 Capital Securities and the 2017 Capital Securities are not fully redeemed. After such redemption and subject to certain conditions and subject to the Issuer's right to disapply or revert, a Subsequent Change in Ranking may apply which would provide for the Securities to rank *pari passu* with preference shares of the Issuer, if any. The Issuer may be able to incur significant additional secured or unsecured unsubordinated indebtedness and/or prior-ranking subordinated indebtedness. If the Issuer becomes insolvent or is liquidated, or if payment under any secured or unsecured unsubordinated and/or prior-ranking subordinated debt obligations is accelerated, the Issuer's secured or unsecured unsubordinated or, as the case may be, prior-ranking subordinated lenders would be entitled to exercise the remedies available to a secured or unsecured unsubordinated and/or prior-ranking subordinated lender before the Holders. As a result, the Securities are subordinated to any secured or unsecured unsubordinated indebtedness and/or prior-ranking subordinated indebtedness that the Issuer may incur in the future, and Securityholders may recover rateably less than the lenders of the Issuer's secured or unsecured unsubordinated debt and/or prior-ranking subordinated debt in the event of the Issuer's bankruptcy or liquidation.

Unsubordinated liabilities of the Issuer may also arise from events that are not reflected on the balance sheet of the Issuer, including, without limitation, insurance or reinsurance contracts, derivative contracts, the issuance of guarantees or the incurrence of other contingent liabilities on an unsubordinated basis. Claims made under such guarantees or such other contingent liabilities will become unsubordinated liabilities of the Issuer that in a winding-up or insolvency proceeding of the Issuer will need to be paid in full before the obligations under the Securities may be satisfied.

Although subordinated debt securities may pay a higher rate of interest than comparable debt securities which are not subordinated, there is a real risk that an investor in subordinated securities such as the Securities will lose all or some of his investment should the Issuer become insolvent.

#### ***Securityholders have restricted remedy for non-payment when due***

In accordance with the applicable Conditions, the sole remedy against the Issuer available to any Holder for recovery of amounts which have become due and payable in respect of the Securities will be the institution of proceedings for the Winding-up of the Issuer in the Netherlands (but not elsewhere, except that in the case of an substitution of the Issuer in accordance with applicable Condition 12, such proceedings must be instituted against the Substituted Issuer in the jurisdiction in which the Substituted Issuer is incorporated) and/or proving in such Winding-up, as it may think fit to enforce any term or condition binding on the Issuer under the Agency Agreement or the Securities. However, such proceedings cannot oblige the Issuer to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it under the applicable Conditions. The Securities cannot cross default based on non-payment on other securities, except where such non-payment on other securities itself results in the Winding-up of the Issuer. The Holders have limited ability to influence the outcome of an insolvency or liquidation or restructuring outside an insolvency or liquidation and may incur a loss under the Securities.

#### ***The Issuer has the right to defer Payments on the Securities***

The Issuer may at its sole discretion defer any Payment on the Securities at any time and for any reason as provided in the applicable Condition 4(a). Any amounts deferred in accordance with the applicable Condition 4(a) (including interest accrued thereon) shall constitute Arrears of Interest.

Any Arrears of Interest may be paid in whole or in part at any time, and in any event, will automatically remain due and become payable under certain conditions as provided for in the applicable Condition 4(b).

Any deferral of Payments will likely have an adverse effect on the market price of the Securities. In addition, as a result of the deferral provision of the Securities, the market price of the Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrual is not subject to such deferrals, and may be more sensitive generally to adverse changes in the Issuer's financial condition.

***The Securities may not be a suitable investment for all investors seeking exposure to green assets. Any failure to use the net proceeds of the Securities in connection with green projects as provided under the Issuer's Green Financing Framework, and/or any failure to meet, or to continue to meet, the GBP or the investment requirements of certain environmentally focused investors with respect to the Securities may affect the value and/or trading price of the Securities, and/or may have consequences for certain investors with portfolio mandates to invest in green assets***

The use of proceeds of the Securities is specified to be for the financing and/or refinancing of specified Eligible Green Projects (as defined under "Use of Proceeds" below) of the Issuer or any of its subsidiaries, in accordance with certain prescribed eligibility criteria prepared by the Issuer in the context of its Green Financing Framework (as defined and further described under "Use of Proceeds" below) in accordance with the most recent Green Bond Principles ("GBP") as set out by the International Capital Market Association ("ICMA").

The Issuer has requested a second-party opinion consultant to issue a second-party opinion confirming that the Eligible Green Projects have been defined in accordance with the broad categorisation of eligibility for green projects set out by the GBP and the Green Loan Principles ("GLP") published by the Loan Market Association ("LMA") in 2021 (such, and any further, second-party opinion, a "Second-party Opinion"). Potential investors should be aware that a Second-party Opinion will not be incorporated into, and will not form part of, the Prospectus. Any such Second-party Opinion may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Securities or the projects financed or refinanced toward an amount corresponding the net proceeds of the Securities. A Second-party Opinion does not constitute a recommendation to buy, sell or hold securities and is only current as of the date it is released. In addition, the Issuer's Green Financing Framework may be amended at any time without the consent of the Holders.

While the GBP do provide a high level framework, still there is currently no market consensus on what precise attributes are required for a particular project to be defined as "green", and therefore no assurance can be provided to potential investors that the green projects specified for the Securities will meet all investors' expectations regarding sustainability performance or continue to meet the relevant eligibility criteria. Although applicable green projects are expected to be selected in accordance with the categories recognised by the GBP, and are expected to be developed in accordance with applicable legislation and standards, there can be no guarantee that adverse environmental and/or social impacts will not occur during the design, construction, commissioning and/or operation of any such green projects. Where any negative impacts are insufficiently mitigated, green projects may become controversial, and/or may be criticised by activist groups or other stakeholders.

There is currently no exclusively applicable legal, regulatory or other definition of "green bond" or market consensus as to what attributes are required for a particular project to be defined as "green", "environmental", "sustainable", "social" or any similar label, nor can any assurance be given that such a clear definition or

consensus will develop over time. A basis for the determination of such a definition has been established in the EU with the publication in the Official Journal of the EU on 22 June 2020 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 (the "**Sustainable Finance Taxonomy Regulation**") on the establishment of a framework to facilitate sustainable investment (the "**EU Sustainable Finance Taxonomy**"). The EU Sustainable Finance Taxonomy is subject to further development by way of the implementation by the European Commission through delegated regulations to establish technical screening criteria for all environmental objectives as one of the four criteria for the qualification of assets and financing as being environmentally sustainable set out in the Sustainable Finance Taxonomy Regulation. Furthermore, on 30 November 2023, Regulation (EU) 2023/2631 on "European Green Bonds" of 22 November 2023 was published in the Official Journal of the EU (the "**European Green Bond Regulation**") creating a voluntary standard for bonds carrying the designation European green bond ("**EuGB**") as from 21 December 2024. Issuance of such EuGBs could reduce demand and liquidity for "Green Bonds" which do not comply with the European Green Bond Regulation and their price, including the Securities. The Securities do not constitute EuGBs and no assurance is or can be provided to potential investors that the Securities will ever constitute or become eligible to carry the designation of EuGB or that the eligibility criteria for Eligible Green Projects will satisfy any requisite criteria determined under the Sustainable Finance Taxonomy Regulation or within the EU Sustainable Finance Taxonomy at any time for issuing "green", "environmental", "sustainable" or equivalently-labelled securities that will align with the European (or any other) framework for such securities.

Although the Issuer agrees as to certain allocation and/or impact reporting and to use an amount equivalent to the net proceeds for the financing and/or refinancing of Eligible Green Projects (as specified in "*Use of Proceeds*" below), it would not be an event of default under the applicable Conditions or a breach or violation of any term thereof, or constitute a default by the Issuer for any other purpose if (i) the Issuer were to fail to comply with such obligations or were to fail to use the proceeds in the manner specified in "*Use of Proceeds*" below, including due to any changes in the Issuer's portfolio of Eligible Green Projects following the Potential Sale and/or (ii) the Second-party Opinion were to be withdrawn and the Issuer is under no obligation to redeem or repurchase the Securities in such case nor would it give any Holder the right to require redemption of its Securities or result in any step-up or increased payments of interest, principal or any other amounts in respect of the Securities or otherwise affect the applicable Conditions. Any such event and/or any failure to meet, or to continue to meet, the GBP or the investment requirements of certain environmentally focused investors with respect to such Securities may affect the value and/or trading price of the Securities, and/or may have consequences for certain investors with portfolio mandates to invest in green assets which may cause one or more of such investors to dispose of the Securities held by them which may affect the value, trading price and/or liquidity of the Securities and/or may have consequences for certain investors with portfolio mandates to invest in green assets.

Neither the Issuer nor the Managers make any representation as to the suitability for any purpose of any Second-party Opinion or whether the Securities fulfil the relevant environmental criteria of any potential investor in the Securities. Prospective investors should have regard to the eligible green bond projects and eligibility criteria described in "*Use of Proceeds*" below. Each potential purchaser should determine for itself the relevance of the information contained in this Prospectus regarding the use of proceeds and its purchase of any Securities should be based upon such investigation as it deems necessary.

Each Series of Securities are expected to be listed and admitted to trading on the ESG Bonds segment of Euronext Amsterdam. No representation or assurance is given by the Issuer, the Managers or any other person that such listing, admission or inclusion, or the listing or admission to trading on any other dedicated "ESG", "green", "environmental", "sustainability", "social" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated) or included in any index so labelled, satisfies, whether in whole or in part, any present or future investor expectations or requirements with respect to investment criteria or guidelines with which any investor or its investments are required to comply under its own by-laws

or other governing rules or investment portfolio mandates. Furthermore, it should be noted that the criteria for any such listing, admission to trading or inclusion in any index may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer, the Managers or any other person that any such listing, admission to trading or inclusion in any index will be obtained in respect of the Securities or, if obtained, that any such listing, admission to trading or inclusion in any index will be maintained during the life the Securities.

***The Securities are perpetual securities and therefore have no fixed redemption date***

The Securities are perpetual securities in respect of which there is no fixed redemption date by which the Issuer would be under the obligation to redeem the Securities. Accordingly, there is uncertainty as to when (if ever) an investor in the Securities will receive repayment of the principal amount of the Securities, which may also affect the market value of the Securities.

***Under circumstances, the Issuer may amend or vary the Securities without consent of the Holders***

Pursuant to the applicable Conditions and subject to the conditions set out therein, the Issuer may exchange the Securities for new securities (the "**Exchanged Securities**") or vary the terms of the Securities (the "**Varied Securities**") without any consent of the Holders in the event of an Accounting Event, a Withholding Tax Event, an Income Tax Deduction Event or a Rating Event so that in either case (A) in the case of an Accounting Event, the aggregate nominal amount of the Exchanged Securities or Varied Securities (as the case may be) is recorded as "equity" in full in the consolidated financial statements of the Issuer pursuant to EU-IFRS, (B) in the case of a Withholding Tax Event, payments of principal and interest in respect of the Exchanged Securities or Varied Securities (as the case may be) are not subject to deduction or withholding by reason of Dutch law, or such other law applicable in a jurisdiction where a Substituted Issuer may be incorporated, or published regulations, (C) in the case of an Income Tax Deduction Event, payments of interest payable by the Issuer in respect of the Exchanged Securities or Varied Securities (as the case may be) are tax-deductible to the extent permitted by Dutch law, or such other law applicable in a jurisdiction where a Substituted Issuer may be incorporated, or (D) in the case of a Rating Event, the aggregate nominal amount of the Exchanged Securities or Varied Securities (as the case may be) is assigned "equity credit" (or such other nomenclature that the relevant Rating Agency may then use to describe the degree to which an investment exhibits the characteristics of an ordinary share) by the relevant Rating Agency in a category that is equal to or higher than that which was assigned to the Securities by that Rating Agency on the Issue Date, or, if equity credit was not assigned on the Issue Date, at the date when equity credit was assigned for the first time, or if the period during which the Securities are eligible for such equity credit has been shortened, due to an amendment, clarification or change in hybrid capital methodology.

In addition, the applicable Conditions contain provisions for calling meetings of Securityholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Securityholders including Securityholders who did not attend and vote at the relevant meeting and Securityholders who voted in a manner contrary to the majority. Securityholders are therefore exposed to the risk that changes are made to the Securities and the applicable Conditions without their knowledge or consent and/or which may have an adverse effect on them.

***Each Series of Securities could be redeemed at any time upon a Withholding Tax Event, an Income Tax Deduction Event, an Accounting Event, a Rating Event, a Change of Control or following the exercise by the Issuer of the Clean-up Call or the Make-whole Call and on any Business Day from and including the NC5.25 First Call Date or NC8 First Call Date to and including the NC5.25 First Reset Date or NC8 First Reset Date or any NC5.25 Coupon Payment Date or NC8 Coupon Payment Date thereafter***

Each Series of Securities is redeemable (at the option of the Issuer) in whole but not in part on any Business Day from and including, with respect to the NC5.25 Securities, the NC5.25 First Call Date to and including the NC5.25 First Reset Date or any NC5.25 Coupon Payment Date thereafter at their principal amount together with any interest accrued thereon, including any Arrears of Interest and any Additional Amounts, up to (but excluding) the redemption date, and with respect to the NC8 Securities, the NC8 First Call Date to and including the NC8 First Reset Date or any NC8 Coupon Payment Date thereafter at their principal amount together with any interest accrued thereon, including any Arrears of Interest and any Additional Amounts, up to (but excluding) the redemption date.

Each Series of Securities may also be redeemed at the option of the Issuer, including, without limitation, for tax, accounting and rating reasons, following a change of control and following the exercise of the Clean-up Call or the Make-whole Call, see "*Terms and Conditions of the NC5.25 Securities — Redemption, Purchase and Modification*" and "*Terms and Conditions of the NC8 Securities — Redemption, Purchase and Modification*" for more detail on the terms applicable to such redemption including the basis for calculating the redemption amounts payable.

If the Issuer would exercise any of these options, an investor may not be able to reinvest the proceeds of the redemption of the relevant Series of Securities in a comparable security at a rate of return similar to that of the relevant Series of Securities. Potential investors should therefore consider reinvestment risk in light of other investments available at that time.

***No limitation on issuing senior or pari passu securities or incurring senior or pari passu liabilities***

There is no restriction in the documentation entered into in connection with the issue of the Securities by the Issuer on the amount of securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Securities. Also, the Issuer may, at any time, issue or incur securities or other liabilities through its subsidiaries. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Securityholders and Couponholders on a Winding-up of the Issuer and/or may increase the likelihood of a deferral of Payments under the Securities, which may affect the market value of the Securities.

***Changes or uncertainty in respect of EURIBOR may affect the value or payment of interest under the Securities***

EURIBOR and other reference rates and indices, which are used to determine the amounts payable under financial instruments or the value of such financial instruments ("**Benchmarks**"), may, from time to time, be the subject of ongoing regulatory guidance and proposals for reform. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or to be discontinued. Any change in the performance of a Benchmark or its discontinuation, could have a material adverse effect on the Securities.

The Conditions provide that the Reset Coupon Rate shall be determined by reference to the Reset Screen Page. Where the Original Reference does not appear on the Reset Screen Page, the Conditions provide for the Reset Coupon Rate to be determined by the Calculation Agent by reference to quotations from the Reset Reference Banks communicated to the Issuer and advised by the Issuer to the Calculation Agent.

If no quotations are provided, the Reset Reference Bank Rate for the relevant period will be: (i) in the case of each Reset Period other than the Reset Period commencing on the NC5.25 First Reset Date (for the NC5.25 Securities) and the NC8 First Reset Date (for the NC8 Securities), the 5 year Swap Rate in respect of the immediately preceding Reset Period, or (ii) in the case of the Reset Period commencing on the NC5.25 First Reset Date (for the NC5.25 Securities), 2.764 per cent. per annum and on the NC8 First Reset Date (for the NC8 Securities), 2.764 per cent per annum. Uncertainty as to the continuation of the Original Reference Rate,

the availability of quotes from Reset Reference Banks, and the rate that would be applicable if the Original Reference Rate is discontinued may adversely affect the value of, and return on, the Securities.

Benchmark Events include (amongst other events) permanent discontinuation of the Original Reference Rate. If a Benchmark Event occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser. The Independent Adviser shall endeavour to determine a Successor Rate or Alternative Rate to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Rate to determine the applicable Reset Coupon Rate is likely to result in the Securities performing differently (which may include payment of a lower applicable Reset Coupon Rate) than they would do if the Original Reference Rate were to continue to apply in its current form.

Furthermore, if a Successor Rate or Alternative Rate for the Original Reference Rate is determined by the Independent Adviser, the Conditions provide that the Issuer may vary the respective Conditions, as necessary to ensure the proper operation of such Successor Rate or Alternative Rate, without any requirement for consent or approval of the Securityholders.

If a Successor Rate or Alternative Rate is determined by the Independent Adviser, the Conditions also provide that an Adjustment Spread will be determined by the Independent Adviser and applied to such Successor Rate or Alternative Rate.

The Adjustment Spread is (i) the spread, formula or methodology which is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body (which may include a relevant central bank, supervisory authority or group of central banks/supervisory authorities), (ii) if no such recommendation has been made, or in the case of an Alternative Rate, the spread, formula or methodology which the Independent Adviser determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate, or (iii) if the Independent Adviser determines that no such spread is customarily applied, the spread, formula or methodology which the Independent Adviser determines and which is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate, as the case may be.

Accordingly, the application of an Adjustment Spread may result in the Securities performing differently (which may include payment of a lower applicable Reset Coupon Rate) than they would do if the Original Reference Rate were to continue to apply in its current form.

The Issuer may be unable to appoint an Independent Adviser or the Independent Adviser may not be able to determine a Successor Rate or Alternative Rate in accordance with the applicable Terms and Conditions of the Securities.

Where the Issuer is unable to appoint an Independent Adviser in a timely manner, or the Independent Adviser is unable, to determine a Successor Rate or Alternative Rate before the next relevant Reset Coupon Determination Date, the applicable Reset Coupon Rate for the next succeeding Reset Period will be the applicable Reset Coupon Rate applicable as at the last preceding Reset Coupon Determination Date before the occurrence of the Benchmark Event, or, where the Benchmark Event occurs before the first Reset Coupon Determination Date, the applicable Reset Coupon Rate will be the applicable First Fixed Coupon Rate which may adversely affect the value of, and return on, the Securities.

Where the Issuer has been unable to appoint an Independent Adviser or, the Independent Adviser has failed, to determine a Successor Rate or Alternative Rate in respect of any given Reset Period, it will continue to attempt to appoint an Independent Adviser in a timely manner before the next succeeding Reset Coupon Determination



Date and/or to determine a Successor Rate or Alternative Rate to apply the next succeeding and any subsequent Reset Periods, as necessary.

Applying the applicable First Fixed Coupon Rate, or the applicable Reset Coupon Rate applicable as at the last preceding Reset Coupon Determination Date before the occurrence of the Benchmark Event is likely to result in the Securities performing differently (which may include payment of a lower applicable Reset Coupon Rate) than they would do if the relevant benchmark were to continue to apply, or if a Successor Rate or Alternative Rate could be determined.

Pursuant to the applicable fallback provisions contained in the respective Condition 5(f), the Independent Advisor shall act in good faith and in a commercially reasonable manner as an expert in determining whether a Successor Rate or Alternative Rate is available which will determine the way in which the interest rate is set, which may lead to a conflict of interests of the Issuer (being responsible for the compensation of the Independent Advisor), the Independent Advisor and Securityholders including with respect to certain determinations and judgments that the Independent Advisor may make pursuant to the respective Condition 5(f) that may influence the amount receivable under the relevant Series of Securities. The Independent Advisor and the Issuer might have conflicts of interests that could have an adverse effect on the interests of the Securityholders as the Independent Advisor has discretionary power in deciding the applicability of a benchmark and/or replacement of amendment of a benchmark. Potential investors should be aware that the Issuer may be involved in general business relationship or/and in specific transactions with the Independent Advisor as the latter party will be a financial institution of international repute or an independent financial adviser with appropriate expertise who may hold from time to time debt securities, shares or/and other financial instruments of the Issuer. Consequently, the Issuer and the Independent Advisor might have conflicts of interests that could have an adverse effect to the interests of the Securityholders in respect of the determination of the interest rate as a result of a benchmark and/or replacement of amendment of a benchmark.

In the event that the Issuer must apply the fall back provision and a Successor Rate, Alternative Rate and/or Adjustment Spread needs to be determined, there is a risk that such Successor Rate, Alternative Rate and/or Adjustment Spread qualifies as a benchmark under the provisions of Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**") and the requirements and obligations set out in the Benchmarks Regulations need to be satisfied. In addition, the Independent Adviser may be considered an "administrator of benchmarks" within the meaning of the Benchmarks Regulation. Failing the due authorisation of the Independent Adviser as administrator pursuant to the Benchmarks Regulation, there is a risk that the Independent Adviser may not act in such capacity and that the appointment of another agent is required to be organised. Delays in the calculation of the Successor Rate, Alternative Rate and/or Adjustment Spread may occur in such instance. This could have a material adverse effect on the value of and return on any such Securities which could affect the ability of the Issuer to meet its obligations under the Securities.

Furthermore, there is a risk that the application of the Successor Rate, Alternative Rate and/or Adjustment Spread will not be effective or does not comply with the Benchmarks Regulation and can therefore not be effectuated. In such case the applicable First Fixed Coupon Rate, or the applicable Reset Coupon Rate applicable as at the last preceding Reset Coupon Determination Date before the occurrence of the Benchmark Event, will continue to apply to maturity. This could have a material adverse effect on the value of and return on any such Securities which could affect the ability of the Issuer to meet its obligations under the Securities.

***The applicable Coupon Rate on the Securities will be reset on each Reset Date, which may affect the market value of the Securities***

The Securities will initially earn interest at a fixed rate of interest to, but excluding, the NC5.25 First Reset Date (for the NC5.25 Securities) and the NC8 First Reset Date (for the NC8 Securities). From, and including, such date, however, and every Reset Date thereafter, the applicable Coupon Rate will be reset to the applicable Reset

Coupon Rate (as described in Condition 5 of the applicable Conditions). This applicable Reset Coupon Rate may be less than the initial applicable Coupon Rate and/or the applicable Coupon Rate that applies immediately prior to such Reset Date, which could affect the amount of any interest payments under the Securities and consequently the market value of the Securities.

***Securities with denominations which are not integral multiples of less than €100,000 may not receive definitive Securities***

As the Securities have a denomination consisting of the minimum denomination plus a higher integral multiple of another smaller amount, it is possible that the Securities may be traded in amounts in excess of €100,000 (or its equivalent) that are not integral multiples of €100,000 (or its equivalent). In such case a Holder who, as a result of trading such amounts, holds a principal amount of less than the minimum denomination may not receive a definitive Security in respect of such holding (should definitive Securities be printed) and would need to purchase a principal amount of Securities such that its holding amounts to the minimum denomination. If Securities in definitive form are issued, Holders should be aware that Securities in definitive form which have a denomination that is not an integral multiple of EUR 100,000 may be illiquid and difficult to trade.

**Risks related to the market generally**

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk.

***The unavailability of a liquid trading market for the Securities may impact the value***

The Securities are new securities which may not be widely distributed and for which there is currently no active trading market. If the Securities are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although application has been made for the Securities to be admitted to listing and trading on Euronext Amsterdam, there is no assurance that such application will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Securities. Lack of liquidity may have an adverse effect on the market value of the Securities.

***The Securities are subject to exchange rate risks and exchange controls***

The Issuer will pay principal and interest on the Securities in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency unit (the "Investor's Currency") other than the Euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (1) the Investor's Currency equivalent yield on the Securities, (2) the Investor's Currency equivalent value of the principal payable on the Securities and (3) the Investor's Currency equivalent market value of the Securities.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

***The Securities are subject to interest rate risks***

Investment in the Securities involves the risk that subsequent changes in market interest rates may adversely affect the value of the Securities. While the nominal interest rate of each Series of Securities specified herein is

fixed up to (but excluding) the NC5.25 First Reset Date (for the NC5.25 Securities) and the First NC8 Reset Date (for the NC8 Securities), the current interest rate on the capital markets ("**Market Interest Rate**") typically varies on a daily basis. As the Market Interest Rate changes, the value of the Securities would typically change in the opposite direction. If the Market Interest Rate increases, the value of the Securities would typically fall, until the yield of such Securities is approximately equal to the Market Interest Rate. If the Market Interest Rate falls, the value of the Securities would typically increase, until the yield of such Securities is approximately equal to the Market Interest Rate. There can be no assurance regarding the future level of Market Interest Rates.

The applicable Coupon Rate in respect of the relevant Series of Securities will be reset as from their respective First Reset Date and on each Reset Date thereafter and as such is not pre-defined at the date of issue of the Securities; it may be different from the applicable First Fixed Coupon Rate and may adversely affect the yield of the Securities.

Following the NC5.25 First Reset Date (for the NC5.25 Securities) and the NC8 First Reset Date (for the NC8 Securities), interest on each Series of Securities shall be calculated on the basis of the mid swap rates for EUR swap transactions with a maturity of five years. These mid swap rates are not predefined for the lifespan of the Securities. Higher mid swap rates for EUR swap transactions mean a higher interest and lower mid swap rates for EUR swap transactions mean a lower interest, which may adversely affect the yield and market value of the Securities.

In addition, due to the varying interest income on each Series of Securities, potential investors are not able to determine a definite yield of the relevant Series of Securities at the time they purchase the relevant Series of Securities and accordingly their return on investment cannot be compared with that of investments having longer fixed interest periods.

## Overview

*The following overview is qualified in its entirety by the remainder of this Prospectus and refers to certain provisions of the Terms and Conditions of the NC5.25 Securities, or the Terms and Conditions of the NC8 Securities, as the case may be. All capitalised terms that are not defined in this Overview will have the meanings given to them elsewhere in this Prospectus.*

<b>Issuer:</b>	TenneT Holding B.V.
<b>Legal Entity Identifier (LEI):</b>	724500LTUWK3JQG63903
<b>The Securities:</b>	€550,000,000 Fixed-to-Reset Rate NC5.25 Perpetual Capital Securities of 2024 and €550,000,000 Fixed-to-Reset Rate NC8 Perpetual Capital Securities of 2024
<b>Fiscal Agent:</b>	The Bank of New York Mellon, London Branch
<b>Issue Price:</b>	99.678 per cent. in respect of the NC5.25 Securities 99.838 per cent. in respect of the NC8 Securities
<b>Form of Securities, Initial Delivery of Securities and Clearing Systems:</b>	The Securities will be in bearer form and each Series will initially be represented by a Temporary Global Security, without coupons, which will be deposited with a common depositary on behalf of Euroclear and Clearstream, Luxembourg on or about the Issue Date. Each Temporary Global Security will be exchangeable for interests in a Permanent Global Security, without coupons, on or after a date which is expected to be 30 April 2024, upon certification as to non-U.S. beneficial ownership. Each Permanent Global Security will be exchangeable for definitive Securities in bearer form in the denominations of €100,000 and integral multiples of €1,000 in excess thereof up to, and including, €199,000, in the limited circumstances set out in it. No definitive Securities will be issued with a denomination above €199,000. Also see <i>"Summary of Provisions relating to the Securities while in Global Form"</i> .
<b>No Fixed Maturity:</b>	The Securities are perpetual securities in respect of which there is no fixed redemption date.
<b>Denominations:</b>	€100,000 and integral multiples of €1,000 in excess thereof, and, in case of a definitive Security, up to and including €199,000. Also see <i>"Form of Securities, Initial Delivery of Securities and Clearing Systems"</i> above.
<b>Status of the Securities:</b>	The Securities will constitute subordinated obligations of the Issuer as described in <i>"Terms and Conditions of the NC5.25 Securities — Status, Subordination"</i> and <i>"Terms and Conditions of the NC8 Securities — Status, Subordination"</i> . Also see <i>"Terms and Conditions of the NC5.25 Securities — Winding-up"</i> and <i>"Terms and Conditions of the NC8 Securities — Winding-up"</i> .
<b>Interest:</b>	The NC5.25 Securities will bear interest on their principal amount from (and including) the Issue Date to (but excluding)

21 June 2029 (the "**NC5.25 First Reset Date**") at a rate of 4.625 per cent. per annum, payable annually in arrear on 21 June in each year, except that the first payment of interest, to be made on 21 June 2024, will be in respect of the period from (and including) the Issue Date to (but excluding) 21 June 2024 and will amount to €11.63 per €1,000 in principal amount of the NC5.25 Securities. Thereafter, unless previously redeemed, the NC5.25 Securities will bear interest from (and including) the NC5.25 First Reset Date to (but excluding) 21 June 2034 (the "**NC5.25 First Step-up Date**") at a rate per annum which shall be 1.947 per cent. above the euro 5 year Swap Rate (as defined in the Terms and Conditions of the NC5.25 Securities (the "**NC5.25 Conditions**")) for the relevant Reset Period (as defined in the NC5.25 Conditions), payable annually in arrear on 21 June in each year. From (and including) the NC5.25 First Step-up Date to (but excluding) 21 June 2049 (the "**NC5.25 Second Step-up Date**") the NC5.25 Securities will bear interest at a rate per annum which shall be 2.197 per cent. above the euro 5 year Swap Rate for the relevant Reset Period payable annually in arrear on 21 June in each year. From (and including) the NC5.25 Second Step-up Date, the NC5.25 Securities will bear interest at a rate per annum which shall be 2.947 per cent. above the euro 5 year Swap Rate for the relevant Reset Period payable annually in arrear on 21 June in each year.

The NC8 Securities will bear interest on their principal amount from (and including) the Issue Date to (but excluding) 21 March 2032 (the "**NC8 First Reset Date**") at a rate of 4.875 per cent. per annum, payable annually in arrear on 21 March in each year. Thereafter, unless previously redeemed, the NC8 Securities will bear interest from (and including) the NC8 First Reset Date to (but excluding) 21 March 2037 (the "**NC8 First Step-up Date**") at a rate per annum which shall be 2.214 per cent. above the euro 5 year Swap Rate (as defined in the Terms and Conditions of the NC8 Securities (the "**NC8 Conditions**", together with the NC5.25 Conditions referred to as the "**Conditions**")) for the relevant Reset Period (as defined in the NC8 Conditions), payable annually in arrear on 21 March in each year. From (and including) the NC8 First Step-up Date to (but excluding) 21 March 2052 (the "**NC8 Second Step-up Date**") the NC8 Securities will bear interest at a rate per annum which shall be 2.464 per cent. above the euro 5 year Swap Rate for the relevant Reset Period payable annually in arrear on 21 March in each year. From (and including) the NC8 Second Step-up Date, the NC8 Securities will bear interest at a rate per annum which shall be 3.214 per cent. above the euro 5 year Swap Rate for the

relevant Reset Period payable annually in arrear on 21 March in each year.

If the Issuer does not elect to redeem the Securities in accordance with the applicable Condition 6 following the occurrence of a Change of Control (as defined in the applicable Conditions), the then prevailing interest rate (and each subsequent interest rate otherwise determined in accordance with the applicable Conditions) shall be increased by 5 per cent. per annum with effect from (and including) the date on which the Change of Control occurred, see *"Terms and Conditions of the NC5.25 Securities — Coupon Payments — Step-up after Change of Control"* and *"Terms and Conditions of the NC8 Securities — Coupon Payments — Step-up after Change of Control"*.

The Securities will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest at the prevailing Coupon Rate (as defined in the applicable Conditions) in accordance with the applicable Conditions.

**Deferral of Interest and payment of Arrears of Interest:**

The Issuer may, at its discretion, elect to defer any interest, in whole but not in part, except for interest payable upon redemption of each Series of Securities as more particularly described in *"Terms and Conditions of the NC5.25 Securities — Deferral of Interest"* and *"Terms and Conditions of the NC8 Securities — Deferral of Interest"*. Any amounts so deferred, together with further interest accrued thereon at the interest rate per annum prevailing from time to time (which interest shall compound on each Coupon Payment Date (as defined in the applicable Conditions)) shall constitute Arrears of Interest (as defined in the applicable Conditions). The Issuer may pay outstanding Arrears of Interest, in whole or in part, at any time in accordance with the applicable Conditions. Notwithstanding this, the Issuer shall pay any outstanding Arrears of Interest, in whole but not in part, on the first to occur of the following dates (i) the 10th Business Day following the date on which a Mandatory Payment Event occurs; (ii) any Coupon Payment Date in respect of the NC5.25 Securities (a **"NC5.25 Coupon Payment Date"**) or Coupon Payment Date in respect to the NC8 Securities (a **"NC8 Coupon Payment Date"**) in respect of which the Issuer does not elect to defer the interest accrued in respect of the relevant interest period; and (iii) the date on which the Securities are redeemed or the Issuer becomes subject to a Winding-up, all as more particularly described in *"Terms and Conditions of the NC5.25 Securities — Deferral of Interest"* and *"Terms and Conditions of the NC8 Securities — Deferral of Interest"*.

**Redemption:**

The Securities are perpetual securities in respect of which there is no fixed redemption date by which the Issuer would be under the obligation to redeem each Series of Securities and each Series of Securities shall be redeemable (at the option of the Issuer) in whole but not in part on any Business Day from and, with regards to the NC5.25 Securities, including the NC5.25 First Call Date to and including the NC5.25 First Reset Date or any NC5.25 Coupon Payment Date thereafter at their principal amount together with any interest accrued thereon, including any Arrears of Interest and any Additional Amounts, up to (but excluding) the redemption date and, with regards to the NC8 Securities, including the NC8 First Call Date to and including the NC8 First Reset Date or any NC8 Coupon Payment Date thereafter at their principal amount together with any interest accrued thereon, including any Arrears of Interest and any Additional Amounts, up to (but excluding) the redemption date, see "*Terms and Conditions of the NC5.25 Securities — Redemption, Purchase and Modification*" and "*Terms and Conditions of the NC8 Securities — Redemption, Purchase and Modification*".

**Special Event Redemption:**

Each Series of Securities may be redeemed at the option of the Issuer, including, without limitation, for tax, accounting and rating reasons, following a change of control and following the exercise of the Clean-up Call or the Make-whole Call, see "*Terms and Conditions of the NC5.25 Securities — Redemption, Purchase and Modification*" and "*Terms and Conditions of the NC8 Securities — Redemption, Purchase and Modification*" for more detail on the terms applicable to such redemption including the basis for calculating the redemption amounts payable.

**Withholding Tax and Additional Amounts:**

All payments of principal and interest in respect of the Securities will be made free and clear of withholding taxes of the Netherlands subject to customary exceptions, all as described in "*Terms and Conditions of the NC5.25 Securities — Taxation*" and "*Terms and Conditions of the NC8 Securities — Taxation*".

**Governing Law:**

Dutch law.

**Ratings:**

The Securities are expected to be rated BB+ by S&P and Baa3 by Moody's. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. As at the date of this Prospectus, the Issuer has a long term senior unsecured debt rating of "A-" by S&P and "A3" by Moody's. Each of S&P and Moody's is established in the European Union or the United Kingdom and is registered under the CRA Regulation.

**Listing and Admission to Trading:**

Application has been made to list the Securities on Euronext Amsterdam.

**Selling Restrictions:**

The EEA, United States and UK retail investors, the United Kingdom, Japan, Switzerland and Canada, see "*Subscription and Sale*".

The Issuer is Category 1 for the purposes of Regulation S under the Securities Act.

**Risk Factors:**

There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Securities. These include various risks relating to the Issuer's business. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Securities. These include the fact that the Securities may not be a suitable investment for all investors and certain market risks, see "*Risk Factors*".

**Use of Proceeds:**

An amount equivalent to the net proceeds from the issue of the Securities, expected to amount to approximately €546,029,000 for the NC5.25 Securities and €546,909,000 for the NC8 Securities, will be allocated to a sub portfolio (the "**Green Project Portfolio**") with the special purpose to finance, refinance and/or invest in Eligible Green Projects (as defined below) meeting the Eligibility Criteria (as defined below). Tracking will be facilitated through the portfolio approach.

The Issuer will strive to maintain a level of allocation for the Green Project Portfolio which, after adjustments for intervening circumstances including, but not limited to, sales and repayments, matches or exceeds the balance of net proceeds from its outstanding Green Financing Instruments (as defined below). Additional Eligible Green Projects will be added to the Issuer's Green Project Portfolio to the extent required to ensure that the net proceeds from the Issue of the Securities will be allocated to Eligible Green Projects. Whilst any net proceeds from the Issue of the Securities remain unallocated, the Issuer will hold and/or invest, at its own discretion, in its treasury liquidity portfolio, in cash or other short term and liquid instruments, the balance of net proceeds not yet allocated to the Green Project Portfolio.

The Issuer is expected to issue a report on (i) the impact of the Eligible Green Projects on the environment, as well as (ii) whether the net proceeds issued under the Green Financing Framework are used to finance Eligible Green Projects. This report will be issued once a year until all Securities which were issued for the purpose of financing, refinancing and or/investing in Eligible Green Projects are repaid in full or until the maturity date of these Securities. The report will be reviewed by a second-party opinion consultant or with limited assurance by an independent auditor. In addition, the Issuer is expected to provide regular information through its website ([www.tennet.eu](http://www.tennet.eu)) and/or newsletters to investors on the environmental outcomes of the Eligible Green Projects.



None of the Managers will verify or monitor the proposed use of proceeds of the Securities. See also *"The Securities may not be a suitable investment for all investors seeking exposure to green assets. Any failure to use the net proceeds of the Securities in connection with green projects, and/or any failure to meet, or to continue to meet, the GBP or the investment requirements of certain environmentally focused investors with respect to the Securities may affect the value and/or trading price of the Securities, and/or may have consequences for certain investors with portfolio mandates to invest in green assets"* above.

**"Eligible Green Projects"** means projects relating to the following activities: Electricity Network, Connection Services and Interconnectors.

The definition of Eligible Green Projects is aligned with the current definitions of the Commission Delegated Regulation (EU) 2021/2139 (the **"Taxonomy Delegated Act"**) (technical screening) criteria.

**"Eligibility Criteria"** means the criteria prepared by the Issuer in the context of the Green Financing Framework.

A second-party opinion consultant (e.g. ISS ESG) has reviewed the selected Eligible Green Projects and issued a Second-party Opinion based on the Eligibility Criteria. The Second-party Opinion is made available on the Issuer's website ([www.tennet.eu](http://www.tennet.eu)). If any further Eligible Green Projects are added to the Green Project Portfolio, the Issuer will seek a further Second-party Opinion.

**"Green Financing Framework"** means the green financing framework prepared by the Issuer as a structure for verifying the sustainability quality of the projects to be financed through its Green Financing Instruments.

**"Green Financing Instruments"** means the Issuer's green instruments issued to finance and/or refinance Eligible Green Projects.

The Green Financing Framework is aligned with the GBP published by the ICMA in 2021 and the Green Loan Principles (GLP) published by the Loan Market Association (LMA) in 2021. In addition, the Green Financing Framework has incorporated the criteria for sustainable economic activities included in the Taxonomy Delegated Act (i.e., the technical screening criteria (TSC), do no significant harm and minimum safeguards). The Green Financing Framework is available on the Issuer's website ([www.tennet.eu](http://www.tennet.eu)). For the avoidance of doubt, the Green Financing Framework has not been and will not be incorporated by reference in and, therefore, does not and will not form part of this Prospectus.

**ISIN:**

NC5.25 Securities: XS2783604742

	NC8 Securities: XS2783649176
<b>Common Code:</b>	NC5.25 Securities: 278360474
	NC8 Securities: 278364917
<b>CFI:</b>	DBFJPB as updated, as set out on the website of the Association of National Numbering Agencies (ANNA)
<b>FISN:</b>	NC5.25 Securities: TENNET HOLDING/4.625EUR NT PERP SU as updated, as set out on the website of the Association of National Numbering Agencies (ANNA)
	NC8 Securities: TENNET HOLDING/4.875EUR NT PERP SU as updated, as set out on the website of the Association of National Numbering Agencies (ANNA)

## Documents Incorporated by Reference

The following parts of the documents listed below, which have previously been published and filed with the AFM, shall be incorporated in and form part of this Prospectus and are correct as of their date:

1. page 3, pages 67-72 (inclusive) (*Safeguard sustainable financial performance*), pages 111-191 (inclusive) (*Financial Statements*) and pages 193-201 (inclusive) (*Independent auditor's report*) of the TenneT Integrated Annual Report 2023 (English version): [https://annualreport.tennet.eu/2023/downloads/4aba3f89-c533-48de-a36b-df5a49d435cd/TenneT\\_IAR\\_2023.pdf](https://annualreport.tennet.eu/2023/downloads/4aba3f89-c533-48de-a36b-df5a49d435cd/TenneT_IAR_2023.pdf); and
2. page 3, pages 65-72 (inclusive) (*Safeguard sustainable financial performance and investor ratings*), pages 113-183 (inclusive) (*Financial statements*) and pages 185-195 (inclusive) (*Independent auditor's report*) of the TenneT Integrated Annual Report 2022 (English version): [https://annualreport.tennet.eu/2022/downloads/6ce487d1-c425-4d77-a64e-e77b480d3398/TenneT\\_IAR\\_2022.pdf](https://annualreport.tennet.eu/2022/downloads/6ce487d1-c425-4d77-a64e-e77b480d3398/TenneT_IAR_2022.pdf),

save that any statement contained in a document which is incorporated by reference in this Prospectus shall, to the extent applicable, be deemed to modify or supersede (whether expressly, by implication or otherwise) statements contained in a document which is incorporated by reference of an earlier date. Any statement so modified or superseded shall not be deemed, except as so modified or suspended, to constitute a part of this Prospectus. Those parts of the documents incorporated by reference in this Prospectus which are not specifically incorporated by reference in this Prospectus are either not relevant for prospective investors in the Securities or the relevant information is included elsewhere in this Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus may be obtained (without charge) from the registered office of the Issuer and <https://www.tennet.eu/company/investor-relations/financial-reports/>.

## Terms and Conditions of the NC5.25 Securities

*The following are the Terms and Conditions of the NC5.25 Securities substantially in the form in which they will be endorsed on a Global Security. The Terms and Conditions applicable to any NC5.25 Security in global form will differ from those Terms and Conditions which would apply to the NC5.25 Security were it in definitive form to the extent described under "Summary of Provisions Relating to the Securities while in Global Form" below.*

The issue of the NC5.25 Securities was authorised pursuant to a resolution of the Executive Board of the Issuer passed on 20 December 2023. A fiscal agency agreement dated 21 March 2024 (as amended, restated and/or supplemented from time to time, the "**Agency Agreement**") has been entered into in relation to the NC5.25 Securities between the Issuer, The Bank of New York Mellon, London Branch, as fiscal agent, calculation agent and paying agent. The fiscal agent, calculation agent and the paying agents for the time being are referred to below respectively as the "**Fiscal Agent**", the "**Calculation Agent**" and the "**Paying Agents**" (which expression shall include the Fiscal Agent). The Agency Agreement includes the form of the NC5.25 Securities and the coupons relating to them (the "**Coupons**"). Copies of the Agency Agreement are available for inspection during normal business hours at the specified offices of the Paying Agents upon prior written request and provision of proof of holding and identity in a form satisfactory to the relevant Paying Agent, or in electronic form upon email request to treasury@tennet.eu or corpsovl@bnymellon.com. The holders of the NC5.25 Securities (the "**Securityholders**") and the holders of the Coupons (whether or not attached to the relevant Securities) (the "**Couponholders**") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. References to "**Holders**" shall include both Securityholders and Couponholders.

### 1. Form, Denomination and Title

#### (a) *Form and Denomination*

The NC5.25 Securities are serially numbered and in bearer form in the denominations of €100,000 and integral multiples of €1,000 in excess thereof, each with Coupons attached on issue. No definitive NC5.25 Securities will be issued with a denomination above €199,000. NC5.25 Securities of one denomination may not be exchanged for Securities of any other denomination.

#### (b) *Transfer and Title*

Title to the NC5.25 Securities and Coupons passes by delivery (*levering*). The holder of any NC5.25 Security or Coupon will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

### 2. Status, Subordination

The NC5.25 Securities, together with interest accrued thereon, including any Additional Amounts and Arrears of Interest, constitute direct, unsecured and subordinated obligations of the Issuer (ranking *pari passu* without any preference among themselves), which in the event of a Winding-up rank:

- (a) prior to redemption in full of each of the 2013 Capital Securities and the 2017 Capital Securities:
  - (i) junior to the claims of all senior and other subordinated creditors of the Issuer, except for the loans and securities referred to in sub-clause (ii) hereunder;
  - (ii) *pari passu* among themselves, with any Parity Securities and any loans and securities expressed to rank *pari passu* with the NC5.25 Securities; and

- (iii) senior to the Issuer's ordinary and preferred share capital,
- in each case, except as otherwise required by mandatory provisions of law; and
- (b) after redemption in full of each of the 2013 Capital Securities and the 2017 Capital Securities:
    - (i) junior to the claims of all senior and other subordinated creditors of the Issuer, except for the loans, securities and the Issuer's preferred share capital referred to in sub-clause (ii) hereunder;
    - (ii) *pari passu* among themselves, with any Parity Securities and any loans and securities expressed to rank *pari passu* with the NC5.25 Securities and the Issuer's preferred share capital; and
    - (iii) senior to the Issuer's ordinary share capital,
- (the "**Subsequent Change in Ranking**")
- in each case, except as otherwise required by mandatory provisions of law.

Notwithstanding any other provision of this Condition 2, no Subsequent Change in Ranking will apply if and to the extent that, in the determination of the Issuer, a Subsequent Change in Ranking could reasonably be expected to cause (a) an Accounting Event, an Income Tax Deduction Event or a Withholding Tax Event (each as defined below) to occur, (b) any or all of the NC5.25 Securities to be no longer eligible for the same or a higher amount of "equity credit" attributed to the NC5.25 Securities at the Issue Date, or, if equity credit was not assigned on the Issue Date, at the date on which equity credit was assigned for the first time, or (c) the period of time the NC5.25 Securities are eligible for the same or a higher amount of "equity credit" attributed to the NC5.25 Securities at the Issue Date, or, if equity credit was not assigned on the Issue Date, at the date on which equity credit was assigned for the first time, to be shortened as further described in Condition 6(f).

In addition thereto the Issuer is at all times and at its own discretion entitled to (i) disapply the automatic Subsequent Change in Ranking or, after a Subsequent Change in Ranking has occurred, (ii) revert to the ranking under (a) above, subject to the Issuer giving notice to the Holders thereof in accordance with Condition 14 (Notices).

Subject to applicable law, no Holder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the NC5.25 Securities or the Coupons and each Holder shall, by virtue of being the Holder, be deemed to have waived all such rights of set-off. This Condition 2 is an irrevocable stipulation (*derdenbeding*) for the benefit of the creditors referred to in (i) above and each such creditor may rely on and enforce this Condition 2 under Section 6:253 of the Dutch Civil Code.

### 3. Winding-up

In the event of a Winding-up, the NC5.25 Securities will become immediately due and payable at their outstanding principal amount, together with interest accrued thereon, including any Arrears of Interest and any Additional Amounts, up to but excluding the redemption date, provided that such amount shall only be paid to the Holders to the extent that all senior and other subordinated creditors of the Issuer referred to in Condition 2 (a)(i) or (b)(i), as the case may be, shall have been satisfied in full.

### 4. Deferral of Interest

The Issuer must make each Coupon Payment on the relevant Coupon Payment Date subject to and in accordance with these Terms and Conditions.

- (a) *Deferral of Payments*

- (i) The Issuer may in respect of any Payment which would, in the absence of deferral in accordance with this Condition 4(a)(i), be payable (except for interest payable upon redemption of the NC5.25 Securities), defer such Payment, in whole but not in part, at its sole discretion at any time and for any reason, by giving notice (a "**Deferral Notice**") to the Holders, the Fiscal Agent and the Calculation Agent not less than 7 Business Days prior to the relevant due date.
- (ii) If any Payment is deferred pursuant to this Condition 4(a) then such deferred Payment shall bear interest, at the Coupon Rate prevailing from time to time (which interest shall compound on each Coupon Payment Date), from (and including) the date on which (but for such deferral) the Deferred Coupon Payment would otherwise have been due to be made to (but excluding) the relevant Deferred Coupon Satisfaction Date.
- (iii) Any amounts deferred in accordance with this Condition 4(a) (including interest accrued thereon pursuant to Condition 4(a)(ii)) shall constitute Arrears of Interest. Non-payment of Arrears of Interest shall not constitute a default by the Issuer under the NC5.25 Securities or for any other purpose, unless such payment is required in accordance with Condition 4(b).

Non-payment of interest deferred pursuant to this Condition 4(a) shall not constitute a default by the Issuer or the guarantor under the NC5.25 Securities or the Guarantee, if applicable.

(b) *Payment of Arrears of Interest*

The Issuer may give a Deferral Notice under Condition 4(a) with regard to a Coupon Payment Date in its sole discretion and for any reason. The Issuer may pay outstanding Arrears of Interest, in whole or in part, at any time (such date in such respect then a Deferred Coupon Satisfaction Date) by giving notice to the Holders, the Fiscal Agent and the Calculation Agent not less than 7 Business Days prior to the relevant Deferred Coupon Satisfaction Date.

The Issuer shall pay any outstanding Arrears of Interest, in whole but not in part, on the first to occur of the following dates:

- (i) the 10th Business Day following the date on which a Mandatory Payment Event occurs;
- (ii) any Coupon Payment Date in respect of which the Issuer does not elect to defer the interest accrued in respect of the relevant interest period; and
- (iii) the date on which the NC5.25 Securities are redeemed or the Issuer becomes subject to a Winding-up (such date in such respect then a Deferred Coupon Satisfaction Date).

## 5. Coupon Payments

(a) *Coupon Payment Dates*

The NC5.25 Securities bear interest from (and including) the Issue Date. Such interest will (subject to Condition 4) be payable annually in arrear on each Coupon Payment Date. Each NC5.25 Security will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest at the prevailing Coupon Rate in accordance with this Condition.

(b) *Coupon Rate*

- (i) The Coupon Rate payable from time to time in respect of the NC5.25 Securities in respect of the First Fixed Rate Period will be 4.625 per cent. per annum (the "**First Fixed Coupon Rate**"). The

Coupon Amount in respect of such Coupon Period will amount to €46.25 per Calculation Amount, except for the first Coupon Period from (and including) the Issue Date to (but excluding) 21 June 2024 (short first coupon) which will amount to €11.63 per Calculation Amount.

- (ii) The Coupon Rate payable in respect of the NC5.25 Securities for each Coupon Period falling in a Reset Period (each a "**Reset Coupon Rate**") shall, except as provided below, be the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating Euro interest rate swap transaction which (a) has a term of 5 years, commencing on the relevant Reset Date, (b) is in an amount that is representative of a single transaction, in the swap market on the second Business Day prior to the beginning of the relevant Reset Period (the "**Reset Coupon Determination Date**"), with an acknowledged dealer of good credit in the swap market, and (c) has a floating leg based on the 6-months EURIBOR rate (calculated on an Actual/360 day count basis) and which appears on Reuters screen page "ICESWAP2/EURSFIXA" under the heading "FIXED VS. 6M EURIBOR" (as such headings and captions may appear from time to time) (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying comparable rates) as an annual euro swap transactions with a maturity of 5 years which is fixed as of 11:00 a.m. (Central European Time ("**CET**")) (the "**Reset Screen Page**") on the Reset Coupon Determination Date, (the "**5 year Swap Rate**") plus the Margin, all as determined by the Calculation Agent. The Reset Coupon Rate shall at any time be at least zero per cent.

In the event that the 5 year Swap Rate does not appear on the Reset Screen Page on the Reset Coupon Determination Date other than as a result of a Benchmark Event, the 5 year Swap Rate will be the Reset Reference Bank Rate on such Reset Coupon Determination Date. "**Reset Reference Bank Rate**" means the percentage rate determined on the basis of the 5 year Swap Rate quotations provided by five leading swap dealers selected by the Issuer in the interbank market (the "**Reset Reference Banks**") to the Issuer at approximately 11:00 a.m. CET and advised by the Issuer to the Calculation Agent, on the Reset Coupon Determination Date. If (a) at least three quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean (or, if only three quotations are provided, the median) of the quotations, eliminating the highest quotation (or, in the event of equality one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest); (b) only two quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided; (c) only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided; and (d) no quotations are provided, the Reset Reference Bank Rate for the relevant period will be: (i) in the case of each Reset Period other than the Reset Period commencing on the First Reset Date, the 5 year Swap Rate in respect of the immediately preceding Reset Period, or (ii) in the case of the Reset Period commencing on the First Reset Date, 2.764 per cent per annum.

Where it is necessary to compute an amount of interest in respect of any NC5.25 Security for a period which is less than a complete year, such interest shall be calculated on the basis of the actual number of days in the period from (and including) the most recent Coupon Payment Date (or, if none, the Issue Date) to (but excluding) the relevant payment date divided by the actual number of days in the period from (and including) the most recent Coupon Payment Date (or, if none, the Issue Date) to (but excluding) the next (or first) scheduled Coupon Payment Date. Where it is necessary to compute an amount of interest in respect of any NC5.25 Security for a period of more than one year, such interest shall be the aggregate of the interest payable in respect of a full year plus the interest payable in respect of the remaining period calculated in the manner as aforesaid.

Interest in respect of any NC5.25 Security shall be calculated per €1,000 in principal amount of the NC5.25 Securities (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the relevant Coupon Rate, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

(c) *Publication of Coupon Rate and Coupon Amount per Calculation Period*

The Calculation Agent will cause the Coupon Rate, the Coupon Amount and the relevant Coupon Payment Date to be notified to the Fiscal Agent and the other Paying Agents and each listing authority, stock exchange and/or quotation system (if any) by which the NC5.25 Securities have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but in any event not later than the first day of the relevant Coupon Period. Notice thereof shall also promptly be given to the Holders. The Calculation Agent will be entitled to recalculate any amount of interest (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Coupon Period. If the Calculation Amount is less than the minimum denomination, the Calculation Agent shall not be obliged to publish each Coupon Amount but instead may publish only the Calculation Amount and the amount of interest in respect of a NC5.25 Security having the minimum denomination.

(d) *Notifications*

All notifications, opinions, determinations, certificates, calculations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Fiscal Agent, the other Paying Agents and the Holders and (in the absence of wilful default, gross negligence or fraud) no liability will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(e) *Step-up after Change of Control*

In the event of a Change of Control, if the Issuer does not elect to redeem the NC5.25 Securities in accordance with Condition 6(g), the applicable Coupon Rate on the NC5.25 Securities shall be increased by 5 per cent. per annum with effect from (and including) the date on which the Change of Control occurred.

(f) *Benchmark discontinuation*

(i) *Independent Adviser*

- (A) If a Benchmark Event occurs in relation to the Original Reference Rate when any Reset Coupon Rate (or any component part thereof) remains to be determined by reference to the Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable (provided that such appointment need not be made earlier than with effect from 30 days prior to the first date on which the Original Reference Rate is to be used to determine any Reset Coupon Rate (or any component part thereof)), to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5(f)(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 5(f)(iv)).

In making such determination, the Independent Adviser appointed pursuant to this Condition 5(f) shall act in good faith and in a commercially reasonable manner as an expert. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Fiscal Agent, the other Paying Agents or the Holders for any determination made by it and for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 5(f).

- (B) If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with Condition 5(f)(ii) prior to the relevant Reset Coupon Determination Date, the Reset Coupon Rate applicable to the next succeeding Reset Period shall be equal to the Reset Coupon Rate last determined in relation to the NC5.25



Securities in respect of the immediately preceding Reset Period. If there has not been a first Reset Coupon Determination Date, the Reset Coupon Rate shall be the First Fixed Coupon Rate. Where a different Margin is to be applied to the relevant Reset Period from that which applied to the last preceding Reset Period, the Margin relating to the relevant Reset Period shall be substituted in place of the Margin relating to that last preceding Reset Period. For the avoidance of doubt, this Condition 5(f)(i)(B) shall apply to the relevant next succeeding Reset Period only and any subsequent Reset Periods are subject to the subsequent operation of, and to adjustment as provided in, Condition 5(f)(i)(A).

(ii) *Successor Rate or Alternative Rate*

If the Independent Adviser determines that:

- (A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Reset Coupon Rate (or the relevant component part thereof) for all future payments of interest on the NC5.25 Securities (subject to the operation of this Condition 5(f)); or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Reset Coupon Rate (or the relevant component part thereof) for all future payments of interest on the NC5.25 Securities (subject to the operation of this Condition 5(f)).

(iii) *Adjustment Spread*

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(iv) *Benchmark Amendments*

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(f) and the Independent Adviser determines (i) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(f)(v), without any requirement for the consent or approval of Holders or Couponholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Fiscal Agent of a certificate signed by two authorised signatories of the Issuer pursuant to Condition 5(f)(v), the Fiscal Agent shall (at the expense of the Issuer), without any requirement for the consent or approval of the Holders, be obliged to concur with the Issuer in effecting any Benchmark Amendments. In connection with any such variation in accordance with this Condition 5(f)(iv), the Issuer shall comply with the rules of any stock exchange on which the NC5.25 Securities are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 5(f), no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could

reasonably be expected to cause (a) any or all of the NC5.25 Securities to be no longer eligible for the same or a higher amount of “equity credit” attributed to the NC5.25 Securities at the Issue Date, or, if equity credit was not assigned on the Issue Date, at the date on which equity credit was assigned for the first time, or (b) the period of time the NC5.25 Securities are eligible for the same or a higher amount of “equity credit” attributed to the NC5.25 Securities at the Issue Date, or, if equity credit was not assigned on the Issue Date, at the date on which equity credit was assigned for the first time, to be shortened as further described in Condition 6(f).

The Benchmark Amendments may comprise in particular (not limited to) the following conditions of these Terms and Conditions: (A) the Original Reference Rate including the "Reset Screen Page" and/or the method for determining the fallback rate in relation to the Original Reference Rate, and/or (B) the definitions of day count fraction and the terms "Business Day", "Coupon Payment Date", "Reset Date", "Coupon Determination Date", and/or "Coupon Period" (including the determination whether the Reference Rate will be determined in advance on or prior to the relevant Coupon Period or in arrear on or prior to the end of the relevant Coupon Period); and/or (C) the business day convention.

(v) *Notices*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5(f) will be notified promptly by the Issuer to the Fiscal Agent, the Calculation Agent, the Paying Agents and, in accordance with Condition 14, the Holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer:

- (a) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate (iii) the applicable Adjustment Spread and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 5(f); and
- (b) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

Each of the Fiscal Agent, the Calculation Agent and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Fiscal Agent's or the Calculation Agent's or the Paying Agents' ability to rely on such certificate as aforesaid) be binding on the Issuer, the Fiscal Agent, the Calculation Agent, the Paying Agents and the Holders.

(vi) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under Condition 5(f)(i), (ii), (iii) and (iv), the Original Reference Rate and the fallback provisions provided for in Condition 5(b) will continue to apply unless and until a Benchmark Event has occurred.

(vii) *Definitions*

As used in this Condition 5(f):

**"Adjustment Spread"** means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
- (ii) the Independent Adviser determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if Independent Adviser determines that no such spread is customarily applied);
- (iii) the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

**"Alternative Rate"** means an alternative to the Original Reference Rate which the Independent Adviser determines in accordance with Condition 5(f)(ii) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same currency as the NC5.25 Securities;

**"Benchmark Amendments"** has the meaning given to it in Condition 5(f)(iv);

**"Benchmark Event"** means:

- (1) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or
- (2) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (3) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (4) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the NC5.25 Securities; or
- (5) it has become unlawful for any Paying Agent, the Fiscal Agent, the Calculation Agent, the Issuer, or other party to calculate any payments due to be made to any Holder using the Original Reference Rate;

provided that in the case of sub-paragraphs (2), (3) and (4), the Benchmark Event shall occur on the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate, or the prohibition of use of the Original Reference Rate, as the case may be, and not the date of the relevant public statement;

**"Independent Adviser"** means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5(f)(i);

**"Original Reference Rate"** means the originally-specified 5 year Swap Rate used to determine the Reset Coupon Rate (or any component part thereof) on the NC5.25 Securities;

**"Relevant Nominating Body"** means, in respect of the Original Reference Rate:

- (i) the central bank for the currency to which the Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the Original Reference Rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate, (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof;

**"Successor Rate"** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

## **6. Redemption, Purchase and Modification**

### **(a) No Fixed Redemption Date**

The NC5.25 Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Conditions 2 and 3 and without prejudice to the provisions of Condition 10) only have the right to repay them in accordance with the following provisions of this Condition 6.

### **(b) Issuer's Call Option**

The Issuer may, by giving not less than 10 nor more than 60 days' notice to the Holders in accordance with Condition 14 and to the Fiscal Agent, which notice shall be irrevocable and shall specify the date fixed for redemption, elect to redeem the NC5.25 Securities in whole, but not in part, on any Business Day from and including the First Call Date to and including the First Reset Date or any Coupon Payment Date thereafter at their principal amount together with any interest accrued thereon, including any Arrears of Interest and any Additional Amounts, up to (but excluding) the redemption date.

### **(c) Redemption at the option of the Issuer at Make-whole Premium**

The Issuer may, by giving not less than 10 nor more than 60 days' notice to the Holders in accordance with Condition 14 and to the Fiscal Agent, which notice shall be irrevocable and shall specify the date fixed for redemption (the **Make-whole Redemption Date**), elect to redeem the NC5.25 Securities in whole, but not in part, on any Business Day prior to the First Call Date at the Make-whole Redemption Amount (the "**Make-whole Call**").

### **(d) Redemption for Taxation Reasons**

The Issuer may redeem the NC5.25 Securities in whole, but not in part, upon not more than 60 days' nor less than 10 days' notice to the Holders in accordance with Condition 14 and to the Fiscal Agent, which notice shall be irrevocable, at any time at their principal amount (or, if a Withholding Tax Event (as defined below) coincides with an Income Tax Deduction Event (as defined below) prior to the First Call Date, at 101% of their principal amount), in each case

together with interest accrued thereon, including any Arrears of Interest and any Additional Amounts, up to (but excluding) the redemption date provided that the Issuer certifies in its notice that it has obtained an opinion in writing from a reputable firm of lawyers of good standing or a recognised independent auditor to the effect that the Issuer would be required to pay Additional Amounts in accordance with (and as defined in) Condition 9 upon the next due date for a payment in respect of the NC5.25 Securities by reason of:

- (i) any actual or proposed change in or amendment to the laws, regulations or rulings of the Netherlands or any political subdivision or taxing authority thereof or therein; or
- (ii) any actual or proposed change in the official application or interpretation of such laws, regulations or rulings; or
- (iii) any action which shall have been taken by any taxing authority or any court of competent jurisdiction of the Netherlands or any political subdivision or taxing authority thereof or therein, whether or not such action was taken or brought with respect to the Issuer; or
- (iv) any actual or proposed change in the official application or interpretation of, or any actual or proposed execution of, or amendment to, any treaty or treaties affecting taxation to which the Netherlands is or is to be a party,

(a "**Withholding Tax Event**") which change, amendment, change of application or execution becomes effective, taking of action occurs, or proposal is made, on or after the Issue Date.

The Issuer may also redeem the NC5.25 Securities in whole, but not in part, upon not more than 60 days' nor less than 10 days' notice to the Holders in accordance with Condition 14 and to the Fiscal Agent, which notice shall be irrevocable, at any time at an amount equal to (i) 101 per cent. of their principal amount if such redemption occurs prior to the First Call Date or (ii) their principal amount if such redemption occurs on or after the First Call Date, in each case together with interest accrued thereon, including any Arrears of Interest and any Additional Amounts, up to (but excluding) the redemption date, provided, in each case, that the Issuer certifies in its notice that it has obtained an opinion in writing from a reputable firm of lawyers of good standing or a recognised independent auditor to the effect that interest payments under the NC5.25 Securities were but are no longer or will no longer be tax-deductible by the Issuer for Dutch corporate income tax purposes by reason of:

- (i) any actual or proposed change in or amendment to the laws, regulations or rulings of the Netherlands or any political subdivision or taxing authority thereof or therein; or
- (ii) any actual or proposed change in the official application or interpretation of such laws, regulations or rulings; or
- (iii) any action which shall have been taken by any taxing authority or any court of competent jurisdiction of the Netherlands or any political subdivision or taxing authority thereof or therein, whether or not such action was taken or brought with respect to the Issuer; or
- (iv) any actual or proposed change in the official application or interpretation of, or any actual or proposed execution of, or amendment to, any treaty or treaties affecting taxation to which the Netherlands is or is to be a party,

(an "**Income Tax Deduction Event**") which change, amendment, change of application or execution becomes effective, taking of action occurs, or proposal is made, on or after the Issue Date.

(e) *Redemption for Accounting Reasons*

The Issuer may redeem the NC5.25 Securities in whole, but not in part, upon giving not less than 10 nor more than 60 days' notice to the Holders in accordance with Condition 14 and to the Fiscal Agent, which notice shall be irrevocable, (i) at 101 per cent. of their principal amount if such redemption occurs prior to the First Call Date or (ii) at their principal amount if such redemption occurs on or after the First Call Date, in each case together with interest accrued thereon, including any Arrears of Interest and any Additional Amounts, up to (but excluding) the redemption date, if a recognised accountancy firm, acting upon instructions of the Issuer, has delivered a letter or report to the Issuer, stating that, as a result of a change in accounting principles or methodology (or the application thereof) which have been officially adopted after 19 March 2024 (such date, the "**Accounting Event Adoption Date**"), the NC5.25 Securities may no longer be recorded as a "equity" in full in the audited annual or the semi-annual consolidated financial statements of the Issuer pursuant to EU-IFRS or any other accounting standards that may replace EU-IFRS (an "**Accounting Event**"). The Accounting Event shall be deemed to have occurred on the Accounting Event Adoption Date notwithstanding any later effective date.

(f) *Redemption for Rating Reasons*

The Issuer may redeem the NC5.25 Securities in whole, but not in part, upon giving not less than 10 nor more than 60 days' notice to the Holders in accordance with Condition 14 and to the Fiscal Agent, which notice shall be irrevocable, (i) at 101 per cent. of their principal amount if such redemption occurs prior to the First Call Date or (ii) at their principal amount if such redemption occurs on or after the First Call Date, in each case together with interest accrued thereon, including any Arrears of Interest and any Additional Amounts, up to (but excluding) the redemption date, if the Issuer has received confirmation from any Rating Agency that, due to any amendment to, clarification of, or change in its hybrid capital methodology or in the interpretation thereof, in each case occurring or becoming effective after the Issue Date, (a) any or all of the NC5.25 Securities will no longer be eligible (or if the NC5.25 Securities have been partially or fully re-financed since the Issue Date and are no longer eligible for equity credit from such Rating Agency in part or in full as a result, any or all of the NC5.25 Securities would no longer have been eligible as a result of such amendment to, clarification of, or change in its hybrid capital methodology or in the interpretation thereof had they not been re-financed) for the same or a higher amount of "equity credit" as was attributed to the NC5.25 Securities as at the Issue Date (or, if equity credit is not assigned to the NC5.25 Securities by the relevant Rating Agency on the Issue Date, the date on which equity credit is assigned by such Rating Agency for the first time) or (b) the period of time the NC5.25 Securities are eligible for the same or a higher amount of "equity credit" attributed to the NC5.25 Securities at the Issue Date (or, if equity credit is not assigned to the NC5.25 Securities by the relevant Rating Agency on the Issue Date, the date on which equity credit is assigned by such Rating Agency for the first time) is being shortened (in each case, a "**Rating Event**").

(g) *Redemption for Change of Control*

Upon the occurrence of a Change of Control:

- (i) the Issuer shall promptly notify the Holders in accordance with Condition 14 and the Fiscal Agent upon becoming aware of such Change of Control; and
- (ii) the Issuer may redeem the NC5.25 Securities in whole, but not in part, upon giving not less than 10 nor more than 60 days' notice irrevocable notice (specifying a date for such redemption which is, subject to sub-paragraph (y) below, a Coupon Payment Date) to the Holders in accordance with Condition 14 and to the Fiscal Agent, at their principal amount, together with interest accrued thereon, including any Arrears of Interest and any Additional Amounts, up to but excluding the redemption date.

If at the time of the occurrence of a Change of Control any Puttable Senior Securities are outstanding, the redemption date of the NC5.25 Securities will be the later of (x) the first Coupon Payment Date following the Change of Control on which notice may be given in accordance with paragraph (ii) above and (y) the first Business Day (which does not need to be a Coupon Payment Date) following the last day on which such Puttable Senior Securities may become

due for redemption in accordance with their terms due to the exercise of the investor put rights which the holders of such Puttable Senior Securities may have in respect of the same Change of Control.

(h) *Redemption following exercise of Clean-up Call*

The NC5.25 Securities will be redeemable at the option of the Issuer, in whole but not in part, at any time following the purchase by or on behalf of the Issuer or a Subsidiary of an aggregate principal amount of the NC5.25 Securities equal to or in excess of 75 per cent. of the aggregate principal amount of the NC5.25 Securities issued (x) on the Issue Date and (y) if any, issued pursuant to Condition 15 (*Further Issues*) (the "**Clean-up Call**").

Upon such redemption, the Issuer will redeem the NC5.25 Securities at their principal amount, together with accrued and unpaid interest to the date of redemption and all Arrears of Interest and Additional Amounts, if any, upon giving not less than 10 nor more than 60 days' irrevocable notice to the Holders in accordance with Condition 14 (*Notices*).

(i) *Purchases*

The Issuer may (subject to Condition 2) at any time purchase NC5.25 Securities in any manner and at any price. NC5.25 Securities purchased by the Issuer may be held, reissued, resold or, at the option of the Issuer, be cancelled in accordance with Condition 6(j) below. Any NC5.25 Securities so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Securityholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Securityholders or for the purposes of Condition 11(a).

(j) *Cancellation*

Any NC5.25 Securities cancelled may not be reissued or resold. The obligations of the Issuer in respect of any such NC5.25 Securities shall be discharged.

(k) *Exchange and Variation*

If at any time after the Issue Date the Issuer determines that an Income Tax Deduction Event, an Accounting Event, a Rating Event or a Withholding Tax Event has occurred, the Issuer may, as an alternative to an early redemption of the NC5.25 Securities, on any applicable Coupon Payment Date, without any further consent of the Holders, (i) exchange the NC5.25 Securities for new securities (the "**Exchanged Securities**"), or (ii) vary the terms of the NC5.25 Securities (the "**Varied Securities**"), so that in either case (A) in the case of an Accounting Event, the aggregate nominal amount of the Exchanged Securities or Varied Securities (as the case may be) is recorded as "equity" in full in the consolidated financial statements of the Issuer pursuant to EU-IFRS, (B) in the case of a Withholding Tax Event, payments of principal and interest in respect of the Exchanged Securities or Varied Securities (as the case may be) are not subject to deduction or withholding by reason of Dutch law or such other law applicable in a jurisdiction where a Substituted Issuer may be incorporated, or published regulations, (C) in the case of an Income Tax Deduction Event, payments of interest payable by the Issuer in respect of the Exchanged Securities or Varied Securities (as the case may be) are tax-deductible to the extent permitted by Dutch law, or such other law applicable in a jurisdiction where a Substituted Issuer may be incorporated, or (D) in the case of a Rating Event, the aggregate nominal amount of the Exchanged Securities or Varied Securities (as the case may be) is assigned "equity credit" (or such other nomenclature that the relevant Rating Agency may then use to describe the degree to which an investment exhibits the characteristics of an ordinary share) by the relevant Rating Agency that is equal to or higher than that which was assigned to the NC5.25 Securities by that Rating Agency on the Issue Date, or, if equity credit was not assigned on the Issue Date, at the date on which equity credit was assigned for the first time.

Any such exchange or variation shall be subject to the following conditions:

- (i) the Issuer giving not less than ten (10) nor more than sixty (60) calendar days' notice to the Holders in accordance with Condition 14 (*Notices*);
- (ii) the Issuer complying with the rules of any stock exchange (or any other relevant authority) on which the NC5.25 Securities are for the time being admitted to trading, and (for so long as the rules of such exchange require) the publication of any appropriate supplement, listing particulars or offering circular in connection therewith, and the Exchanged NC5.25 Securities or Varied NC5.25 Securities continue to be admitted to trading on the same stock exchange as the NC5.25 Securities if they were admitted to trading immediately prior to the relevant exchange or variation;
- (iii) the Exchanged NC5.25 Securities or Varied NC5.25 Securities shall maintain at least the same ranking in liquidation, the same interest rate and interest payment dates, the same First Reset Date, the same First Call Date and other early redemption rights (provided that the relevant exchange or variation may not itself trigger any early redemption right), the same rights to accrued interest and any other amounts payable under the NC5.25 Securities which, in each case, have accrued to Holders and have not been paid, the same rights to principal and interest, and, if publicly rated by Moody's and/or S&P on a solicited basis immediately prior to such exchange or variation, at least the same credit rating immediately after such exchange or variation by both Moody's and S&P if the NC5.25 Securities are publicly rated by both such rating agencies on a solicited basis, or by the relevant such Rating Agency if the NC5.25 Securities are only rated by one such Rating Agency, as compared with the relevant rating(s) immediately prior to such exchange or variation (as determined by the Issuer using reasonable measures available to it including discussions with Moody's and/or S&P to the extent practicable) and shall not contain terms providing for the mandatory deferral of interest and do not contain terms providing for loss absorption through principal write-down or conversion to shares;
- (iv) the terms of the exchange or variation not being materially prejudicial to the interests of the Holders, including compliance with (iv) above, as certified to the benefit of the Holders by two directors of the Issuer, having consulted with an independent investment bank of international standing (for the avoidance of doubt the Fiscal Agent shall accept the certificates of the Issuer as sufficient evidence of the occurrence of a Withholding Tax Event, an Income Tax Deduction Event, an Accounting Event or a Rating Event and that such exchange or variation to the terms of the NC5.25 Securities are not materially prejudicial to the interest of the Holders); and
- (v) the issue of legal opinions addressed to the Fiscal Agent for the benefit of the Holders from one or more international law firms of good reputation confirming (x) that the Issuer has capacity to assume all rights and obligations under the Exchanged NC5.25 Securities or Varied NC5.25 Securities and has obtained all necessary corporate or other relevant authorisations to assume all such rights and obligations and (y) the legality, validity and enforceability of the Exchanged NC5.25 Securities or Varied NC5.25 Securities.

(l) *Issuer discretion to waive rights*

The Issuer is at all times and at its own discretion entitled to irrevocably waive any of its redemption rights described in Condition 6(b), Condition 6(c), Condition 6(d), Condition 6(e), Condition 6(f), Condition 6(g), and Condition 6(h), subject to the Issuer giving notice to the Holders of such waiver in accordance with Condition 14 (*Notices*).

## 7. Payments

(a) *Method of Payment*



- (i) Payments of principal and Coupon Amounts and all other payments on or in respect of the NC5.25 Securities will be in Euro and will be calculated by the Calculation Agent and effected through the Paying Agents.

Payments of principal, premium and interest will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of NC5.25 Securities or the appropriate Coupons (as the case may be) at the specified office of any Paying Agent by transfer to a Euro account maintained by the payee with a bank in the Euro-zone. Payments of interest due in respect of any NC5.25 Security other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant NC5.25 Security.

- (ii) The names of the initial Paying Agents and their initial specified offices are set out below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that it will at all times maintain for so long as the NC5.25 Securities are listed on Euronext Amsterdam, or any other stock exchange or regulated securities market and the rules of such exchange or securities market so require, a Paying Agent having a specified office in such location as the rules of such exchange or securities market may require. Notice of any such termination or appointment and of any change in the specified offices of the Paying Agents will be given to the Holders in accordance with Condition 14.

(b) *Payments subject to fiscal laws*

All payments made in accordance with these Terms and Conditions will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9.

(c) *Surrender of unmatured Coupons*

Each NC5.25 Security should be presented for redemption together with all unmatured Coupons relating to it in respect of the First Fixed Rate Period, failing which the amount of any such missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon not later than 5 years after the due date for the relevant payment of principal.

Upon the due date for redemption of any NC5.25 Security, unmatured Coupons relating to such NC5.25 Security in respect of any Reset Period (whether or not attached) shall become void and no payment shall be made in respect of them. Where any NC5.25 Security is presented for redemption without all unmatured Coupons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(d) *Payments on payment Business Days*

A NC5.25 Security or Coupon may only be presented for payment on a day (other than a Saturday or a Sunday) on which (i) commercial banks are open for general business in Amsterdam and, if different, in the place of the specified office of the relevant Paying Agent to whom such NC5.25 Security or Coupon is presented for payment and (ii) the T2 is operating.

No further interest or other payment will be made as a consequence of the day on which a NC5.25 Security or Coupon may be presented for payment under this paragraph falling after the due date. A NC5.25 Security or Coupon may not be presented for payment before the due date.

## 8. Enforcement Events

(a) If any of the following events (each an "**Enforcement Event**") occurs:

(i) *Non-payment*

Subject to Condition 4(a) (*Deferral of Payments*), default is made in the payment of any amount in respect of the NC5.25 Securities on the due date for payment thereof and such default is not remedied within 14 days; or

(ii) *Winding-up*

An order is made or an effective resolution is passed for the Winding-up of the Issuer (except in the case of a winding-up for the purpose of a merger, reconstruction or amalgamation the terms of which have previously been approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Holders),

then, in the case of paragraph (i) (*Non-payment*), the Holder of such NC5.25 Security may, at its discretion and, subject to any applicable laws, without further notice, institute proceedings for the Winding-up of the Issuer in the Netherlands (but not elsewhere, except that in the case of an substitution of the Issuer in accordance with Condition 12, such proceedings must be instituted against the Substituted Issuer in the jurisdiction in which the Substituted Issuer is incorporated) and/or prove in any Winding-up of the Issuer, but may take no other action in respect of such default and, in the case of paragraph (ii) (*Winding-up*), the NC5.25 Securities will immediately become due and repayable at their principal amount together with accrued interest and any Arrears of Interest and Additional Amounts and/or prove in the Winding-up of the Issuer, subject always to the ranking provided in Condition 2 (*Status, Subordination*).

Except as provided in this Condition 8, a Holder shall otherwise have no right to accelerate payment of any NC5.25 Security in the case of an Enforcement Event.

(b) Subject as provided in this Condition 8, any Holder may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Agency Agreement or the NC5.25 Securities provided that the Issuer shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

## 9. Taxation

All payments by the Issuer in respect of the NC5.25 Securities and the Coupons will be made without withholding of or deduction for, or on any account of, any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed or levied by or on behalf of the Netherlands or any political subdivision thereof or by any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer will pay such additional amounts ("**Additional Amounts**") as may be necessary in order that the net amounts receivable by Holders after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the NC5.25 Securities or the Coupons in the absence of such withholding or deduction, except that no such Additional Amounts shall be payable in relation to any payment with respect to any NC5.25 Security or Coupon:

(i) to, or to a third party on behalf of, a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such NC5.25 Security or Coupon by reason of his having some

connection with the Netherlands other than the mere holding of such NC5.25 Security or Coupon;  
or

- (ii) to, or to a third party on behalf of, a Holder if such withholding or deduction may be avoided by complying with any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (iii) to, or to a third party on behalf of, a Holder that is a partnership or a Holder that is not the sole beneficial owner of the NC5.25 Security or Coupon or which holds the NC5.25 Security or Coupon in a fiduciary capacity, to the extent that any of the members of the partnership, the beneficial owner or the settlor or beneficiary with respect to the fiduciary would not have been entitled to the payment of an additional amount had each of the members of the partnership, the beneficial owner, settlor or beneficiary (as the case may be) received directly his beneficial or distributive share of the payment; or
- (iv) presented for payment more than 30 days after the Relevant Date except to the extent that the Holder would have been entitled to such Additional Amounts on presenting the same for payment on the last day of such period of 30 days; or
- (v) in respect of any taxes, duties, assessments or governmental charges of whatsoever nature that are not imposed or levied by or on behalf of the Netherlands or any political subdivision thereof or by any authority therein or thereof having power to tax, including a FATCA Withholding; or
- (vi) in respect of any withholding tax due under the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*).

In these Conditions, "**Relevant Date**" means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Holders that, upon further presentation of the NC5.25 Security or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

References in these Terms and Conditions to any amounts which may become due and payable pursuant hereto shall be deemed to include any Additional Amounts which may become payable pursuant to the foregoing provisions.

## 10. Prescription

Claims for payment in relation to NC5.25 Securities and Coupons will become void unless exercised within a period of five years from the due date for payment thereof.

## 11. Meetings of Securityholders and Modification

### (a) *Meeting of Securityholders*

The Agency Agreement contains provisions for convening meetings of Securityholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Meetings may be held in the Netherlands, the United Kingdom, Belgium, Luxembourg, Germany or France. The notice convening the meeting shall specify the day, time and place of the meeting. Such a meeting may be convened by Securityholders holding not less than 10 per cent. in principal amount of the NC5.25 Securities for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the NC5.25 Securities for the time being outstanding; if such quorum is not present the meeting will be adjourned, and at any adjourned meeting the quorum

to consider an Extraordinary Resolution will be two or more persons being or representing Securityholders whatever the principal amount of the NC5.25 Securities held or represented; in each case, unless the business of such meeting includes consideration of proposals, inter alia, (i) to modify the dates on which interest is payable in respect of the NC5.25 Securities, (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest on or to vary the method of calculating the rate of interest or to reduce the rate of interest on, the NC5.25 Securities, (iii) to change the currency of payment of the NC5.25 Securities or the Coupons, or (iv) to modify the provisions concerning the quorum required at any meeting of Securityholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent.; if such quorum is not present the meeting will be adjourned, and at any adjourned meeting such necessary quorum will be two or more persons holding or representing not less than 25 per cent., in principal amount of the NC5.25 Securities for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Securityholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the NC5.25 Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Securityholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Securityholders.

(b) *Modification of Agency Agreement*

The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be materially prejudicial to the interests of the Securityholders.

Any such modification shall be binding on the Holders and any such modification shall be notified to the Holders in accordance with Condition 14 as soon as practicable thereafter.

## 12. Substitution of the Issuer

(a) The Issuer may, and the Holders hereby irrevocably agree in advance that the Issuer may without any further consent of the Holders being required, when no payment of principal of any of the NC5.25 Securities or interest on any of the NC5.25 Securities is in default, be replaced and substituted by any directly or indirectly wholly owned Subsidiary of the Issuer (the "**Substituted Issuer**") as principal debtor in respect of the NC5.25 Securities provided that:

- (i) such documents shall be executed by the Substituted Issuer and the Issuer as may be necessary to give full effect to the substitution (together the "**Substitution Documents**") and (without limiting the generality of the foregoing) pursuant to the Substitution Documents the Substituted Issuer shall undertake in favour of each Holder to be bound by these Terms and Conditions and the provisions of the Agency Agreement as fully as if the Substituted Issuer had been named in the NC5.25 Securities and the Agency Agreement as the principal debtor in respect of the NC5.25 Securities in place of the Issuer and pursuant to which the Issuer shall guarantee, which guarantee shall be unconditional and irrevocable, (the "**Guarantee**") in favour of each Holder the payment of all sums payable (including any Additional Amounts payable pursuant to Condition 9) in respect of the NC5.25 Securities;
- (ii) where the Substituted Issuer is incorporated, domiciled or resident for taxation purposes in a territory other than the Netherlands, the Substitution Documents shall contain a covenant and/or such other provisions as may be necessary to ensure that each Holder has the benefit of a covenant in terms corresponding to the provisions of Condition 9 with the substitution of the references to

the Netherlands with references to the territory in which the Substituted Issuer is incorporated, domiciled and/or resident for taxation purposes. The Substitution Documents shall also contain a covenant by the Substituted Issuer and the Issuer to indemnify and hold harmless each Holder against all liabilities, costs, charges and expenses (provided that insofar as the liabilities, costs, charges and expenses are taxes or duties, the same arise by reason of a law or regulation having legal effect or being in reasonable contemplation thereof on the date such substitution becomes effective) which may be incurred by or levied against such holder as a result of any substitution pursuant to this Condition and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, such liabilities, costs, charges and expenses shall include any and all taxes or duties which are imposed on any such Holder by any political sub-division or taxing authority of any country in which such Holder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);

- (iii) the Substitution Documents shall contain a warranty and representation by the Substituted Issuer and the Issuer (a) that each of the Substituted Issuer and the Issuer has obtained all necessary governmental and regulatory approvals and consents for such substitution and the performance of its obligations under the Substitution Documents, and that all such approvals and consents are in full force and effect and (b) that the obligations assumed by each of the Substituted Issuer and the Issuer under the Substitution Documents are all valid and binding in accordance with their respective terms and enforceable by each Holder;
  - (iv) each stock exchange which has NC5.25 Securities listed thereon shall have confirmed that following the proposed substitution of the Substituted Issuer for the Issuer the NC5.25 Securities would continue to be listed on such stock exchange;
  - (v) the Issuer shall have delivered to the Fiscal Agent or procured the delivery to the Fiscal Agent of a legal opinion from the internal legal adviser to the Issuer to the effect that the Substitution Documents (including the Guarantee, if applicable) constitute legal, valid and binding obligations of the Issuer, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Issuer for the Issuer and to be available for inspection by Holders at the specified office of the Fiscal Agent upon prior written request and provision of proof of holding and identity in a form satisfactory to the Fiscal Agent; and
  - (vi) the Issuer shall have delivered to the Fiscal Agent or procured the delivery to the Fiscal Agent of a legal opinion from a reputable firm of Dutch lawyers to the effect that the Substitution Documents (including the Guarantee, if applicable) constitute legal, valid and binding obligations of the Substituted Issuer and, if applicable, the Issuer under Dutch law, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Issuer for the Issuer and to be available for inspection by Holders at the specified office of the Fiscal Agent upon prior written request and provision of proof of holding and identity in a form satisfactory to the Fiscal Agent.
- (b) In connection with any substitution effected pursuant to this Condition, neither the Issuer nor the Substituted Issuer need have any regard to the consequences of any such substitution for individual Holders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and no Holder, except as provided in Condition 12(a)(ii), shall be entitled to claim from the Issuer or any Substituted Issuer under the NC5.25 Securities any indemnification or payment in respect of any tax or other consequences arising from such substitution.
  - (c) In respect of any substitution pursuant to this Condition in respect of the NC5.25 Securities, the Substitution Documents referred to in Condition 12(a) above shall provide for such further amendment of these Terms and Conditions as shall be necessary or desirable to (i) effectuate such substitution under terms

commercially and economically similar to the Conditions and (ii) ensure that the NC5.25 Securities constitute subordinated obligations of the Substituted Issuer and that the Guarantee, if applicable constitutes a subordinated obligation of the Issuer, in each case subordinated to no greater than the same extent as the Issuer's obligations prior to its substitution to make payments of principal in respect of the NC5.25 Securities under Condition 2.

- (d) With respect to the NC5.25 Securities, the Issuer shall be entitled, by notice to the Holders given in accordance with Condition 14, at any time to (x) effect a substitution which does not comply with paragraph (c) above provided that the terms of such substitution have been approved by an Extraordinary Resolution of the Holders or (y) waive all and any rights to effect a substitution of the principal debtor pursuant to this Condition. Any such notice of waiver shall be irrevocable.
- (e) Upon the execution of the Substitution Documents as referred to in paragraph (a) above, and subject to the notice as referred to in paragraph (g) below having been given, the Substituted Issuer shall be deemed to be named in the NC5.25 Securities as the principal debtor in place of the Issuer and the NC5.25 Securities shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Substitution Documents shall operate to release the Issuer as issuer from all of its obligations as principal debtor in respect of the NC5.25 Securities save that any claims under the NC5.25 Securities arising against the Issuer prior to its release shall inure to the benefit of Holders.
- (f) The Substitution Documents shall be deposited with and held by the Fiscal Agent for so long as any NC5.25 Securities remain outstanding and for so long as any claim made against the Substituted Issuer by any Holder in relation to the NC5.25 Securities or the Substitution Documents is not finally adjudicated, settled or discharged. The Substituted Issuer and the Issuer shall acknowledge in the Substitution Documents the right of every Holder to the production of the Substitution Documents for the enforcement of any of the NC5.25 Securities or the Substitution Documents.
- (g) Not later than 15 days after the execution of the Substitution Documents, the Substituted Issuer shall give notice thereof to the Holders in accordance with Condition 14.
- (h) Upon the notice referred to in paragraph (g) above being given and without prejudice to the efficacy of the substitution the Issuer and the Substituted Issuer will use best efforts to provide such information in respect of the Substituted Issuer as may reasonably be requested by a Holder as part of its on-boarding procedures.

### **13. Replacement of NC5.25 Securities and Coupons**

Should any NC5.25 Security or Coupon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent (or such other place of which notice shall have been given in accordance with Condition 14) upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity and/or as the Issuer may reasonably require. The mutilated or defaced NC5.25 Security or Coupon must be surrendered before any replacement will be issued.

### **14. Notices**

Notices to Holders shall be given by publication in the English language in a daily newspaper having general circulation in the Netherlands (which is expected to be *Het Financieele Dagblad*). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

### **15. Further Issues**

The Issuer is at liberty from time to time, without any further consent of the Holders being required, to create and issue further NC5.25 Securities ranking *pari passu* in all respects (or in all respects save for the date from which interest thereon accrues and the amount of the first payment of interest on such further NC5.25 Securities) and so that the same shall be consolidated and form a single series with the outstanding NC5.25 Securities.

## 16. Agents

The Issuer will procure that there shall at all times be a Calculation Agent and a Fiscal Agent so long as any NC5.25 Security is outstanding. If either the Calculation Agent or the Fiscal Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Terms and Conditions or the Agency Agreement, as appropriate, the Issuer shall appoint a reputable independent investment bank of good standing to act as such in its place. Neither the termination of the appointment of a Calculation Agent or the Fiscal Agent nor the resignation of either will be effective without a successor having been appointed.

All calculations and determinations made by the Calculation Agent or the Fiscal Agent in relation to the NC5.25 Securities shall (save in the case of manifest error) be final and binding on the Issuer, the Paying Agents and the Holders.

None of the Issuer and the Paying Agents shall have any responsibility to any person for any errors or omissions in any calculation by the Calculation Agent.

## 17. Governing Law and Jurisdiction

- (a) The Agency Agreement, these Terms and Conditions, the NC5.25 Securities and the Coupons are governed by, and shall be construed in accordance with, the laws of the Netherlands.
- (b) The Issuer submits for the exclusive benefit of the Holders to the jurisdiction of the courts of Amsterdam, the Netherlands, judging in first instance, and its appellate courts. Without prejudice to the foregoing, the Issuer further irrevocably agrees that any suit, action, proceedings or disputes which may arise out of or in connection with the Agency Agreement and the NC5.25 Securities may be brought in any other court of competent jurisdiction.

## 18. Definitions

In these Terms and Conditions:

**"5 year Swap Rate"** has the meaning ascribed to it in Condition 5(b);

**"2013 Capital Securities"** means the Issuer's EUR Nachrangige Bürgeranleihe-Westküstenleitung (ISIN DE000A1HKQE8);

**"2017 Capital Securities"** means the Issuer's €1,000,000,000 Fixed-to-Floating Rate NC7.1 Perpetual Capital Securities issued on 12 April 2017 (ISIN XS1591694481) as increased with €100 million on 13 August 2018;

**"2020 Capital Securities"** means the Issuer's €1,000,000,000 Fixed-to-Floating Rate NC5.25 Perpetual Capital Securities issued on 22 July 2020 (ISIN XS2207430120);

**"Accounting Event"** has the meaning ascribed to it in Condition 6(e);

**"Additional Amounts"** has the meaning ascribed thereto in Condition 9;

**"Agency Agreement"** has the meaning ascribed to it in the preamble;

"**Agents**" means the agents appointed pursuant to the Agency Agreement and such term shall, unless the context otherwise requires, include the Fiscal Agent;

"**Arrears of Interest**" means any amounts deferred in accordance with Condition 4(a);

"**Business Day**" means a day, other than a Saturday or Sunday, which is a TARGET Settlement Day and on which commercial banks and foreign exchange markets are open for general business in Amsterdam;

"**Calculation Agent**" means The Bank of New York Mellon, London Branch as calculation agent in relation to the NC5.25 Securities, or its successor or successors for the time being appointed under the Agency Agreement;

"**Calculation Amount**" has the meaning ascribed to it in Condition 5(b);

"**Calculation Date**" means the third business day preceding the Make-whole Redemption Date;

"**CET**" has the meaning ascribed to it in Condition 5(b)(ii);

"**Change of Control**" means that the Dutch State ceases to: (i) own directly or indirectly (through any municipality, governmental body, governmental organisation and/or state institution and/or in the case of a substitution of the Issuer in accordance with Condition 12, through any other directly or indirectly government or state owned or controlled entity (together, a "**Governmental Intermediary**") more than 50 per cent. of the total issued share capital of the Issuer or (ii) have the power to directly or indirectly (through any Governmental Intermediary, or in the case of a substitution of the Issuer in accordance with Condition 12 by any other directly or indirectly government owned or controlled entity) cast, or control the casting of, more than 50 per cent. of the maximum number of votes that might be cast at shareholder meetings of the Issuer. For the purpose of this definition, "control" (with respect to the casting of votes) (*beschikking*), "share" (*aandeel*) and "votes" (*stemmen*) have the meanings given to them in Chapter 5.3 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*);

"**Clean-up Call**" has the meaning ascribed to it in Condition 6(h);

"**Condition**" means any of the numbered paragraphs of these Terms and Conditions of the NC5.25 Securities;

"**Coupons**" has the meaning ascribed to it in the preamble;

"**Couponholder**" has the meaning ascribed to it in the preamble;

"**Coupon Amount**" means (i) in respect of a Coupon Payment, the amount of interest payable on a NC5.25 Security for the relevant Coupon Period in accordance with Condition 5 and (ii) for the purposes of Conditions 6(d), 6I, 6(f) and 6(g) any interest accrued from (and including) the preceding Coupon Payment Date (or, if none, the Issue Date) to (but excluding) the due date for redemption if not a Coupon Payment Date as provided for in Condition 5;

"**Coupon Determination Date**" means, in respect of the period from (and including) the First Reset Date, the second Business Day before the commencement of each Coupon Period;

"**Coupon Payment**" means, in respect of a Coupon Payment Date, the aggregate Coupon Amounts for the Coupon Period ending on such Coupon Payment Date;

"**Coupon Payment Date**" means each of (i) 21 June in each year, starting 21 June 2024 in respect of a short first coupon, (ii) the First Reset Date, (iii) the First Step-up Date and (iv) the Second Step-up Date, provided that if any Coupon Payment Date would otherwise fall on a day which is not a Business Day it shall be postponed to the next Business Day unless it would then fall into the next calendar month in which event the Coupon Payment Date shall be brought forward to the immediately preceding Business Day;



**"Coupon Period"** means the period commencing on (and including) the Issue Date and ending on (but excluding) the first Coupon Payment Date and each successive period commencing on (and including) a Coupon Payment Date and ending on (but excluding) the next succeeding Coupon Payment Date or the date of redemption, as the case may be;

**"Coupon Rate"** means the First Fixed Coupon Rate and each Reset Coupon Rate, as the case may be, which may be increased by 5 per cent. per annum on account of a Change of Control which has occurred in respect of the NC5.25 Securities;

**"Deferral Notice"** has the meaning ascribed to it in Condition 4(a);

**"Deferred Coupon Payment"** means any Arrears of Interest which pursuant to Condition 4(a) the Issuer has elected to defer and which have not been satisfied;

**"Deferred Coupon Satisfaction Date"** means:

- (i) the date on which the Issuer voluntarily satisfies a Deferred Coupon Payment, as notified by the Issuer to the Holders, the Fiscal Agent and the Calculation Agent in accordance with Condition 4(b); or
- (ii) the date on which the Issuer is required to satisfy all Deferred Coupon Payments pursuant to Condition 4(b);

**"EU-IFRS"** means the International Financial Reporting Standards applicable from time to time to the consolidated financial statements of listed companies in the EU;

**"FATCA"** means (a) Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, any current or future regulations or official interpretations thereof, (b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the U.S. and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above, or (c) any agreement pursuant to the implementation of paragraphs (a) or (b) above with the U.S. Internal Revenue Service, the U.S. government or any governmental or taxation authority in any other jurisdiction;

**"FATCA Withholding"** means any deduction or withholding required pursuant to FATCA;

**"First Call Date"** means 21 March 2029;

**"First Fixed Coupon Rate"** has the meaning ascribed to it in Condition 5(b);

**"First Fixed Rate Period"** means the period from (and including) the Issue Date to (but excluding) the First Reset Date;

**"First Reset Date"** means 21 June 2029;

**"First Step-up Date"** means 21 June 2034;

**"Fiscal Agent"** has the meaning ascribed to it in the preamble;

**"Guarantee"** has the meaning ascribed to it in Condition 12(a);

**"Guarantor Parity Securities"** means (i) any securities or other similar instruments issued by the guarantor providing the Guarantee which rank, or are expressed to rank, *pari passu* with the guarantor's obligations under the Guarantee and (ii) any securities or other similar instruments issued by a Subsidiary of the guarantor which have the

benefit of a guarantee from the guarantor (or similar instrument from the guarantor), which rank or are expressed to rank *pari passu* with the guarantor's obligations under the Guarantee;

**"Holder"** has the meaning ascribed to it in the preamble;

**"Income Tax Deduction Event"** has the meaning ascribed to it in Condition 6(d);

**"Interest"** shall, where appropriate, include Coupon Amounts and Deferred Coupon Payments;

**"Issue Date"** means 21 March 2024, being the date of initial issue of the NC5.25 Securities;

**"Issuer"** means TenneT Holding B.V. or in the case of a substitution of the Issuer in accordance with Condition 12, the Substituted Issuer;

**"Make-whole Call"** has the meaning ascribed to it in Condition (c);

**"Make-whole Redemption Amount"** means the sum of:

- (i) the greater of (x) the principal amount of the NC5.25 Securities so redeemed and (y) the sum of the then present values of the remaining scheduled payments of principal and interest on such NC5.25 Securities to the First Reset Date discounted to the relevant Make-whole Redemption Date on an annual basis at the Make-whole Redemption Rate plus a Make-whole Redemption Margin; and
- (ii) any interest accrued but not paid on the NC5.25 Securities to, but excluding, the Make-whole Redemption Date,

as determined by the Quotation Agent and as notified on the Calculation Date by the Quotation Agent to the Issuer and the Fiscal Agent;

**"Make-whole Redemption Date"** has the meaning ascribed to it in Condition 6(c);

**"Make-whole Redemption Margin"** means 0.35 per cent.;

**"Make-whole Redemption Rate"** means (i) the mid-market yield to maturity of the Reference Security which appears on the Relevant Make Whole Screen Page on the third business day preceding the Make-whole Redemption Date at 11:00 a.m. (CET) or (ii) to the extent that the mid-market yield to maturity does not appear on the Relevant Make Whole Screen Page at such time, the average of the number of quotations given by the Reference Dealers of the mid-market yield to maturity of the Reference Security on the third business day preceding the Make-whole Redemption Date at or around 11:00 a.m. (CET);

**"Mandatory Payment Event"** shall have occurred if:

- (a) a declaration or payment of any distribution or dividend or any other payment made by the Issuer, and in the case of a Guarantee, the guarantor providing such Guarantee on its share capital or by the Issuer or any Subsidiary of the Issuer and in the case of a Guarantee, the guarantor providing such Guarantee, as the case may be, on any Parity Securities or Guarantor Parity Securities;
- (b) a redemption, repurchase, repayment, or other acquisition by the Issuer and in the case of a Guarantee, the guarantor providing such Guarantee or any Subsidiary of the Issuer of any shares of the Issuer;
- (c) a redemption, repurchase, repayment or other acquisition by the Issuer or any Subsidiary of the Issuer and in the case of a Guarantee, the guarantor providing such Guarantee of any Parity Securities, Guarantor Parity Securities or any NC5.25 Securities;

save for:

- (i) in each case, any compulsory distribution, dividend, other payment, redemption, repurchase, repayment, or other acquisition required by the terms of such securities or by mandatory operation of applicable law;
- (ii) in each case, any distribution of dividend that was already announced by the Issuer and in the case of a Guarantee, the guarantor providing such Guarantee but not (fully) paid out yet by the Issuer and in the case of a Guarantee, the guarantor providing such Guarantee at time of the relevant Deferral Notice;
- (iii) in the case of (b) above only, the redemption, repurchase, repayment, or other acquisition is executed in connection with, or for the purpose of any share buyback programme then in force and duly approved by the shareholders' general meeting of the Issuer or the relevant Subsidiary of the Issuer (as applicable) and in the case of a Guarantee, the guarantor providing such Guarantee or any existing or future stock option plan or free share allocation plan or other incentive plan reserved for directors, officers and/or employees of the Issuer or the relevant Subsidiary of the Issuer and in the case of a Guarantee, the guarantor providing such Guarantee or any associated hedging transaction; and
- (iv) in the case of (c) above only, any redemption, repurchase, repayment, or other acquisition executed in whole or in part in the form of a public tender offer or public exchange offer at a consideration per security below its par value;

**"Margin"** means (i) in respect of each Coupon Period from and including the First Reset Date to but excluding the First Step-up Date: 1.947 per cent. per annum (no step-up), (ii) in respect of each Coupon Period from and including the First Step-up Date to but excluding the Second Step-up Date: 2.197 per cent. per annum (including a 0.25% step-up over the initial credit spread); and (iii) in respect of each Coupon Period from and including the Second Step-up Date to but excluding the date on which the Issuer redeems the NC5.25 Securities: 2.947 per cent. per annum (including a further 0.75% step-up);

**"NC5.25 Securities"** means these €550,000,000 Fixed-to Reset Rate NC5.25 Perpetual Capital Securities (ISIN XS2783604742), and such expression shall include any further NC5.25 Securities issued pursuant to Condition 15 and forming a single series with the NC5.25 Securities, and **"NC5.25 Security"** means any of the NC5.25 Securities;

**"NC8 Securities"** means the Issuer's €550,000,000 Fixed-to Reset Rate NC8 Perpetual Capital Securities (ISIN XS2783649176);

**"Paying Agents"** has the meaning ascribed to it in the preamble;

**"Payment"** means any Coupon Payment or Deferred Coupon Payment;

**"Parity Securities"** means (i) any securities or other similar instruments issued by the Issuer which rank, or are expressed to rank, *pari passu* with the Issuer's obligations under the NC5.25 Securities and (ii) any securities or other similar instruments issued by a Subsidiary of the Issuer which have the benefit of a guarantee from the Issuer (or similar instrument from the Issuer), which rank or are expressed to rank *pari passu* with the Issuer's obligations under the NC5.25 Securities (Parity Securities include, for the avoidance of doubt, the 2013 Capital Securities, the 2017 Capital Securities, the 2020 Capital Securities and the NC8 Securities as long as they remain outstanding);

**"Puttable Senior Securities"** means securities which (i) are debt securities of the Issuer ranking senior to the NC5.25 Securities or any securities or other similar instruments issued by a Subsidiary which have the benefit of a guarantee from the Issuer (or similar instrument from the Issuer) which rank or are expressed to rank senior to the Issuer's obligations under the NC5.25 Securities, and (ii) may become due for redemption in accordance with their terms due

to the exercise of any investor put rights which the holders of such securities may have in respect of the Change of Control;

**"Quotation Agent"** means the agent to be appointed by the Issuer if required for the determination of the Make-whole Redemption Amount;

**"Rating Agency"** means any of the following: Moody's Investors Service Limited ("**Moody's**") or S&P Global Ratings Europe Limited ("**S&P**"), and any other rating agency of equivalent international standing solicited from time to time by the Issuer to grant a rating to the Issuer and/or the NC5.25 Securities and in each case, any of their respective successors to the rating business thereof;

**"Rating Event"** has the meaning ascribed to it in Condition 6(f);

**"Reference Dealers"** means each of the four banks selected by the Quotation Agent which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues;

**"Reference Security"** means DBR 0.250 per cent. 02/15/2029 (ISIN DE0001102465). If a Reference Security is no longer outstanding, a Similar Security will be chosen by the Quotation Agent at 11:00 a.m. (CET) on the Calculation Date, quoted in writing by the Quotation Agent to the Issuer and published in accordance with Condition 14 (*Notices*);

**"Relevant Make Whole Screen Page"** means Bloomberg screen page "DBR 0¼ 02/15/2029 REGS Govt" (or any successor or replacement page, section or other part of the information service), or such other page, section or other part as may replace it on the information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying the mid-market yield to maturity for the Reference Security;

**"Reset Coupon Determination Date"** has the meaning ascribed to it in Condition 5(b);

**"Reset Date"** means the First Reset Date and each fifth anniversary thereafter;

**"Reset Period"** means each period beginning on (and including) a Reset Date and ending on (but excluding) the next succeeding Reset Date thereafter and "relevant Reset Period" shall be construed accordingly;

**"Reset Reference Bank Rate"** has the meaning ascribed to it in Condition 5(b);

**"Reset Reference Banks"** has the meaning ascribed to it in Condition 5(b);

**"Reset Screen Page"** has the meaning ascribed to it in Condition 5(b);

**"Second Step-up Date"** means 21 June 2049;

**"Securityholder"** has the meaning ascribed to it in the preamble;

**"Similar Security"** means a reference bond or reference bonds issued by the same issuer as the Reference Security having actual or interpolated maturity comparable with the remaining term of the NC5.25 Securities that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the NC5.25 Securities;

**"Subsidiary"** means a subsidiary of the Issuer within the meaning of Section 2:24a of the Dutch Civil Code (whether Dutch or non-Dutch);

**"Substituted Issuer"** has the meaning ascribed to it in Condition 12(a);

**"Substitution Documents"** has the meaning ascribed to it in Condition 12(a);

**"T2"** means the real time gross settlement system operated by the Eurosystem, or any successor thereto;

**"TARGET Settlement Day"** means a day on which T2 is open for the settlement of payments in euro;

**"Winding-up"** means a situation where (i) an order is made or a decree or resolution is passed for the winding-up, liquidation or dissolution of the Issuer, except for the purposes of a solvent merger, reconstruction or amalgamation, or (ii) a trustee (*curator*) is appointed by the competent District Court in the Netherlands in the event of bankruptcy (*faillissement*) affecting the whole or a substantial part of the undertaking or assets of the Issuer and such appointment is not discharged within 30 days, or in the case of an substitution of the Issuer in accordance with Condition 12, any equivalent steps that may be taken against the Substituted Issuer in the jurisdiction in which the Substituted Issuer is incorporated; and

**"Withholding Tax Event"** has the meaning ascribed thereto in Condition 6(d).

Replacement intent: The following paragraphs in italics do not form part of the Conditions.

*The Issuer intends (without thereby assuming a legal or contractual obligation) that it will redeem or repurchase the NC5.25 Securities only to the extent they are replaced with instruments which provide at least equivalent S&P equity credit. The net proceeds received by the Issuer or a Subsidiary of the Issuer from the sale of securities which are assigned an S&P "equity credit" (or such similar nomenclature used by S&P from time to time) that is at least equal to the equity credit assigned to the Securities by S&P, at the time of sale or issuance of such securities (but taking into account any changes in hybrid capital methodology or another relevant methodology or the interpretation thereof since the issuance of the Securities), will count as replacement.*

*The following exceptions apply as to the Issuer's replacement intention. The NC5.25 Securities are not required to be replaced:*

- a) if the rating or stand-alone credit profile assigned by S&P to the Issuer is at least the same as or higher than the rating or stand-alone credit profile assigned to the Issuer on the date when the Issuer's most recent hybrid note was issued (excluding refinancings without net new issuances) and the Issuer is comfortable that such rating would not fall below this level as a result of such redemption or repurchase; or*
- b) in the case of repurchase or a redemption, taken together with other relevant repurchases or redemptions of less than (x) 10 per cent. of the aggregate principal amount of the Issuer's outstanding hybrid notes in any period of 12 consecutive months or (y) 25 per cent. of the aggregate principal amount of the Issuer's outstanding hybrid notes in any period of 10 consecutive years is repurchased, provided that such repurchase or redemption has no materially negative effect on the Issuer's rating or stand-alone credit profile, or*
- c) if the Securities are redeemed pursuant to an Accounting Event, a Rating Event, an Income Tax Deduction Event, a Withholding Tax Event, a Change of Control or a Clean-up Call, or*
- d) if the Securities are not or no longer assigned an "equity credit" (or such similar nomenclature then used by S&P at the time of such redemption or repurchase), or*
- e) in the case of any repurchase, up to the maximum amount of Securities repurchased that would allow the Issuer's aggregate principal amount of hybrid capital remaining outstanding after such repurchase to be equal to or greater than the maximum aggregate principal amount of hybrid capital to which S&P would assign "equity credit" (or such similar nomenclature then used by S&P at the time of such repurchase); or*
- f) if such redemption or repurchase occurs on or after the relevant Second Step-up Date.*

## Terms and Conditions of the NC8 Securities

*The following are the Terms and Conditions of the NC8 Securities substantially in the form in which they will be endorsed on a Global Security. The Terms and Conditions applicable to any NC8 Security in global form will differ from those Terms and Conditions which would apply to the NC8 Security were it in definitive form to the extent described under "Summary of Provisions Relating to the Securities while in Global Form" below.*

The issue of the NC8 Securities was authorised pursuant to a resolution of the Executive Board of the Issuer passed on 20 December 2023. A fiscal agency agreement dated 21 March 2024 (as amended, restated and/or supplemented from time to time, the "**Agency Agreement**") has been entered into in relation to the NC8 Securities between the Issuer, The Bank of New York Mellon, London Branch, as fiscal agent, calculation agent and paying agent. The fiscal agent, calculation agent and the paying agents for the time being are referred to below respectively as the "**Fiscal Agent**", the "**Calculation Agent**" and the "**Paying Agents**" (which expression shall include the Fiscal Agent). The Agency Agreement includes the form of the NC8 Securities and the coupons relating to them (the "**Coupons**"). Copies of the Agency Agreement are available for inspection during normal business hours at the specified offices of the Paying Agents upon prior written request and provision of proof of holding and identity in a form satisfactory to the relevant Paying Agent, or in electronic form upon email request to treasury@tennet.eu or corpsov1@bnymellon.com. The holders of the NC8 Securities (the "**Securityholders**") and the holders of the Coupons (whether or not attached to the relevant Securities) (the "**Couponholders**") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. References to "**Holders**" shall include both Securityholders and Couponholders.

### 1. Form, Denomination and Title

#### (a) *Form and Denomination*

The NC8 Securities are serially numbered and in bearer form in the denominations of €100,000 and integral multiples of €1,000 in excess thereof, each with Coupons attached on issue. No definitive NC8 Securities will be issued with a denomination above €199,000. NC8 Securities of one denomination may not be exchanged for Securities of any other denomination.

#### (b) *Transfer and Title*

Title to the NC8 Securities and Coupons passes by delivery (*levering*). The holder of any NC8 Security or Coupon will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

### 2. Status, Subordination

The NC8 Securities, together with interest accrued thereon, including any Additional Amounts and Arrears of Interest, constitute direct, unsecured and subordinated obligations of the Issuer (ranking *pari passu* without any preference among themselves), which in the event of a Winding-up rank:

- (a) prior to redemption in full of each of the 2013 Capital Securities and the 2017 Capital Securities:
  - (i) junior to the claims of all senior and other subordinated creditors of the Issuer, except for the loans and securities referred to in sub-clause (ii) hereunder;
  - (ii) *pari passu* among themselves, with any Parity Securities and any loans and securities expressed to rank *pari passu* with the NC8 Securities; and

- (iii) senior to the Issuer's ordinary and preferred share capital,
- in each case, except as otherwise required by mandatory provisions of law; and
- (b) after redemption in full of each of the 2013 Capital Securities and the 2017 Capital Securities:
    - (i) junior to the claims of all senior and other subordinated creditors of the Issuer, except for the loans, securities and the Issuer's preferred share capital referred to in sub-clause (ii) hereunder;
    - (ii) *pari passu* among themselves, with any Parity Securities and any loans and securities expressed to rank *pari passu* with the NC8 Securities and the Issuer's preferred share capital; and
    - (iii) senior to the Issuer's ordinary share capital,
- (the "**Subsequent Change in Ranking**")
- in each case, except as otherwise required by mandatory provisions of law.

Notwithstanding any other provision of this Condition 2, no Subsequent Change in Ranking will apply if and to the extent that, in the determination of the Issuer, a Subsequent Change in Ranking could reasonably be expected to cause (a) an Accounting Event, an Income Tax Deduction Event or a Withholding Tax Event (each as defined below) to occur, (b) any or all of the NC8 Securities to be no longer eligible for the same or a higher amount of "equity credit" attributed to the NC8 Securities at the Issue Date, or, if equity credit was not assigned on the Issue Date, at the date on which equity credit was assigned for the first time, or (c) the period of time the NC8 Securities are eligible for the same or a higher amount of "equity credit" attributed to the NC8 Securities at the Issue Date, or, if equity credit was not assigned on the Issue Date, at the date on which equity credit was assigned for the first time, to be shortened as further described in Condition 6(f).

In addition thereto the Issuer is at all times and at its own discretion entitled to (i) disapply the automatic Subsequent Change in Ranking or, after a Subsequent Change in Ranking has occurred, (ii) revert to the ranking under (a) above, subject to the Issuer giving notice to the Holders thereof in accordance with Condition 14 (Notices).

Subject to applicable law, no Holder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the NC8 Securities or the Coupons and each Holder shall, by virtue of being the Holder, be deemed to have waived all such rights of set-off. This Condition 2 is an irrevocable stipulation (*derdenbeding*) for the benefit of the creditors referred to in (i) above and each such creditor may rely on and enforce this Condition 2 under Section 6:253 of the Dutch Civil Code.

### 3. Winding-up

In the event of a Winding-up, the NC8 Securities will become immediately due and payable at their outstanding principal amount, together with interest accrued thereon, including any Arrears of Interest and any Additional Amounts, up to but excluding the redemption date, provided that such amount shall only be paid to the Holders to the extent that all senior and other subordinated creditors of the Issuer referred to in Condition 2 (a)(i) or (b)(i), as the case may be, shall have been satisfied in full.

### 4. Deferral of Interest

The Issuer must make each Coupon Payment on the relevant Coupon Payment Date subject to and in accordance with these Terms and Conditions.

- (a) *Deferral of Payments*



- (i) The Issuer may in respect of any Payment which would, in the absence of deferral in accordance with this Condition 4(a)(i), be payable (except for interest payable upon redemption of the NC8 Securities), defer such Payment, in whole but not in part, at its sole discretion at any time and for any reason, by giving notice (a "**Deferral Notice**") to the Holders, the Fiscal Agent and the Calculation Agent not less than 7 Business Days prior to the relevant due date.
- (ii) If any Payment is deferred pursuant to this Condition 4(a) then such deferred Payment shall bear interest, at the Coupon Rate prevailing from time to time (which interest shall compound on each Coupon Payment Date), from (and including) the date on which (but for such deferral) the Deferred Coupon Payment would otherwise have been due to be made to (but excluding) the relevant Deferred Coupon Satisfaction Date.
- (iii) Any amounts deferred in accordance with this Condition 4(a) (including interest accrued thereon pursuant to Condition 4(a)(ii)) shall constitute Arrears of Interest. Non-payment of Arrears of Interest shall not constitute a default by the Issuer under the NC8 Securities or for any other purpose, unless such payment is required in accordance with Condition 4(b).

Non-payment of interest deferred pursuant to this Condition 4(a) shall not constitute a default by the Issuer or the guarantor under the NC8 Securities or the Guarantee, if applicable.

(b) *Payment of Arrears of Interest*

The Issuer may give a Deferral Notice under Condition 4(a) with regard to a Coupon Payment Date in its sole discretion and for any reason. The Issuer may pay outstanding Arrears of Interest, in whole or in part, at any time (such date in such respect then a Deferred Coupon Satisfaction Date) by giving notice to the Holders, the Fiscal Agent and the Calculation Agent not less than 7 Business Days prior to the relevant Deferred Coupon Satisfaction Date.

The Issuer shall pay any outstanding Arrears of Interest, in whole but not in part, on the first to occur of the following dates:

- (i) the 10th Business Day following the date on which a Mandatory Payment Event occurs;
- (ii) any Coupon Payment Date in respect of which the Issuer does not elect to defer the interest accrued in respect of the relevant interest period; and
- (iii) the date on which the NC8 Securities are redeemed or the Issuer becomes subject to a Winding-up (such date in such respect then a Deferred Coupon Satisfaction Date).

## **5. Coupon Payments**

(a) *Coupon Payment Dates*

The NC8 Securities bear interest from (and including) the Issue Date. Such interest will (subject to Condition 4) be payable annually in arrear on each Coupon Payment Date. Each NC8 Security will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest at the prevailing Coupon Rate in accordance with this Condition.

(b) *Coupon Rate*

- (i) The Coupon Rate payable from time to time in respect of the NC8 Securities in respect of the First Fixed Rate Period will be 4.875 per cent. per annum (the "**First Fixed Coupon Rate**"). The Coupon Amount in respect of such Coupon Period will amount to €48.75 per Calculation Amount.
- (ii) The Coupon Rate payable in respect of the NC8 Securities for each Coupon Period falling in a Reset Period (each a "**Reset Coupon Rate**") shall, except as provided below, be the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating Euro interest rate swap transaction which (a) has a term of 5 years, commencing on the relevant Reset Date, (b) is in an amount that is representative of a single transaction, in the swap market on the second Business Day prior to the beginning of the relevant Reset Period (the "**Reset Coupon Determination Date**"), with an acknowledged dealer of good credit in the swap market, and (c) has a floating leg based on the 6-months EURIBOR rate (calculated on an Actual/360 day count basis) and which appears on Reuters screen page "ICESWAP2/EURSFIXA" under the heading "FIXED VS. 6M EURIBOR" (as such headings and captions may appear from time to time) (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying comparable rates) as an annual euro swap transactions with a maturity of 5 years which is fixed as of 11:00 a.m. (Central European Time ("**CET**")) (the "**Reset Screen Page**") on the Reset Coupon Determination Date, (the "**5 year Swap Rate**") plus the Margin, all as determined by the Calculation Agent. The Reset Coupon Rate shall at any time be at least zero per cent.

In the event that the 5 year Swap Rate does not appear on the Reset Screen Page on the Reset Coupon Determination Date other than as a result of a Benchmark Event, the 5 year Swap Rate will be the Reset Reference Bank Rate on such Reset Coupon Determination Date. "**Reset Reference Bank Rate**" means the percentage rate determined on the basis of the 5 year Swap Rate quotations provided by five leading swap dealers selected by the Issuer in the interbank market (the "**Reset Reference Banks**") to the Issuer at approximately 11:00 a.m. CET and advised by the Issuer to the Calculation Agent, on the Reset Coupon Determination Date. If (a) at least three quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean (or, if only three quotations are provided, the median) of the quotations, eliminating the highest quotation (or, in the event of equality one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest); (b) only two quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided; (c) only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided; and (d) no quotations are provided, the Reset Reference Bank Rate for the relevant period will be: (i) in the case of each Reset Period other than the Reset Period commencing on the First Reset Date, the 5 year Swap Rate in respect of the immediately preceding Reset Period, or (ii) in the case of the Reset Period commencing on the First Reset Date, 2.764 per cent per annum.

Where it is necessary to compute an amount of interest in respect of any NC8 Security for a period which is less than a complete year, such interest shall be calculated on the basis of the actual number of days in the period from (and including) the most recent Coupon Payment Date (or, if none, the Issue Date) to (but excluding) the relevant payment date divided by the actual number of days in the period from (and including) the most recent Coupon Payment Date (or, if none, the Issue Date) to (but excluding) the next (or first) scheduled Coupon Payment Date. Where it is necessary to compute an amount of interest in respect of any NC8 Security for a period of more than one year, such interest shall be the aggregate of the interest payable in respect of a full year plus the interest payable in respect of the remaining period calculated in the manner as aforesaid.

Interest in respect of any NC8 Security shall be calculated per €1,000 in principal amount of the NC8 Securities (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the relevant Coupon Rate, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

(c) *Publication of Coupon Rate and Coupon Amount per Calculation Period*

The Calculation Agent will cause the Coupon Rate, the Coupon Amount and the relevant Coupon Payment Date to be notified to the Fiscal Agent and the other Paying Agents and each listing authority, stock exchange and/or quotation system (if any) by which the NC8 Securities have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but in any event not later than the first day of the relevant Coupon Period. Notice thereof shall also promptly be given to the Holders. The Calculation Agent will be entitled to recalculate any amount of interest (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Coupon Period. If the Calculation Amount is less than the minimum denomination, the Calculation Agent shall not be obliged to publish each Coupon Amount but instead may publish only the Calculation Amount and the amount of interest in respect of a NC8 Security having the minimum denomination.

(d) *Notifications*

All notifications, opinions, determinations, certificates, calculations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Fiscal Agent, the other Paying Agents and the Holders and (in the absence of wilful default, gross negligence or fraud) no liability will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(e) *Step-up after Change of Control*

In the event of a Change of Control, if the Issuer does not elect to redeem the NC8 Securities in accordance with Condition 6(g), the applicable Coupon Rate on the NC8 Securities shall be increased by 5 per cent. per annum with effect from (and including) the date on which the Change of Control occurred.

(f) *Benchmark discontinuation*

(i) *Independent Adviser*

- (A) If a Benchmark Event occurs in relation to the Original Reference Rate when any Reset Coupon Rate (or any component part thereof) remains to be determined by reference to the Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable (provided that such appointment need not be made earlier than with effect from 30 days prior to the first date on which the Original Reference Rate is to be used to determine any Reset Coupon Rate (or any component part thereof)), to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5(f)(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 5(f)(iv)).

In making such determination, the Independent Adviser appointed pursuant to this Condition 5(f) shall act in good faith and in a commercially reasonable manner as an expert. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Fiscal Agent, the other Paying Agents or the Holders for any determination made by it and for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 5(f).

- (B) If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with Condition 5(f)(ii) prior to the relevant Reset Coupon Determination Date, the Reset Coupon Rate applicable to the next succeeding Reset Period shall be equal to the Reset Coupon Rate last determined in relation to the NC8

Securities in respect of the immediately preceding Reset Period. If there has not been a first Reset Coupon Determination Date, the Reset Coupon Rate shall be the First Fixed Coupon Rate. Where a different Margin is to be applied to the relevant Reset Period from that which applied to the last preceding Reset Period, the Margin relating to the relevant Reset Period shall be substituted in place of the Margin relating to that last preceding Reset Period. For the avoidance of doubt, this Condition 5(f)(i)(B) shall apply to the relevant next succeeding Reset Period only and any subsequent Reset Periods are subject to the subsequent operation of, and to adjustment as provided in, Condition 5(f)(i)(A).

(ii) *Successor Rate or Alternative Rate*

If the Independent Adviser determines that:

- (A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Reset Coupon Rate (or the relevant component part thereof) for all future payments of interest on the NC8 Securities (subject to the operation of this Condition 5(f)); or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Reset Coupon Rate (or the relevant component part thereof) for all future payments of interest on the NC8 Securities (subject to the operation of this Condition 5(f)).

(iii) *Adjustment Spread*

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(iv) *Benchmark Amendments*

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(f) and the Independent Adviser determines (i) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(f)(v), without any requirement for the consent or approval of Holders or Couponholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Fiscal Agent of a certificate signed by two authorised signatories of the Issuer pursuant to Condition 5(f)(v), the Fiscal Agent shall (at the expense of the Issuer), without any requirement for the consent or approval of the Holders, be obliged to concur with the Issuer in effecting any Benchmark Amendments. In connection with any such variation in accordance with this Condition 5(f)(iv), the Issuer shall comply with the rules of any stock exchange on which the NC8 Securities are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 5(f), no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could

reasonably be expected to cause (a) any or all of the NC8 Securities to be no longer eligible for the same or a higher amount of “equity credit” attributed to the NC8 Securities at the Issue Date, or, if equity credit was not assigned on the Issue Date, at the date on which equity credit was assigned for the first time, or (b) the period of time the NC8 Securities are eligible for the same or a higher amount of “equity credit” attributed to the NC8 Securities at the Issue Date, or, if equity credit was not assigned on the Issue Date, at the date on which equity credit was assigned for the first time, to be shortened as further described in Condition 6(f).

The Benchmark Amendments may comprise in particular (not limited to) the following conditions of these Terms and Conditions: (A) the Original Reference Rate including the "Reset Screen Page" and/or the method for determining the fallback rate in relation to the Original Reference Rate, and/or (B) the definitions of day count fraction and the terms "Business Day", "Coupon Payment Date", "Reset Date", "Coupon Determination Date", and/or "Coupon Period" (including the determination whether the Reference Rate will be determined in advance on or prior to the relevant Coupon Period or in arrear on or prior to the end of the relevant Coupon Period); and/or (C) the business day convention.

(v) *Notices*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5(f) will be notified promptly by the Issuer to the Fiscal Agent, the Calculation Agent, the Paying Agents and, in accordance with Condition 14, the Holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer:

- (a) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate (iii) the applicable Adjustment Spread and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 5(f); and
- (b) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

Each of the Fiscal Agent, the Calculation Agent and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Fiscal Agent's or the Calculation Agent's or the Paying Agents' ability to rely on such certificate as aforesaid) be binding on the Issuer, the Fiscal Agent, the Calculation Agent, the Paying Agents and the Holders.

(vi) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under Condition 5(f)(i), (ii), (iii) and (iv), the Original Reference Rate and the fallback provisions provided for in Condition 5(b) will continue to apply unless and until a Benchmark Event has occurred.

(vii) *Definitions*

As used in this Condition 5(f):

**"Adjustment Spread"** means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
- (ii) the Independent Adviser determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if Independent Adviser determines that no such spread is customarily applied);
- (iii) the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

**"Alternative Rate"** means an alternative to the Original Reference Rate which the Independent Adviser determines in accordance with Condition 5(f)(ii) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same currency as the NC8 Securities;

**"Benchmark Amendments"** has the meaning given to it in Condition 5(f)(iv);

**"Benchmark Event"** means:

- (1) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or
- (2) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (3) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (4) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the NC8 Securities; or
- (5) it has become unlawful for any Paying Agent, the Fiscal Agent, the Calculation Agent, the Issuer, or other party to calculate any payments due to be made to any Holder using the Original Reference Rate;

provided that in the case of sub-paragraphs (2), (3) and (4), the Benchmark Event shall occur on the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate, or the prohibition of use of the Original Reference Rate, as the case may be, and not the date of the relevant public statement;

**"Independent Adviser"** means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5(f)(i);

**"Original Reference Rate"** means the originally-specified 5 year Swap Rate used to determine the Reset Coupon Rate (or any component part thereof) on the NC8 Securities;

**"Relevant Nominating Body"** means, in respect of the Original Reference Rate:

- (i) the central bank for the currency to which the Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the Original Reference Rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate, (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof;

**"Successor Rate"** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

## **6. Redemption, Purchase and Modification**

### *(a) No Fixed Redemption Date*

The NC8 Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Conditions 2 and 3 and without prejudice to the provisions of Condition 10) only have the right to repay them in accordance with the following provisions of this Condition 6.

### *(b) Issuer's Call Option*

The Issuer may, by giving not less than 10 nor more than 60 days' notice to the Holders in accordance with Condition 14 and to the Fiscal Agent, which notice shall be irrevocable and shall specify the date fixed for redemption, elect to redeem the NC8 Securities in whole, but not in part, on any Business Day from and including the First Call Date to and including the First Reset Date or any Coupon Payment Date thereafter at their principal amount together with any interest accrued thereon, including any Arrears of Interest and any Additional Amounts, up to (but excluding) the redemption date.

### *(c) Redemption at the option of the Issuer at Make-whole Premium*

The Issuer may, by giving not less than 10 nor more than 60 days' notice to the Holders in accordance with Condition 14 and to the Fiscal Agent, which notice shall be irrevocable and shall specify the date fixed for redemption (the **Make-whole Redemption Date**), elect to redeem the NC8 Securities in whole, but not in part, on any Business Day prior to the First Call Date at the Make-whole Redemption Amount (the **"Make-whole Call"**).

### *(d) Redemption for Taxation Reasons*

The Issuer may redeem the NC8 Securities in whole, but not in part, upon not more than 60 days' nor less than 10 days' notice to the Holders in accordance with Condition 14 and to the Fiscal Agent, which notice shall be irrevocable, at any time at their principal amount (or, if a Withholding Tax Event (as defined below) coincides with an Income Tax Deduction Event (as defined below) prior to the First Call Date, at 101% of their principal amount), in each case

together with interest accrued thereon, including any Arrears of Interest and any Additional Amounts, up to (but excluding) the redemption date provided that the Issuer certifies in its notice that it has obtained an opinion in writing from a reputable firm of lawyers of good standing or a recognised independent auditor to the effect that the Issuer would be required to pay Additional Amounts in accordance with (and as defined in) Condition 9 upon the next due date for a payment in respect of the NC8 Securities by reason of:

- (i) any actual or proposed change in or amendment to the laws, regulations or rulings of the Netherlands or any political subdivision or taxing authority thereof or therein; or
- (ii) any actual or proposed change in the official application or interpretation of such laws, regulations or rulings; or
- (iii) any action which shall have been taken by any taxing authority or any court of competent jurisdiction of the Netherlands or any political subdivision or taxing authority thereof or therein, whether or not such action was taken or brought with respect to the Issuer; or
- (iv) any actual or proposed change in the official application or interpretation of, or any actual or proposed execution of, or amendment to, any treaty or treaties affecting taxation to which the Netherlands is or is to be a party,

(a "**Withholding Tax Event**") which change, amendment, change of application or execution becomes effective, taking of action occurs, or proposal is made, on or after the Issue Date.

The Issuer may also redeem the NC8 Securities in whole, but not in part, upon not more than 60 days' nor less than 10 days' notice to the Holders in accordance with Condition 14 and to the Fiscal Agent, which notice shall be irrevocable, at any time at an amount equal to (i) 101 per cent. of their principal amount if such redemption occurs prior to the First Call Date or (ii) their principal amount if such redemption occurs on or after the First Call Date, in each case together with interest accrued thereon, including any Arrears of Interest and any Additional Amounts, up to (but excluding) the redemption date, provided, in each case, that the Issuer certifies in its notice that it has obtained an opinion in writing from a reputable firm of lawyers of good standing or a recognised independent auditor to the effect that interest payments under the NC8 Securities were but are no longer or will no longer be tax-deductible by the Issuer for Dutch corporate income tax purposes by reason of:

- (i) any actual or proposed change in or amendment to the laws, regulations or rulings of the Netherlands or any political subdivision or taxing authority thereof or therein; or
- (ii) any actual or proposed change in the official application or interpretation of such laws, regulations or rulings; or
- (iii) any action which shall have been taken by any taxing authority or any court of competent jurisdiction of the Netherlands or any political subdivision or taxing authority thereof or therein, whether or not such action was taken or brought with respect to the Issuer; or
- (iv) any actual or proposed change in the official application or interpretation of, or any actual or proposed execution of, or amendment to, any treaty or treaties affecting taxation to which the Netherlands is or is to be a party,

(an "**Income Tax Deduction Event**") which change, amendment, change of application or execution becomes effective, taking of action occurs, or proposal is made, on or after the Issue Date.

(e) *Redemption for Accounting Reasons*



The Issuer may redeem the NC8 Securities in whole, but not in part, upon giving not less than 10 nor more than 60 days' notice to the Holders in accordance with Condition 14 and to the Fiscal Agent, which notice shall be irrevocable, (i) at 101 per cent. of their principal amount if such redemption occurs prior to the First Call Date or (ii) at their principal amount if such redemption occurs on or after the First Call Date, in each case together with interest accrued thereon, including any Arrears of Interest and any Additional Amounts, up to (but excluding) the redemption date, if a recognised accountancy firm, acting upon instructions of the Issuer, has delivered a letter or report to the Issuer, stating that, as a result of a change in accounting principles or methodology (or the application thereof) which have been officially adopted after 19 March 2024 (such date, the "**Accounting Event Adoption Date**"), the NC8 Securities may no longer be recorded as a "equity" in full in the audited annual or the semi-annual consolidated financial statements of the Issuer pursuant to EU-IFRS or any other accounting standards that may replace EU-IFRS (an "**Accounting Event**"). The Accounting Event shall be deemed to have occurred on the Accounting Event Adoption Date notwithstanding any later effective date.

(f) *Redemption for Rating Reasons*

The Issuer may redeem the NC8 Securities in whole, but not in part, upon giving not less than 10 nor more than 60 days' notice to the Holders in accordance with Condition 14 and to the Fiscal Agent, which notice shall be irrevocable, (i) at 101 per cent. of their principal amount if such redemption occurs prior to the First Call Date or (ii) at their principal amount if such redemption occurs on or after the First Call Date, in each case together with interest accrued thereon, including any Arrears of Interest and any Additional Amounts, up to (but excluding) the redemption date, if the Issuer has received confirmation from any Rating Agency that, due to any amendment to, clarification of, or change in its hybrid capital methodology or in the interpretation thereof, in each case occurring or becoming effective after the Issue Date, (a) any or all of the NC8 Securities will no longer be eligible (or if the NC8 Securities have been partially or fully re-financed since the Issue Date and are no longer eligible for equity credit from such Rating Agency in part or in full as a result, any or all of the NC8 Securities would no longer have been eligible as a result of such amendment to, clarification of, or change in its hybrid capital methodology or in the interpretation thereof had they not been re-financed) for the same or a higher amount of "equity credit" as was attributed to the NC8 Securities as at the Issue Date (or, if equity credit is not assigned to the NC8 Securities by the relevant Rating Agency on the Issue Date, the date on which equity credit is assigned by such Rating Agency for the first time) or (b) the period of time the NC8 Securities are eligible for the same or a higher amount of "equity credit" attributed to the NC8 Securities at the Issue Date (or, if equity credit is not assigned to the NC8 Securities by the relevant Rating Agency on the Issue Date, the date on which equity credit is assigned by such Rating Agency for the first time) is being shortened (in each case, a "**Rating Event**").

(g) *Redemption for Change of Control*

Upon the occurrence of a Change of Control:

- (i) the Issuer shall promptly notify the Holders in accordance with Condition 14 and the Fiscal Agent upon becoming aware of such Change of Control; and
- (ii) the Issuer may redeem the NC8 Securities in whole, but not in part, upon giving not less than 10 nor more than 60 days' notice irrevocable notice (specifying a date for such redemption which is, subject to sub-paragraph (y) below, a Coupon Payment Date) to the Holders in accordance with Condition 14 and to the Fiscal Agent, at their principal amount, together with interest accrued thereon, including any Arrears of Interest and any Additional Amounts, up to but excluding the redemption date.

If at the time of the occurrence of a Change of Control any Puttable Senior Securities are outstanding, the redemption date of the NC8 Securities will be the later of (x) the first Coupon Payment Date following the Change of Control on which notice may be given in accordance with paragraph (ii) above and (y) the first Business Day (which does not need to be a Coupon Payment Date) following the last day on which such Puttable Senior Securities may become

due for redemption in accordance with their terms due to the exercise of the investor put rights which the holders of such Puttable Senior Securities may have in respect of the same Change of Control.

(h) *Redemption following exercise of Clean-up Call*

The NC8 Securities will be redeemable at the option of the Issuer, in whole but not in part, at any time following the purchase by or on behalf of the Issuer or a Subsidiary of an aggregate principal amount of the NC8 Securities equal to or in excess of 75 per cent. of the aggregate principal amount of the NC8 Securities issued (x) on the Issue Date and (y) if any, issued pursuant to Condition 15 (*Further Issues*) (the "**Clean-up Call**").

Upon such redemption, the Issuer will redeem the NC8 Securities at their principal amount, together with accrued and unpaid interest to the date of redemption and all Arrears of Interest and Additional Amounts, if any, upon giving not less than 10 nor more than 60 days' irrevocable notice to the Holders in accordance with Condition 14 (*Notices*).

(i) *Purchases*

The Issuer may (subject to Condition 2) at any time purchase NC8 Securities in any manner and at any price. NC8 Securities purchased by the Issuer may be held, reissued, resold or, at the option of the Issuer, be cancelled in accordance with Condition 6(j) below. Any NC8 Securities so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Securityholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Securityholders or for the purposes of Condition 11(a).

(j) *Cancellation*

Any NC8 Securities cancelled may not be reissued or resold. The obligations of the Issuer in respect of any such NC8 Securities shall be discharged.

(k) *Exchange and Variation*

If at any time after the Issue Date the Issuer determines that an Income Tax Deduction Event, an Accounting Event, a Rating Event or a Withholding Tax Event has occurred, the Issuer may, as an alternative to an early redemption of the NC8 Securities, on any applicable Coupon Payment Date, without any further consent of the Holders, (i) exchange the NC8 Securities for new securities (the "**Exchanged Securities**"), or (ii) vary the terms of the NC8 Securities (the "**Varied Securities**"), so that in either case (A) in the case of an Accounting Event, the aggregate nominal amount of the Exchanged Securities or Varied Securities (as the case may be) is recorded as "equity" in full in the consolidated financial statements of the Issuer pursuant to EU-IFRS, (B) in the case of a Withholding Tax Event, payments of principal and interest in respect of the Exchanged Securities or Varied Securities (as the case may be) are not subject to deduction or withholding by reason of Dutch law or such other law applicable in a jurisdiction where a Substituted Issuer may be incorporated, or published regulations, (C) in the case of an Income Tax Deduction Event, payments of interest payable by the Issuer in respect of the Exchanged Securities or Varied Securities (as the case may be) are tax-deductible to the extent permitted by Dutch law, or such other law applicable in a jurisdiction where a Substituted Issuer may be incorporated, or (D) in the case of a Rating Event, the aggregate nominal amount of the Exchanged Securities or Varied Securities (as the case may be) is assigned "equity credit" (or such other nomenclature that the relevant Rating Agency may then use to describe the degree to which an investment exhibits the characteristics of an ordinary share) by the relevant Rating Agency that is equal to or higher than that which was assigned to the NC8 Securities by that Rating Agency on the Issue Date, or, if equity credit was not assigned on the Issue Date, at the date on which equity credit was assigned for the first time.

Any such exchange or variation shall be subject to the following conditions:

- (i) the Issuer giving not less than ten (10) nor more than sixty (60) calendar days' notice to the Holders in accordance with Condition 14 (*Notices*);

- (ii) the Issuer complying with the rules of any stock exchange (or any other relevant authority) on which the NC8 Securities are for the time being admitted to trading, and (for so long as the rules of such exchange require) the publication of any appropriate supplement, listing particulars or offering circular in connection therewith, and the Exchanged NC8 Securities or Varied NC8 Securities continue to be admitted to trading on the same stock exchange as the NC8 Securities if they were admitted to trading immediately prior to the relevant exchange or variation;
- (iii) the Exchanged NC8 Securities or Varied NC8 Securities shall maintain at least the same ranking in liquidation, the same interest rate and interest payment dates, the same First Reset Date, the same First Call Date and other early redemption rights (provided that the relevant exchange or variation may not itself trigger any early redemption right), the same rights to accrued interest and any other amounts payable under the NC8 Securities which, in each case, have accrued to Holders and have not been paid, the same rights to principal and interest, and, if publicly rated by Moody's and/or S&P on a solicited basis immediately prior to such exchange or variation, at least the same credit rating immediately after such exchange or variation by both Moody's and S&P if the NC8 Securities are publicly rated by both such rating agencies on a solicited basis, or by the relevant such Rating Agency if the NC8 Securities are only rated by one such Rating Agency, as compared with the relevant rating(s) immediately prior to such exchange or variation (as determined by the Issuer using reasonable measures available to it including discussions with Moody's and/or S&P to the extent practicable) and shall not contain terms providing for the mandatory deferral of interest and do not contain terms providing for loss absorption through principal write-down or conversion to shares;
- (iv) the terms of the exchange or variation not being materially prejudicial to the interests of the Holders, including compliance with (iv) above, as certified to the benefit of the Holders by two directors of the Issuer, having consulted with an independent investment bank of international standing (for the avoidance of doubt the Fiscal Agent shall accept the certificates of the Issuer as sufficient evidence of the occurrence of a Withholding Tax Event, an Income Tax Deduction Event, an Accounting Event or a Rating Event and that such exchange or variation to the terms of the NC8 Securities are not materially prejudicial to the interest of the Holders); and
- (v) the issue of legal opinions addressed to the Fiscal Agent for the benefit of the Holders from one or more international law firms of good reputation confirming (x) that the Issuer has capacity to assume all rights and obligations under the Exchanged NC8 Securities or Varied NC8 Securities and has obtained all necessary corporate or other relevant authorisations to assume all such rights and obligations and (y) the legality, validity and enforceability of the Exchanged NC8 Securities or Varied NC8 Securities.

(l) *Issuer discretion to waive rights*

The Issuer is at all times and at its own discretion entitled to irrevocably waive any of its redemption rights described in Condition 6(b), Condition 6(c), Condition 6(d), Condition 6(e), Condition 6(f), Condition 6(g), and Condition 6(h), subject to the Issuer giving notice to the Holders of such waiver in accordance with Condition 14 (*Notices*).

## **7. Payments**

(a) *Method of Payment*

- (i) Payments of principal and Coupon Amounts and all other payments on or in respect of the NC8 Securities will be in Euro and will be calculated by the Calculation Agent and effected through the Paying Agents.

Payments of principal, premium and interest will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of NC8 Securities or the appropriate Coupons (as the case may be) at the specified office of any Paying Agent by transfer to a Euro account maintained by the payee with a bank in the Euro-zone. Payments of interest due in respect of any NC8 Security other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant NC8 Security.

- (ii) The names of the initial Paying Agents and their initial specified offices are set out below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that it will at all times maintain for so long as the NC8 Securities are listed on Euronext Amsterdam, or any other stock exchange or regulated securities market and the rules of such exchange or securities market so require, a Paying Agent having a specified office in such location as the rules of such exchange or securities market may require. Notice of any such termination or appointment and of any change in the specified offices of the Paying Agents will be given to the Holders in accordance with Condition 14.

(b) *Payments subject to fiscal laws*

All payments made in accordance with these Terms and Conditions will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9.

(c) *Surrender of unmatured Coupons*

Each NC8 Security should be presented for redemption together with all unmatured Coupons relating to it in respect of the First Fixed Rate Period, failing which the amount of any such missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon not later than 5 years after the due date for the relevant payment of principal.

Upon the due date for redemption of any NC8 Security, unmatured Coupons relating to such NC8 Security in respect of any Reset Period (whether or not attached) shall become void and no payment shall be made in respect of them. Where any NC8 Security is presented for redemption without all unmatured Coupons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(d) *Payments on payment Business Days*

A NC8 Security or Coupon may only be presented for payment on a day (other than a Saturday or a Sunday) on which (i) commercial banks are open for general business in Amsterdam and, if different, in the place of the specified office of the relevant Paying Agent to whom such NC8 Security or Coupon is presented for payment and (ii) the T2 is operating.

No further interest or other payment will be made as a consequence of the day on which a NC8 Security or Coupon may be presented for payment under this paragraph falling after the due date. A NC8 Security or Coupon may not be presented for payment before the due date.

## 8. Enforcement Events

- (a) If any of the following events (each an "**Enforcement Event**") occurs:

(i) *Non-payment*

Subject to Condition 4(a) (*Deferral of Payments*), default is made in the payment of any amount in respect of the NC8 Securities on the due date for payment thereof and such default is not remedied within 14 days; or

(ii) *Winding-up*

An order is made or an effective resolution is passed for the Winding-up of the Issuer (except in the case of a winding-up for the purpose of a merger, reconstruction or amalgamation the terms of which have previously been approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Holders),

then, in the case of paragraph (i) (*Non-payment*), the Holder of such NC8 Security may, at its discretion and, subject to any applicable laws, without further notice, institute proceedings for the Winding-up of the Issuer in the Netherlands (but not elsewhere, except that in the case of an substitution of the Issuer in accordance with Condition 12, such proceedings must be instituted against the Substituted Issuer in the jurisdiction in which the Substituted Issuer is incorporated) and/or prove in any Winding-up of the Issuer, but may take no other action in respect of such default and, in the case of paragraph (ii) (*Winding-up*), the NC8 Securities will immediately become due and repayable at their principal amount together with accrued interest and any Arrears of Interest and Additional Amounts and/or prove in the Winding-up of the Issuer, subject always to the ranking provided in Condition 2 (*Status, Subordination*).

Except as provided in this Condition 8, a Holder shall otherwise have no right to accelerate payment of any NC8 Security in the case of an Enforcement Event.

- (b) Subject as provided in this Condition 8, any Holder may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Agency Agreement or the NC8 Securities provided that the Issuer shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

## 9. Taxation

All payments by the Issuer in respect of the NC8 Securities and the Coupons will be made without withholding of or deduction for, or on any account of, any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed or levied by or on behalf of the Netherlands or any political subdivision thereof or by any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer will pay such additional amounts ("**Additional Amounts**") as may be necessary in order that the net amounts receivable by Holders after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the NC8 Securities or the Coupons in the absence of such withholding or deduction, except that no such Additional Amounts shall be payable in relation to any payment with respect to any NC8 Security or Coupon:

- (i) to, or to a third party on behalf of, a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such NC8 Security or Coupon by reason of his having some connection with the Netherlands other than the mere holding of such NC8 Security or Coupon; or
- (ii) to, or to a third party on behalf of, a Holder if such withholding or deduction may be avoided by complying with any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or

- (iii) to, or to a third party on behalf of, a Holder that is a partnership or a Holder that is not the sole beneficial owner of the NC8 Security or Coupon or which holds the NC8 Security or Coupon in a fiduciary capacity, to the extent that any of the members of the partnership, the beneficial owner or the settlor or beneficiary with respect to the fiduciary would not have been entitled to the payment of an additional amount had each of the members of the partnership, the beneficial owner, settlor or beneficiary (as the case may be) received directly his beneficial or distributive share of the payment; or
- (iv) presented for payment more than 30 days after the Relevant Date except to the extent that the Holder would have been entitled to such Additional Amounts on presenting the same for payment on the last day of such period of 30 days; or
- (v) in respect of any taxes, duties, assessments or governmental charges of whatsoever nature that are not imposed or levied by or on behalf of the Netherlands or any political subdivision thereof or by any authority therein or thereof having power to tax, including a FATCA Withholding; or
- (vi) in respect of any withholding tax due under the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*).

In these Conditions, "**Relevant Date**" means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Holders that, upon further presentation of the NC8 Security or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

References in these Terms and Conditions to any amounts which may become due and payable pursuant hereto shall be deemed to include any Additional Amounts which may become payable pursuant to the foregoing provisions.

## 10. Prescription

Claims for payment in relation to NC8 Securities and Coupons will become void unless exercised within a period of five years from the due date for payment thereof.

## 11. Meetings of Securityholders and Modification

### (a) *Meeting of Securityholders*

The Agency Agreement contains provisions for convening meetings of Securityholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Meetings may be held in the Netherlands, the United Kingdom, Belgium, Luxembourg, Germany or France. The notice convening the meeting shall specify the day, time and place of the meeting. Such a meeting may be convened by Securityholders holding not less than 10 per cent. in principal amount of the NC8 Securities for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the NC8 Securities for the time being outstanding; if such quorum is not present the meeting will be adjourned, and at any adjourned meeting the quorum to consider an Extraordinary Resolution will be two or more persons being or representing Securityholders whatever the principal amount of the NC8 Securities held or represented; in each case, unless the business of such meeting includes consideration of proposals, inter alia, (i) to modify the dates on which interest is payable in respect of the NC8 Securities, (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest on or to vary the method of calculating the rate of interest or to reduce the rate of interest on, the NC8 Securities, (iii) to change the currency of payment of the NC8 Securities or the Coupons, or (iv) to modify the provisions concerning the quorum required at any meeting of Securityholders or the majority required to pass an Extraordinary

Resolution, in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent.; if such quorum is not present the meeting will be adjourned, and at any adjourned meeting such necessary quorum will be two or more persons holding or representing not less than 25 per cent., in principal amount of the NC8 Securities for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Securityholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the NC8 Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Securityholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Securityholders.

(b) *Modification of Agency Agreement*

The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be materially prejudicial to the interests of the Securityholders.

Any such modification shall be binding on the Holders and any such modification shall be notified to the Holders in accordance with Condition 14 as soon as practicable thereafter.

## 12. Substitution of the Issuer

- (a) The Issuer may, and the Holders hereby irrevocably agree in advance that the Issuer may without any further consent of the Holders being required, when no payment of principal of any of the NC8 Securities or interest on any of the NC8 Securities is in default, be replaced and substituted by any directly or indirectly wholly owned Subsidiary of the Issuer (the "**Substituted Issuer**") as principal debtor in respect of the NC8 Securities provided that:
- (i) such documents shall be executed by the Substituted Issuer and the Issuer as may be necessary to give full effect to the substitution (together the "**Substitution Documents**") and (without limiting the generality of the foregoing) pursuant to the Substitution Documents the Substituted Issuer shall undertake in favour of each Holder to be bound by these Terms and Conditions and the provisions of the Agency Agreement as fully as if the Substituted Issuer had been named in the NC8 Securities and the Agency Agreement as the principal debtor in respect of the NC8 Securities in place of the Issuer and pursuant to which the Issuer shall guarantee, which guarantee shall be unconditional and irrevocable, (the "**Guarantee**") in favour of each Holder the payment of all sums payable (including any Additional Amounts payable pursuant to Condition 9) in respect of the NC8 Securities;
  - (ii) where the Substituted Issuer is incorporated, domiciled or resident for taxation purposes in a territory other than the Netherlands, the Substitution Documents shall contain a covenant and/or such other provisions as may be necessary to ensure that each Holder has the benefit of a covenant in terms corresponding to the provisions of Condition 9 with the substitution of the references to the Netherlands with references to the territory in which the Substituted Issuer is incorporated, domiciled and/or resident for taxation purposes. The Substitution Documents shall also contain a covenant by the Substituted Issuer and the Issuer to indemnify and hold harmless each Holder against all liabilities, costs, charges and expenses (provided that insofar as the liabilities, costs, charges and expenses are taxes or duties, the same arise by reason of a law or regulation having legal effect or being in reasonable contemplation thereof on the date such substitution becomes effective) which may be incurred by or levied against such holder as a result of any substitution

pursuant to this Condition and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, such liabilities, costs, charges and expenses shall include any and all taxes or duties which are imposed on any such Holder by any political sub-division or taxing authority of any country in which such Holder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);

- (iii) the Substitution Documents shall contain a warranty and representation by the Substituted Issuer and the Issuer (a) that each of the Substituted Issuer and the Issuer has obtained all necessary governmental and regulatory approvals and consents for such substitution and the performance of its obligations under the Substitution Documents, and that all such approvals and consents are in full force and effect and (b) that the obligations assumed by each of the Substituted Issuer and the Issuer under the Substitution Documents are all valid and binding in accordance with their respective terms and enforceable by each Holder;
  - (iv) each stock exchange which has NC8 Securities listed thereon shall have confirmed that following the proposed substitution of the Substituted Issuer for the Issuer the NC8 Securities would continue to be listed on such stock exchange;
  - (v) the Issuer shall have delivered to the Fiscal Agent or procured the delivery to the Fiscal Agent of a legal opinion from the internal legal adviser to the Issuer to the effect that the Substitution Documents (including the Guarantee, if applicable) constitute legal, valid and binding obligations of the Issuer, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Issuer for the Issuer and to be available for inspection by Holders at the specified office of the Fiscal Agent upon prior written request and provision of proof of holding and identity in a form satisfactory to the Fiscal Agent; and
  - (vi) the Issuer shall have delivered to the Fiscal Agent or procured the delivery to the Fiscal Agent of a legal opinion from a reputable firm of Dutch lawyers to the effect that the Substitution Documents (including the Guarantee, if applicable) constitute legal, valid and binding obligations of the Substituted Issuer and, if applicable, the Issuer under Dutch law, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Issuer for the Issuer and to be available for inspection by Holders at the specified office of the Fiscal Agent upon prior written request and provision of proof of holding and identity in a form satisfactory to the Fiscal Agent.
- (b) In connection with any substitution effected pursuant to this Condition, neither the Issuer nor the Substituted Issuer need have any regard to the consequences of any such substitution for individual Holders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and no Holder, except as provided in Condition 12(a)(ii), shall be entitled to claim from the Issuer or any Substituted Issuer under the NC8 Securities any indemnification or payment in respect of any tax or other consequences arising from such substitution.
- (c) In respect of any substitution pursuant to this Condition in respect of the NC8 Securities, the Substitution Documents referred to in Condition 12(a) above shall provide for such further amendment of these Terms and Conditions as shall be necessary or desirable to (i) effectuate such substitution under terms commercially and economically similar to the Conditions and (ii) ensure that the NC8 Securities constitute subordinated obligations of the Substituted Issuer and that the Guarantee, if applicable constitutes a subordinated obligation of the Issuer, in each case subordinated to no greater than the same extent as the Issuer's obligations prior to its substitution to make payments of principal in respect of the NC8 Securities under Condition 2.



- (d) With respect to the NC8 Securities, the Issuer shall be entitled, by notice to the Holders given in accordance with Condition 14, at any time to (x) effect a substitution which does not comply with paragraph (c) above provided that the terms of such substitution have been approved by an Extraordinary Resolution of the Holders or (y) waive all and any rights to effect a substitution of the principal debtor pursuant to this Condition. Any such notice of waiver shall be irrevocable.
- (e) Upon the execution of the Substitution Documents as referred to in paragraph (a) above, and subject to the notice as referred to in paragraph (g) below having been given, the Substituted Issuer shall be deemed to be named in the NC8 Securities as the principal debtor in place of the Issuer and the NC8 Securities shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Substitution Documents shall operate to release the Issuer as issuer from all of its obligations as principal debtor in respect of the NC8 Securities save that any claims under the NC8 Securities arising against the Issuer prior to its release shall inure to the benefit of Holders.
- (f) The Substitution Documents shall be deposited with and held by the Fiscal Agent for so long as any NC8 Securities remain outstanding and for so long as any claim made against the Substituted Issuer by any Holder in relation to the NC8 Securities or the Substitution Documents is not finally adjudicated, settled or discharged. The Substituted Issuer and the Issuer shall acknowledge in the Substitution Documents the right of every Holder to the production of the Substitution Documents for the enforcement of any of the NC8 Securities or the Substitution Documents.
- (g) Not later than 15 days after the execution of the Substitution Documents, the Substituted Issuer shall give notice thereof to the Holders in accordance with Condition 14.
- (h) Upon the notice referred to in paragraph (g) above being given and without prejudice to the efficacy of the substitution the Issuer and the Substituted Issuer will use best efforts to provide such information in respect of the Substituted Issuer as may reasonably be requested by a Holder as part of its on-boarding procedures.

### **13. Replacement of NC8 Securities and Coupons**

Should any NC8 Security or Coupon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent (or such other place of which notice shall have been given in accordance with Condition 14) upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity and/or as the Issuer may reasonably require. The mutilated or defaced NC8 Security or Coupon must be surrendered before any replacement will be issued.

### **14. Notices**

Notices to Holders shall be given by publication in the English language in a daily newspaper having general circulation in the Netherlands (which is expected to be *Het Financieele Dagblad*). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

### **15. Further Issues**

The Issuer is at liberty from time to time, without any further consent of the Holders being required, to create and issue further NC8 Securities ranking *pari passu* in all respects (or in all respects save for the date from which interest thereon accrues and the amount of the first payment of interest on such further NC8 Securities) and so that the same shall be consolidated and form a single series with the outstanding NC8 Securities.

### **16. Agents**

The Issuer will procure that there shall at all times be a Calculation Agent and a Fiscal Agent so long as any NC8 Security is outstanding. If either the Calculation Agent or the Fiscal Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Terms and Conditions or the Agency Agreement, as appropriate, the Issuer shall appoint a reputable independent investment bank of good standing to act as such in its place. Neither the termination of the appointment of a Calculation Agent or the Fiscal Agent nor the resignation of either will be effective without a successor having been appointed.

All calculations and determinations made by the Calculation Agent or the Fiscal Agent in relation to the NC8 Securities shall (save in the case of manifest error) be final and binding on the Issuer, the Paying Agents and the Holders.

None of the Issuer and the Paying Agents shall have any responsibility to any person for any errors or omissions in any calculation by the Calculation Agent.

## **17. Governing Law and Jurisdiction**

- (a) The Agency Agreement, these Terms and Conditions, the NC8 Securities and the Coupons are governed by, and shall be construed in accordance with, the laws of the Netherlands.
- (b) The Issuer submits for the exclusive benefit of the Holders to the jurisdiction of the courts of Amsterdam, the Netherlands, judging in first instance, and its appellate courts. Without prejudice to the foregoing, the Issuer further irrevocably agrees that any suit, action, proceedings or disputes which may arise out of or in connection with the Agency Agreement and the NC8 Securities may be brought in any other court of competent jurisdiction.

## **18. Definitions**

In these Terms and Conditions:

**"5 year Swap Rate"** has the meaning ascribed to it in Condition 5(b);

**"2013 Capital Securities"** means the Issuer's EUR Nachrangige Bürgeranleihe-Westküstenleitung (ISIN DE000A1HKQE8);

**"2017 Capital Securities"** means the Issuer's €1,000,000,000 Fixed-to-Floating Rate NC7.1 Perpetual Capital Securities issued on 12 April 2017 (ISIN XS1591694481) as increased with €100 million on 13 August 2018;

**"2020 Capital Securities"** means the Issuer's €1,000,000,000 Fixed-to-Floating Rate NC5.25 Perpetual Capital Securities issued on 22 July 2020 (ISIN XS2207430120);

**"Accounting Event"** has the meaning ascribed to it in Condition 6(e);

**"Additional Amounts"** has the meaning ascribed thereto in Condition 9;

**"Agency Agreement"** has the meaning ascribed to it in the preamble;

**"Agents"** means the agents appointed pursuant to the Agency Agreement and such term shall, unless the context otherwise requires, include the Fiscal Agent;

**"Arrears of Interest"** means any amounts deferred in accordance with Condition 4(a);

**"Business Day"** means a day, other than a Saturday or Sunday, which is a TARGET Settlement Day and on which commercial banks and foreign exchange markets are open for general business in Amsterdam;

**"Calculation Agent"** means The Bank of New York Mellon, London Branch as calculation agent in relation to the NC8 Securities, or its successor or successors for the time being appointed under the Agency Agreement;

**"Calculation Amount"** has the meaning ascribed to it in Condition 5(b);

**"Calculation Date"** means the third business day preceding the Make-whole Redemption Date;

**"CET"** has the meaning ascribed to it in Condition 5(b)(ii);

**"Change of Control"** means that the Dutch State ceases to: (i) own directly or indirectly (through any municipality, governmental body, governmental organisation and/or state institution and/or in the case of a substitution of the Issuer in accordance with Condition 12, through any other directly or indirectly government or state owned or controlled entity (together, a **"Governmental Intermediary"**)) more than 50 per cent. of the total issued share capital of the Issuer or (ii) have the power to directly or indirectly (through any Governmental Intermediary, or in the case of a substitution of the Issuer in accordance with Condition 12 by any other directly or indirectly government owned or controlled entity) cast, or control the casting of, more than 50 per cent. of the maximum number of votes that might be cast at shareholder meetings of the Issuer. For the purpose of this definition, "control" (with respect to the casting of votes) (*beschikking*), "share" (*aandeel*) and "votes" (*stemmen*) have the meanings given to them in Chapter 5.3 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*);

**"Clean-up Call"** has the meaning ascribed to it in Condition 6(h);

**"Condition"** means any of the numbered paragraphs of these Terms and Conditions of the NC8 Securities;

**"Coupons"** has the meaning ascribed to it in the preamble;

**"Couponholder"** has the meaning ascribed to it in the preamble;

**"Coupon Amount"** means (i) in respect of a Coupon Payment, the amount of interest payable on a NC8 Security for the relevant Coupon Period in accordance with Condition 5 and (ii) for the purposes of Conditions 6(d), 6(e), 6(f) and 6(g) any interest accrued from (and including) the preceding Coupon Payment Date (or, if none, the Issue Date) to (but excluding) the due date for redemption if not a Coupon Payment Date as provided for in Condition 5;

**"Coupon Determination Date"** means, in respect of the period from (and including) the First Reset Date, the second Business Day before the commencement of each Coupon Period;

**"Coupon Payment"** means, in respect of a Coupon Payment Date, the aggregate Coupon Amounts for the Coupon Period ending on such Coupon Payment Date;

**"Coupon Payment Date"** means each of (i) 21 March in each year, starting 21 March 2025, (ii) the First Reset Date, (iii) the First Step-up Date and (iv) the Second Step-up Date, provided that if any Coupon Payment Date would otherwise fall on a day which is not a Business Day it shall be postponed to the next Business Day unless it would then fall into the next calendar month in which event the Coupon Payment Date shall be brought forward to the immediately preceding Business Day;

**"Coupon Period"** means the period commencing on (and including) the Issue Date and ending on (but excluding) the first Coupon Payment Date and each successive period commencing on (and including) a Coupon Payment Date and ending on (but excluding) the next succeeding Coupon Payment Date or the date of redemption, as the case may be;

**"Coupon Rate"** means the First Fixed Coupon Rate and each Reset Coupon Rate, as the case may be, which may be increased by 5 per cent. per annum on account of a Change of Control which has occurred in respect of the NC8 Securities;

**"Deferral Notice"** has the meaning ascribed to it in Condition 4(a);

**"Deferred Coupon Payment"** means any Arrears of Interest which pursuant to Condition 4(a) the Issuer has elected to defer and which have not been satisfied;

**"Deferred Coupon Satisfaction Date"** means:

- (i) the date on which the Issuer voluntarily satisfies a Deferred Coupon Payment, as notified by the Issuer to the Holders, the Fiscal Agent and the Calculation Agent in accordance with Condition 4(b); or
- (ii) the date on which the Issuer is required to satisfy all Deferred Coupon Payments pursuant to Condition 4(b);

**"EU-IFRS"** means the International Financial Reporting Standards applicable from time to time to the consolidated financial statements of listed companies in the EU;

**"FATCA"** means (a) Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, any current or future regulations or official interpretations thereof, (b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the U.S. and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above, or (c) any agreement pursuant to the implementation of paragraphs (a) or (b) above with the U.S. Internal Revenue Service, the U.S. government or any governmental or taxation authority in any other jurisdiction;

**"FATCA Withholding"** means any deduction or withholding required pursuant to FATCA;

**"First Call Date"** means 21 December 2031;

**"First Fixed Coupon Rate"** has the meaning ascribed to it in Condition 5(b);

**"First Fixed Rate Period"** means the period from (and including) the Issue Date to (but excluding) the First Reset Date;

**"First Reset Date"** means 21 March 2032;

**"First Step-up Date"** means 21 March 2037;

**"Fiscal Agent"** has the meaning ascribed to it in the preamble;

**"Guarantee"** has the meaning ascribed to it in Condition 12(a);

**"Guarantor Parity Securities"** means (i) any securities or other similar instruments issued by the guarantor providing the Guarantee which rank, or are expressed to rank, *pari passu* with the guarantor's obligations under the Guarantee and (ii) any securities or other similar instruments issued by a Subsidiary of the guarantor which have the benefit of a guarantee from the guarantor (or similar instrument from the guarantor), which rank or are expressed to rank *pari passu* with the guarantor's obligations under the Guarantee;

**"Holder"** has the meaning ascribed to it in the preamble;

**"Income Tax Deduction Event"** has the meaning ascribed to it in Condition 6(d);

**"Interest"** shall, where appropriate, include Coupon Amounts and Deferred Coupon Payments;

**"Issue Date"** means 21 March 2024, being the date of initial issue of the NC8 Securities;

**"Issuer"** means TenneT Holding B.V. or in the case of an substitution of the Issuer in accordance with Condition 12, the Substituted Issuer;

**"Make-whole Call"** has the meaning ascribed to it in Condition 6(c);

**"Make-whole Redemption Amount"** means the sum of:

- (i) the greater of (x) the principal amount of the NC8 Securities so redeemed and (y) the sum of the then present values of the remaining scheduled payments of principal and interest on such NC8 Securities to the First Reset Date discounted to the relevant Make-whole Redemption Date on an annual basis at the Make-whole Redemption Rate plus a Make-whole Redemption Margin; and
- (ii) any interest accrued but not paid on the NC8 Securities to, but excluding, the Make-whole Redemption Date,

as determined by the Quotation Agent and as notified on the Calculation Date by the Quotation Agent to the Issuer and the Fiscal Agent;

**"Make-whole Redemption Date"** has the meaning ascribed to it in Condition 6(c);

**"Make-whole Redemption Margin"** means 0.40 per cent.;

**"Make-whole Redemption Rate"** means (i) the mid-market yield to maturity of the Reference Security which appears on the Relevant Make Whole Screen Page on the third business day preceding the Make-whole Redemption Date at 11:00 a.m. (CET) or (ii) to the extent that the mid-market yield to maturity does not appear on the Relevant Make Whole Screen Page at such time, the average of the number of quotations given by the Reference Dealers of the mid-market yield to maturity of the Reference Security on the third business day preceding the Make-whole Redemption Date at or around 11:00 a.m. (CET);

**"Mandatory Payment Event"** shall have occurred if:

- (a) a declaration or payment of any distribution or dividend or any other payment made by the Issuer, and in the case of a Guarantee, the guarantor providing such Guarantee on its share capital or by the Issuer or any Subsidiary of the Issuer and in the case of a Guarantee, the guarantor providing such Guarantee, as the case may be, on any Parity Securities or Guarantor Parity Securities;
- (b) a redemption, repurchase, repayment, or other acquisition by the Issuer and in the case of a Guarantee, the guarantor providing such Guarantee or any Subsidiary of the Issuer of any shares of the Issuer;
- (c) a redemption, repurchase, repayment or other acquisition by the Issuer or any Subsidiary of the Issuer and in the case of a Guarantee, the guarantor providing such Guarantee of any Parity Securities, Guarantor Parity Securities or any NC8 Securities;

save for:

- (i) in each case, any compulsory distribution, dividend, other payment, redemption, repurchase, repayment, or other acquisition required by the terms of such securities or by mandatory operation of applicable law;

- (ii) in each case, any distribution of dividend that was already announced by the Issuer and in the case of a Guarantee, the guarantor providing such Guarantee but not (fully) paid out yet by the Issuer and in the case of a Guarantee, the guarantor providing such Guarantee at time of the relevant Deferral Notice;
- (iii) in the case of (b) above only, the redemption, repurchase, repayment, or other acquisition is executed in connection with, or for the purpose of any share buyback programme then in force and duly approved by the shareholders' general meeting of the Issuer or the relevant Subsidiary of the Issuer (as applicable) and in the case of a Guarantee, the guarantor providing such Guarantee or any existing or future stock option plan or free share allocation plan or other incentive plan reserved for directors, officers and/or employees of the Issuer or the relevant Subsidiary of the Issuer and in the case of a Guarantee, the guarantor providing such Guarantee or any associated hedging transaction; and
- (iv) in the case of (c) above only, any redemption, repurchase, repayment, or other acquisition executed in whole or in part in the form of a public tender offer or public exchange offer at a consideration per security below its par value;

**"Margin"** means (i) in respect of each Coupon Period from and including the First Reset Date to but excluding the First Step-up Date: 2.214 per cent. per annum (no step-up), (ii) in respect of each Coupon Period from and including the First Step-up Date to but excluding the Second Step-up Date: 2.464 per cent. per annum (including a 0.25% step-up over the initial credit spread); and (iii) in respect of each Coupon Period from and including the Second Step-up Date to but excluding the date on which the Issuer redeems the NC8 Securities: 3.214 per cent. per annum (including a further 0.75% step-up);

**"NC8 Securities"** means these €550,000,000 Fixed-to Reset Rate NC8 Perpetual Capital Securities (ISIN XS2783649176), and such expression shall include any further NC8 Securities issued pursuant to Condition 15 and forming a single series with the NC8 Securities, and **"NC8 Security"** means any of the NC8 Securities;

**"NC5.25 Securities"** means the Issuer's €550,000,000 Fixed-to Reset Rate NC5.25 Perpetual Capital Securities (ISIN XS2783604742);

**"Paying Agents"** has the meaning ascribed to it in the preamble;

**"Payment"** means any Coupon Payment or Deferred Coupon Payment;

**"Parity Securities"** means (i) any securities or other similar instruments issued by the Issuer which rank, or are expressed to rank, *pari passu* with the Issuer's obligations under the NC8 Securities and (ii) any securities or other similar instruments issued by a Subsidiary of the Issuer which have the benefit of a guarantee from the Issuer (or similar instrument from the Issuer), which rank or are expressed to rank *pari passu* with the Issuer's obligations under the NC8 Securities (Parity Securities include, for the avoidance of doubt, the 2013 Capital Securities, the 2017 Capital Securities, the 2020 Capital Securities and the NC5.25 Securities as long as they remain outstanding);

**"Puttable Senior Securities"** means securities which (i) are debt securities of the Issuer ranking senior to the NC8 Securities or any securities or other similar instruments issued by a Subsidiary which have the benefit of a guarantee from the Issuer (or similar instrument from the Issuer) which rank or are expressed to rank senior to the Issuer's obligations under the NC8 Securities, and (ii) may become due for redemption in accordance with their terms due to the exercise of any investor put rights which the holders of such securities may have in respect of the Change of Control;

**"Quotation Agent"** means the agent to be appointed by the Issuer if required for the determination of the Make-whole Redemption Amount;

**"Rating Agency"** means any of the following: Moody's Investors Service Limited ("**Moody's**") or S&P Global Ratings Europe Limited ("**S&P**"), and any other rating agency of equivalent international standing solicited from time to time by the Issuer to grant a rating to the Issuer and/or the NC8 Securities and in each case, any of their respective successors to the rating business thereof;

**"Rating Event"** has the meaning ascribed to it in Condition 6(f);

**"Reference Dealers"** means each of the four banks selected by the Quotation Agent which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues;

**"Reference Security"** means DBR 0.000 per cent. 02/15/2032 (ISIN DE0001102580). If a Reference Security is no longer outstanding, a Similar Security will be chosen by the Quotation Agent at 11:00 a.m. (CET) on the Calculation Date, quoted in writing by the Quotation Agent to the Issuer and published in accordance with Condition 14 (*Notices*);

**"Relevant Make Whole Screen Page"** means Bloomberg screen page "DBR 0 02/15/2032 REGS Govt" (or any successor or replacement page, section or other part of the information service), or such other page, section or other part as may replace it on the information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying the mid-market yield to maturity for the Reference Security;

**"Reset Coupon Determination Date"** has the meaning ascribed to it in Condition 5(b);

**"Reset Date"** means the First Reset Date and each fifth anniversary thereafter;

**"Reset Period"** means each period beginning on (and including) a Reset Date and ending on (but excluding) the next succeeding Reset Date thereafter and "relevant Reset Period" shall be construed accordingly;

**"Reset Reference Bank Rate"** has the meaning ascribed to it in Condition 5(b);

**"Reset Reference Banks"** has the meaning ascribed to it in Condition 5(b);

**"Reset Screen Page"** has the meaning ascribed to it in Condition 5(b);

**"Second Step-up Date"** means 21 March 2052;

**"Securityholder"** has the meaning ascribed to it in the preamble;

**"Similar Security"** means a reference bond or reference bonds issued by the same issuer as the Reference Security having actual or interpolated maturity comparable with the remaining term of the NC8 Securities that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the NC8 Securities;

**"Subsidiary"** means a subsidiary of the Issuer within the meaning of Section 2:24a of the Dutch Civil Code (whether Dutch or non-Dutch);

**"Substituted Issuer"** has the meaning ascribed to it in Condition 12(a);

**"Substitution Documents"** has the meaning ascribed to it in Condition 12(a);

**"T2"** means the real time gross settlement system operated by the Eurosystem, or any successor thereto;

**"TARGET Settlement Day"** means a day on which T2 is open for the settlement of payments in euro;

**"Winding-up"** means a situation where (i) an order is made or a decree or resolution is passed for the winding-up, liquidation or dissolution of the Issuer, except for the purposes of a solvent merger, reconstruction or amalgamation, or (ii) a trustee (*curator*) is appointed by the competent District Court in the Netherlands in the event of bankruptcy (*faillissement*) affecting the whole or a substantial part of the undertaking or assets of the Issuer and such appointment is not discharged within 30 days, or in the case of an substitution of the Issuer in accordance with Condition 12, any equivalent steps that may be taken against the Substituted Issuer in the jurisdiction in which the Substituted Issuer is incorporated; and

**"Withholding Tax Event"** has the meaning ascribed thereto in Condition 6(d).



Replacement intent: The following paragraphs in italics do not form part of the Conditions.

*The Issuer intends (without thereby assuming a legal or contractual obligation) that it will redeem or repurchase the NC8 Securities only to the extent they are replaced with instruments which provide at least equivalent S&P equity credit. The net proceeds received by the Issuer or a Subsidiary of the Issuer from the sale of securities which are assigned an S&P "equity credit" (or such similar nomenclature used by S&P from time to time) that is at least equal to the equity credit assigned to the Securities by S&P, at the time of sale or issuance of such securities (but taking into account any changes in hybrid capital methodology or another relevant methodology or the interpretation thereof since the issuance of the Securities), will count as replacement.*

*The following exceptions apply as to the Issuer's replacement intention. The NC8 Securities are not required to be replaced:*

- a) if the rating or stand-alone credit profile assigned by S&P to the Issuer is at least the same as or higher than the rating or stand-alone credit profile assigned to the Issuer on the date when the Issuer's most recent hybrid note was issued (excluding refinancings without net new issuances) and the Issuer is comfortable that such rating would not fall below this level as a result of such redemption or repurchase; or*
- b) in the case of repurchase or a redemption, taken together with other relevant repurchases or redemptions of less than (x) 10 per cent. of the aggregate principal amount of the Issuer's outstanding hybrid notes in any period of 12 consecutive months or (y) 25 per cent. of the aggregate principal amount of the Issuer's outstanding hybrid notes in any period of 10 consecutive years is repurchased, provided that such repurchase or redemption has no materially negative effect on the Issuer's rating or stand-alone credit profile, or*
- c) if the Securities are redeemed pursuant to an Accounting Event, a Rating Event, an Income Tax Deduction Event, a Withholding Tax Event, a Change of Control or a Clean-up Call, or*
- d) if the Securities are not or no longer assigned an "equity credit" (or such similar nomenclature then used by S&P at the time of such redemption or repurchase), or*
- e) in the case of any repurchase, up to the maximum amount of Securities repurchased that would allow the Issuer's aggregate principal amount of hybrid capital remaining outstanding after such repurchase to be equal to or greater than the maximum aggregate principal amount of hybrid capital to which S&P would assign "equity credit" (or such similar nomenclature then used by S&P at the time of such repurchase); or*
- f) if such redemption or repurchase occurs on or after the relevant Second Step-up Date.*

## Summary of Provisions relating to the Securities while in Global Form

Each Temporary Global Security and each Permanent Global Security will contain provisions which apply to the relevant Series of Securities while they are in global form, some of which modify the effect of the applicable Conditions. The following is a summary of certain of those provisions as they relate to the Securities:

### 1. Exchange

Each Temporary Global Security is exchangeable in whole or in part for interests in the relevant Permanent Global Security on or after a date which is expected to be on or about 30 April 2024, upon certification as to non-U.S. beneficial ownership in the form set out in the relevant Temporary Global Security. Each Permanent Global Security is exchangeable in whole but not, except as provided in the next paragraph, in part (free of charge to the holder) for the definitive Securities described below (i) if such Permanent Global Security is held on behalf of a clearing system and such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or (ii) if principal in respect of any Securities is not paid when due and payable. Thereupon, the holder may give notice to the Fiscal Agent of its intention to exchange the relevant Permanent Global Security for definitive Securities on or after the Exchange Date specified in the notice.

If principal in respect of any Securities is not paid when due and payable the holder of the relevant Permanent Global Security may, by notice to the Fiscal Agent (which may but need not be the default notice referred to in "*Summary of Provisions relating to the Securities while in Global Form — Default*" below), require the exchange of a specified principal amount of the relevant Permanent Global Security (which may be equal to or (provided that, if the relevant Permanent Global Security is held by or on behalf of a clearing system, that clearing system agrees) less than the outstanding principal amount of Securities represented thereby) for definitive Securities on or after the Exchange Date (as defined below) specified in such notice.

On or after any Exchange Date the holder of the relevant Permanent Global Security may surrender such Permanent Global Security or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for the relevant Permanent Global Security, or on endorsement in respect of the part thereof to be exchanged, the Issuer shall deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated definitive Securities (having attached to them all relevant Coupons in respect of interest which has not already been paid on the relevant Permanent Global Security), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in Schedule 1 to the Fiscal Agency Agreement. On exchange in full of the relevant Permanent Global Security, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with any relevant definitive Securities.

"**Exchange Date**" means a day falling not less than 60 days or, in the case of exchange pursuant to (ii) above, 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and, except in the case of exchange pursuant to (i) above, in the cities in which the relevant clearing system is located.

### 2. Payments

No payment will be made on the relevant Temporary Global Security unless exchange for an interest in the relevant Permanent Global Security is improperly withheld or refused. Payments of principal, premium and interest in respect of the relevant Securities represented by the relevant Permanent Global Security will be made against presentation for endorsement and, if no further payment falls to be made in respect of the relevant Securities, surrender of the relevant Permanent Global Security to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Holders for such purpose. A record of each payment so made will be endorsed in the appropriate

schedule to the relevant Permanent Global Security, which endorsement will be *prima facie* evidence that such payment has been made in respect of the relevant Securities.

### **3. Notices**

So long as the relevant Securities are represented by a Permanent Global Security and that Permanent Global Security is held on behalf of a clearing system, notices to Holders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the applicable Conditions and any such notice shall be deemed to have been given on the date of such delivery or, if delivered more than once or on different dates, on the first date on which such delivery is made.

### **4. Prescription**

Claims against the Issuer in respect of principal, premium and interest on the relevant Securities while the relevant Securities are represented by a Permanent Global Security will become void unless it is presented for payment within a period of five years from the date the relevant payment first became due.

### **5. Meetings**

The holder of a Permanent Global Security shall (unless that Permanent Global Security represents only one Security) be treated as being two persons for the purposes of any quorum requirements of a meeting of Holders and, at any such meeting, as having one vote in respect of each €1,000 in principal amount of the NC5.25 Securities, or €1,000 in principal amount of the NC8 Securities, as the case may be.

### **6. Purchase and Cancellation**

Cancellation of any Security required by the applicable Conditions to be cancelled following its purchase will be effected by reduction in the principal amount of the relevant Permanent Global Security.

### **7. Default**

Each Permanent Global Security provides that the holder may cause the relevant Permanent Global Security or a portion of it to become due and payable in the circumstances described in the applicable Condition 8 by stating in the notice to the Fiscal Agent the principal amount of relevant Securities which is being declared due and payable. If principal in respect of any relevant Security is not paid when due and payable, the holder of the relevant Permanent Global Security may elect that the relevant Permanent Global Security becomes void as to a specified portion and that the persons entitled to such portion, as accountholders with a clearing system, acquire direct enforcement rights against the Issuer under further provisions set out in the relevant Permanent Global Security.

## Business Description of the Issuer

### Introduction

The Issuer was incorporated as a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of the Netherlands on 28 April 1994 and operates under the laws of the Netherlands. The Issuer has its corporate seat in Arnhem, the Netherlands and has its registered office at Utrechtseweg 310, 6812 AR Arnhem, the Netherlands (telephone number +31 26 373 1111). The Issuer is registered with the Dutch Chamber of Commerce under registration number 09083317. The Issuer's legal entity identifier (LEI) is 724500LTUWK3JQG63903.

### Objects

Article 2 of the Issuer's articles of association, regarding its objects, reads as follows (translated from the original Dutch language version):

"2.1. The objects of the company are to, directly or indirectly, participate in or to take an interest in any other way in, and to conduct the management of other business enterprises with objects as described in this paragraph and paragraph 2 of this article or objects which are similar or related thereto, furthermore to finance third parties and to provide security or undertake the obligations of third parties in any way, as well as to do everything that is in conformance with the provisions of this article or related or conducive thereto in the broadest sense.

2.2. The objects of the other business enterprises mentioned in paragraph 1 of this article may include:

- (a) to provide for the transport and dispatch of electrical energy;
- (b) to install, operate, manage and/or maintain networks intended for the transport of electricity, including connections that cross national borders as well as to measure the electrical energy supplied to and/or withdrawn from these networks;
- (c) to render system services and other services for the electricity supply within the Netherlands and abroad;
- (d) to conduct operations and/or to promote market forces in the area of energy and the environment, including but not limited to operating exchanges and other trading and market places, registering and issuing rights and certificates and issuing subsidies and other payments;
- (e) to lease, to allow third parties to use or to make available in any other way facilities, goods and/or rights, including networks connected by optical fibre cables and telecommunication equipment and areas belonging to masts and buildings;
- (f) to conduct operations related or connected to the above objects as well as to perform all other tasks charged to the company in or pursuant to any statutory scheme or designation from competent authorities; and

as well as to do everything that is in conformance with the above objects or related or conducive to the above objects in the broadest sense.

As long as the company is part of a group with the TSO it is not permitted to engage in acts or activities that may be contrary to the interest of the operation of electricity transmission systems."

## Capitalisation and Group Structure

The authorised share capital of the Issuer is EUR 500,000,000, comprising of one million registered (1,000,000) shares with a nominal value of EUR 500 each. A total of two hundred thousand (200,000) registered shares have been issued, all of which are fully paid.

The Issuer's sole shareholder is the Dutch State, represented by the Ministry of Finance (as opposed to the Ministry of Economic Affairs and Climate Policy being the legislator in respect of the energy sector). On 1 July 2022, the Dutch government published its Policy on Government Participations 2022. In this policy the Dutch State categorised its participations in two categories:

1. predetermined temporary state-ownership; and
2. regular state-ownership.

The category "regular state-ownership" contains participations in respect of which the Dutch government deems it important that the Dutch State has an influence, to secure the public interest other than via laws and regulation, by means of (partial) state-ownership. In most cases the Dutch State is the sole shareholder, but there are cases in which the Dutch State shares the ownership with other participants. Regular state-ownerships are evaluated on a periodical basis.

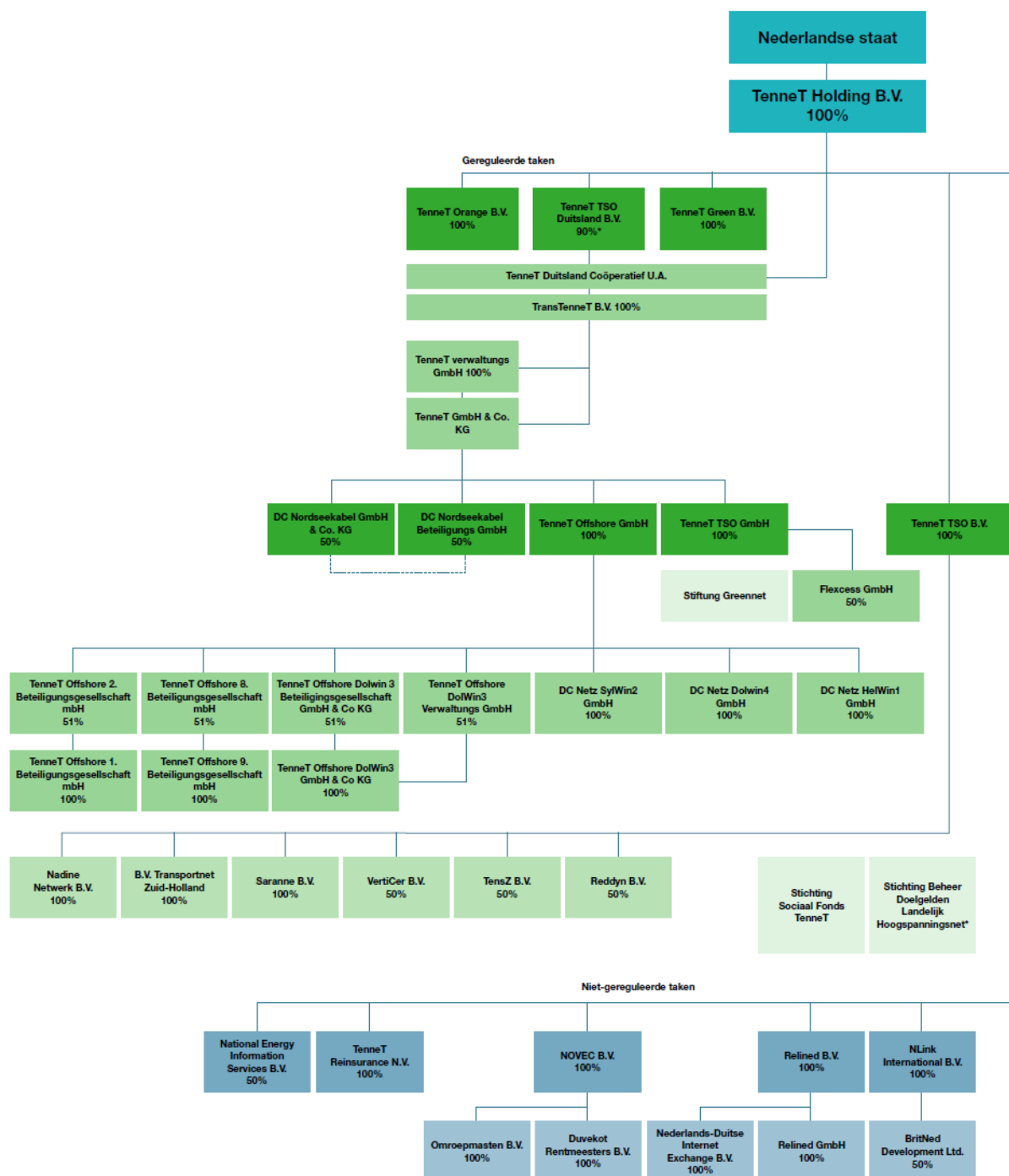
The Policy on Government Participations 2022 provides that the nature of securing the public interest requires a long term participation, but that the Dutch State will review on a periodical basis if a participation is still the only way to secure the public interest. Every participation (including the Issuer), shall be evaluated at least once every seven years in order to determine whether it is still feasible and in the public interest for the Dutch State to keep a majority interest in such participation. Such review will focus on an assessment of (i) the public framework, (ii) corporate governance, including Corporate Social Responsibility (*Maatschappelijk Verantwoord Ondernemen*), (iii) the economic position and investments, (iv) the strategic environment of the participation and (v) the manner in which public interest are met. Furthermore, in the Policy on Government Participations 2022, the Dutch State recognises a positive effect of the strengthening of its influence over the Issuer as mentioned in its Policy on Government Participations 2013 (see "*Risk factors — Risks relating to structure of the Issuer — Influence of the Dutch State as the sole shareholder of the Issuer*" and "*Business Description of the Issuer — Corporate Governance*"). It is noted that the business of the Issuer is regulated by the European Union's internal energy market legislation and the Electricity Act 1998 (this act, as amended from time to time, the "**Dutch Electricity Act**") (as amended to implement the aforesaid European Union's internal energy market legislation).

The current Group structure, headed by the Issuer, was established in 2005 through a number of mergers and demergers with the objective to separate regulated and non-regulated activities of the Group in accordance with Article 17a of the Dutch Electricity Act. All Dutch regulated activities of the Group are performed by either TenneT TSO NL or one of its subsidiaries. With a few exceptions, TenneT TSO NL and its subsidiaries are not allowed to perform activities that could create competition with third parties. Any permitted unregulated activities are performed by subsidiaries (excluding TenneT TSO NL and its subsidiaries) and participations positioned directly under the Issuer or directly or indirectly under such subsidiaries. The unregulated activities of these subsidiaries are not allowed to conflict with the – regulated – interests of TenneT TSO NL. All German regulated activities are performed by TenneT TSO Germany and its subsidiaries.

The legal structure of the Group as of 31 December 2023 is as follows (minority participations excluded):

## TenneT Group legal overview

(per 31 december 2023)



\* 10% Stichting Beheer Doelgelden Landelijk Hoogspanningsnet

## History and development of the Issuer

The history and development of the Issuer is inextricably linked with the history and development of the Dutch and German electricity markets.

### *Dutch electricity market*

The Dutch electricity market is regulated by the Dutch Electricity Act. Many provisions of the Dutch Electricity Act are detailed in subordinate legislation laid down by the Crown, the Minister of Economic Affairs and Climate Policy and the ACM. The ACM is the national regulatory authority and has comprehensive *ex ante* and *ex post* regulatory powers, which include the adoption of binding conditions and tariffs for third party network access.

Under the Dutch Electricity Act and European legislation, generation and supply activities on the one hand and network operation activities on the other may not be integrated in one legal entity. When the Dutch Electricity Act was implemented in 1998, the generation companies and the distribution companies had to transfer the operation and management of their electricity networks to separate limited liability companies. These separate limited liability companies must operate independently and provide non-discriminatory network access against regulated tariffs and conditions. TenneT TSO NL and its predecessors have been fully unbundled since they started operations under the Dutch Electricity Act.

TSO's must operate, maintain and develop their grids in an efficient, safe, reliable and environmental friendly manner. The Dutch electricity network is laid out in a "cascade" of voltage levels. The national transmission network is operated at 220 kV or 380 kV (extra high voltage) and at a voltage level of 110 kV or 150 kV (high voltage). Distribution networks are operated at levels of up to 50 kV.

All Dutch regulated activities of the Group are performed by TenneT TSO NL and its subsidiaries. TenneT TSO NL operates substantially all networks with a voltage level of 110 kV, 150 kV, 220 kV or 380 kV. The lower voltage networks are operated by various regional distribution network companies.

Electricity Directive (EU) 2019/944 requires that an operator is certified by the national regulatory authority before it is designated as a TSO. By decision of 18 December 2013, the ACM has certified TenneT TSO NL as the TSO for the Dutch National HV Grid (as defined below) and on 1 May 2015 as an interconnector operator for its part of the NorNed Cable. In addition, TenneT TSO NL has been certified and designated as TSO for the Dutch offshore grid on 13 June 2016 and 5 September 2016, respectively, as well as the interconnector operator of the Cobra Cable (certification on 26 November 2018 and designation on 30 January 2019). With effect from 5 March 2022, the Dutch Minister for Climate and Energy Policy has renewed the designation of TenneT TSO NL as grid administrator for the national high-voltage grid for a period of ten years or as much longer as stipulated by law.

TenneT TSO NL's tasks can be distinguished in system operation tasks, aimed at maintaining the balance of the Dutch electricity system and contributing to the maintenance of the balance of connected systems in Europe on the one hand, and the transmission task to provide non-discriminatory access to its networks on the basis of civil law contracts on the other. TenneT TSO NL's tasks are subject to published tariffs and conditions adopted by the ACM. Also on regional network operators rests the latter task in respect of their respective grids. Some of the tasks imposed on TenneT TSO NL are described in more detail in "*Description of the Issuer — Business — Dutch regulated activities*" below.

In December 2016, the Minister of Economic Affairs published a legislative proposal, which includes amendments to the Gas Act (*Gaswet*) and the Dutch Electricity Act (*wetsvoorstel 'Voortgang Energietransitie'*), which proposal has been approved by Dutch parliament on 30 January 2018 and by the Dutch senate (*Eerste Kamer*) on 3 April 2018. The amendments limit the scope of the activities that the Issuer is allowed to perform

outside its statutory tasks as a TSO. In addition, the amendments limit the scope of the activities of other Group companies. The amendments also offer TenneT TSO NL the possibility to enter into cross-participations with other TSO's. In 2021, the consultation of interested parties on the new Energy Act has taken place, which will enable the Ministry of Economic Affairs and Climate Policy to implement the Clean Energy Package of the European Commission. The Energy Act is a high level framework that should be complemented by additional lower legislation. The drafts of the Energy Act do not have a material impact on TenneT TSO NL's license to operate as TSO in the Dutch electricity market.

#### *Offshore grid*

Following the amendment of the Dutch Electricity Act on 1 April 2016, TenneT TSO NL has been certified by the regulator ACM and designated by the Dutch Ministry of Economic Affairs and Climate Policy as offshore grid operator in the Netherlands.

In 2014, the Issuer presented a concept for connecting offshore wind in the Netherlands. This concept provides direct connection of offshore wind turbines to five newly designed standard TenneT 700 MW platforms in the Dutch part of the North Sea until 2023. In March 2018, the Dutch government presented the Offshore Wind Energy Roadmap 2030. To meet the governmental targets until 2030, another 6.1 GW offshore wind development is foreseen (resulting in a total of 10.6 GW offshore wind). The Development Framework published by the Ministry of Economic Affairs and Climate Policy in December 2019 confirms three new standardised 700 MW AC offshore grid concepts will be realised prior to 2030. Additionally, the 4 GW wind area "Ijmuiden Ver" will be developed using a new standard of 2 GW HVDC grid concept, also prior to 2030. The Dutch government "as adjusted " the wind energy development plan in June 2022 to increase the foreseen 10.6 GW offshore wind by approximately 10 GW to a total of approximately 21 GW in 2030.

#### ***German Electricity Grid Market***

The German electricity grid market is subject to a comprehensive regulatory regime governed by numerous acts and ordinances which are subject to constant modifications and amendments. The main pieces of legislation are EnWG and several ordinances, most notably the Ordinance on Incentive Regulation (*Anreizregulierungsverordnung*, "ARegV"), the Ordinance on Grid Tariffs (*Stromnetzentgeltverordnung*, "StromNEV") and the Ordinance on Grid Access (*Stromnetzzugangsverordnung*, "StromNZV"). BNetzA is the competent regulatory authority *vis-à-vis* TenneT TSO Germany. Main areas of regulation are grid access including grid access terms and conditions such as grid tariffs (subject to incentive regulation), grid connection, grid development and grid system services. This regulatory approach was subject to proceedings at the European Court of Justice, which ruled that 'BNetzA's exclusive competence is infringed and that BNetzA is not sufficiently independent. The ruling has led to fundamental changes in national German energy law in 2023, which concerned the legal setup more than the substantial regulation. It is possible that BNetzA will amend the substantial regulation in the long term. Such changes may impact the revenue levels of TenneT TSO Germany and may therefore impact its cash flows.

Based on European rules, German (and Dutch) electricity grid operators have to be unbundled from other business operations of a vertically integrated energy utility. In order to guarantee a transparent, non-discriminatory operation of the electricity grid, the EnWG not only provides for separate accounting but also for legal, operational and informational unbundling. TenneT TSO Germany was certified by BNetzA on 3 August 2015 as an Ownership Unbundled TSO, which is the model with the clearest unbundling.

TenneT TSO Germany is under a general obligation to operate a safe, reliable and efficient transmission grid on a non-discriminatory basis. Furthermore, TenneT TSO Germany is required to maintain, develop and optimise its grid meeting the demands (*bedarfsgerechter Ausbau*) to the extent this is economically reasonable. To this effect, the four German electricity TSOs which operate control areas, namely TenneT TSO Germany,



Amprion GmbH, 50Hertz Transmission GmbH and TransnetBW GmbH, are under an obligation to issue an (integrated onshore and offshore) network development plan ("**NEP**") every two years.

The NEP must include all measures required for an optimisation, reinforcement and expansion of the transmission grid necessary to meet transmission demands for the period of ten to fifteen years as well as for the period up to 2045. Following a consultation process, the network development plan needs to be approved by BNetzA. On this basis, the federal requirement plan (*Bundesbedarfsplan*) is adopted by the German legislator at least every four years which is binding for the TSOs.

The site development plan (FEP) issued by the Federal Maritime and Hydrographic Agency ("**BSH**") defines the areas for offshore wind energy spatially and temporally. The BSH has been responsible for the development and preliminary investigation of areas for the construction and operation of offshore wind energy on the basis of the Wind Energy at Sea Act ("**WindSeeG**") in an overall planning process. The plan was developed for the first time in 2018 and 2019 and published in June 2019. It is updated every four years or when changes are necessary.

The extra high voltage grid in Germany (380-kV and 220-kV) is operated by the four abovementioned TSOs which have interconnected their transmission grids through national interconnector lines to form the German interconnected system (*Verbundnetz*). This interconnected system together with parts of Denmark, Luxembourg and Austria form the "German control block".

Similar to TenneT TSO NL's tasks, TenneT TSO Germany is required to maintain the balance of the German transmission grid system within its control area (*Regelzone*) and thereby contribute to the balancing of the interconnected systems in Europe. TenneT TSO Germany is not active in any downstream (distribution) grid operations. In addition, TenneT TSO Germany is required to grant third party access to its transmission grid on an economically reasonable, non-discriminatory and transparent basis. The ARegV provides for an incentive regulation framework which governs the allowed revenues from which grid access tariffs are consequently derived. This includes also the framework of so-called investment measures providing timely reimbursement, particularly for grid extension and grid restructuring measures. From 2024 on – with a transitional phase until the end of 2028 – the investment measure scheme will be replaced by a so-called "capital cost adjustment" ("**Kapitalkostenabgleich**") as a part of a new reimbursement mechanism. In this new mechanism there is no differentiation between replacement and expansion investments, and the reimbursements of investment costs will be determined and adjusted annually. The treatment of investments for offshore projects finished and commissioned before year-end 2019 that are treated under the grandfathering model remains materially the same as before the introduction of the ONU-VO. Offshore projects finished and commissioned after year-end 2019 will be treated under the regulatory regime for offshore and the reimbursement will be adjusted annually. Further, TenneT TSO Germany is required to grant grid connections to grid users such as large industrial customers and power plants on a non-discriminatory basis. This includes the obligation to construct and operate OWF connections necessary to connect OWFs in the North Sea to the German onshore electricity grid system.

Continuous investments in the (expansion of the) grid infrastructure as well as network-related or market-related measures are employed to avoid potential or to counter existing congestions in the transmission grid. Such measures include, *inter alia*, the competence to prohibit the permanently or temporarily decommission of electricity generation or storage facilities if such facilities are deemed "system-relevant", and furthermore the application of so-called redispatch measures.

### ***History of the Issuer***

Under the Dutch Electricity Act, the operation and maintenance of the electricity transmission system in the Netherlands was based on a systemic cooperation between four vertically integrated electricity companies, owned by provinces and municipalities. The embodiment of this cooperation was N.V. Samenwerkende

Elektriciteits-productiebedrijven ("**Sep**"). The four electricity companies were N.V. Elektriciteitsbedrijf Zuid-Holland, N.V. Elektriciteits-Productiemaatschappij Oost- en Noord-Nederland, N.V. Elektriciteits-Productiemaatschappij Zuid-Nederland and Energieproductiebedrijf UNA (together: the "**Sep Shareholders**"). Each of the Sep Shareholders owned 25% of the shares in Sep. Sep owned 67% of the 220/380 kV grid as well as the cross-border interconnections. The remaining part of the 220/380 kV grid was owned by Sep Shareholders, but put at Sep's disposal to enable it to manage the 220/380 kV grid in its entirety. On 28 April 1994, Sep incorporated Dutch Electricity Consulting Services B.V. ("**DELCOS**") as its 100% subsidiary. DELCOS has undergone several name changes and is currently named TenneT Holding B.V.

In 1998, the Dutch Electricity Act entered into force. The Dutch Electricity Act created a legal basis for a gradual liberalisation of the electricity market (completed in July 2004). It furthermore compelled majority owners of the transmission and distribution electricity grids (therefore including Sep) to appoint separate legal entities as grid managers and to transfer to these legal entities the management of the grids. These entities were from then on exclusively charged with the fulfilment of statutory tasks relating to the operation, maintenance, renewal and extension of the grids.

For the 220/380 kV grid as well as the cross-border interconnections of 500 V and higher, the Dutch Electricity Act introduced the function of national grid manager. The national grid manager's tasks include transmission system services, which means that it is the national TSO as well. As owner of 67% of the 220/380 kV grid, Sep was obliged to appoint the national grid manager. Sep appointed DELCOS on 21 October 1998. Until that appointment, DELCOS had not performed any holding activities or any other activities and was a subsidiary of Sep.

On the same date, Sep transferred the beneficial ownership of the 220/380 kV grid and of the cross-border connections of 500 V and higher (to the extent owned by Sep) to DELCOS and granted DELCOS an option to also request the legal ownership thereof. DELCOS was renamed TenneT, Manager Landelijk Elektriciteitsnet B.V. on 21 October 1998 and renamed TenneT, Transmission System Operator B.V. ("**TenneT, Transmission System Operator**") on 14 January 1999.

On 2 February 2001, a demerger of Sep (in the meantime renamed B.V. Nederlands Elektriciteit Administratiekantoor, "**NEA**") was effectuated whereby Saranne B.V. ("**Saranne**") was incorporated. At this occasion, NEA transferred its legal ownership of the 67% part of the 220/380 kV grid as well as of the cross-border interconnections of 500 V and higher to Saranne, leaving the option for TenneT, Transmission System Operator to request a transfer of the legal ownership to it intact. All shares in the capital of Saranne were issued to NEA. On 25 October 2001, NEA transferred all shares in TenneT, Transmission System Operator and all shares in Saranne to the Dutch State.

On 18 December 2003, TenneT, Transmission System Operator acquired all shares in the capital of B.V. Transportnet Zuid-Holland ("**TZH**"), owning the entire 150 kV grid and part of the 380 kV in the province of Zuid-Holland. At the time TenneT neither owned nor managed any other 110 kV or 150 kV grid.

On 19 December 2005, TenneT, Transmission System Operator was converted into a holding company and renamed TenneT Holding B.V. The holding structure came into existence by way of a de-merger whereby TenneT TSO NL was incorporated. As a de-merged company, TenneT TSO NL obtained all assets of the Issuer, including the beneficial ownership of the 220/380 kV grid (with the exception of those parts that were still owned by the former Sep Shareholders or their legal successors) and the cross-border interconnections of 500 V and higher.

In November 2006, an amendment to the Dutch Electricity Act was enacted pursuant to which the "national electricity (extra) high voltage grid" – which pursuant to the Dutch Electricity Act is to be managed by the national grid manager – has been redefined so as to include the 110 kV and 150 kV grids in addition to the 220 kV and 380 kV grids and the cross-border interconnections of 500 V and higher. This amendment entered into

force on 1 January 2008. As a consequence, TenneT TSO NL, being the legally appointed national grid manager of the national electricity (extra) high voltage grid, from 1 January 2008 had to take over the management of the 110 kV and 150 kV grids from the relevant regional grid managers. In 2009, TenneT TSO NL acquired the high voltage grids still owned by Enexis B.V., Liander N.V. and Delta N.V. In 2015, TenneT TSO NL acquired the 150 kV grid formerly owned by Stedin B.V. TenneT TSO NL at the moment owns all of the national electricity grids of 110 kV and higher (excluding the 150 kV "Randmeren" grid still owned by or through Liander N.V. and certain exemption holders) and has a legal monopoly with respect to the management of the National HV Grid on the basis of the Dutch Electricity Act. The maintenance of the grids is performed by joint ventures that TenneT TSO NL entered into with Stedin (TensZ B.V.) and Liander (Reddyn B.V.). TenneT TSO NL also manages and directly owns the cross-border interconnectors with alternating current and has a 50 per cent interest in the NorNed Cable.

In July 2012, in order to implement the third Electricity EU Directive (2009/72/EC), an amendment to the Dutch Electricity Act was enacted pursuant to which the "national electricity (extra) high voltage grid" was redefined, including the cross-border interconnections with alternating current (AC) (hereinafter together defined as the "**National HV Grid**"). A separate definition for managers of interconnectors, *i.e.* cross-border interconnections with direct current, has furthermore been introduced.

The Issuer indirectly wholly owns the subsidiary transpower GmbH & Co. KG (subsequently renamed TenneT GmbH & Co KG), a limited partnership (*Kommanditgesellschaft*) organised under the laws of Germany, acquired from E.ON AG, with economic effect as of 1 January 2010, all of the issued and outstanding shares of the German extra high voltage grid operator transpower stromübertragungs GmbH (subsequently renamed TenneT TSO GmbH), a limited liability company (*Gesellschaft mit beschränkter Haftung*) organised under the laws of Germany, as well as, indirectly, all of the issued and outstanding shares of Transpower Offshore GmbH (which subsequently became a sister company of TenneT TSO GmbH and was renamed TenneT Offshore GmbH), at the time a wholly-owned subsidiary of Transpower Stromübertragungs GmbH organised as a limited liability company under the laws of Germany (the "**Acquisition**").

In 2012 and 2013, the Issuer and third party investors concluded their partnership with respect to several OWF Connections: HelWin2, DolWin2, BorWin1 and BorWin2. In that perspective, external investors have a minority voting interest and a majority economic interest in the German special purpose vehicles TenneT Offshore 2. Beteiligungsgesellschaft mbH, TenneT Offshore 8. Beteiligungsgesellschaft mbH, TenneT Offshore DolWin3 Beteiligungs GmbH & Co. KG and TenneT Offshore DolWin3 Verwaltungs GmbH.

In 2015, partner companies StattnetSF, KfW and TenneT TSO Germany made a final investment decision to establish an interconnector between Norway and Germany under the project name "NordLink" and construction started in 2016. Ownership of the interconnector is equally split between KfW and TenneT TSO Germany owning the Southern part through a jointly owned company and Statnett SF owning the Northern part through a wholly-owned Norwegian company.

In 2020, together with Swissgrid AG and Terna SPA, TenneT established Equigy B.V. ("**Equigy**") as a joint operation. Equigy enables owners of small-scale assets to play a key role in transforming the energy sector by optimising their interaction with the grid. Since then, Austrian Power Grid AG and TransnetBW GmbH joined the crowd balancing platform Equigy.

### **Corporate Governance**

The Dutch Corporate Governance Code (the "**Corporate Governance Code**") applies to listed companies. The Issuer, even though not a listed company, decided to comply with the Corporate Governance Code for the sake of transparency. Also, the Dutch State, as sole shareholder of the Issuer, set out in the Policy on Government

Participations 2022 that it expects the Issuer to comply with the Corporate Governance Code or to explain, where applicable, why the Issuer does not comply with the relevant best-practices thereof.

In light of the above, a large number of the principles of the Corporate Governance Code have been integrated in the corporate governance structure of the Issuer and the Issuer complies with most provisions of the Code. In each annual report, the Issuer explains why certain principles and best-practice provision of the Corporate Governance Code do not apply to the Issuer or why and to what extent the Issuer decided not to adopt the principles and best practice provisions. More information on the Issuer's corporate governance arrangements can be found on its website: (<https://www.tennet.eu/nl/nl/about-tennet/our-organisation/governance-en-regulering>).

The Issuer is structured as a large company (*structuurvennootschap*) within the meaning of Section 2:264 Dutch Civil Code. The Issuer complies with the "large company regime" (*structuurregime*). The Issuer complies with the obligations regarding the corporate governance structure as provided for in the Dutch Electricity Act. The Issuer has a statutory executive board (*raad van bestuur*, the "**Executive Board**"). In accordance with the large company regime, the Issuer has a supervisory board (*raad van commissarissen*, the "**Supervisory Board**"). For certain decisions the Executive Board requires prior approval of the Supervisory Board. Also, for certain decisions, the prior approval of the general meeting of shareholders is necessary. In practice, this means that, the Issuer's only shareholder, the Dutch State, represented by the Ministry of Finance, must approve certain decisions, including, but not limited to, decisions relating to significant investments, a major change in the identity or nature of the Issuer or its enterprises, and the entering into and termination of long-term joint ventures in the event entering into such joint venture or termination thereof has far-reaching consequences for the Issuer. In addition, the general meeting of shareholders can, *inter alia*, amend the Issuer's articles of association and appoint the members of the Executive Board and Supervisory Board, subject to the conditions and procedures laid down in the Issuer's articles of association.

## Executive Board

The members of the Issuer's Executive Board are as follows:

Name	Position	Positions outside the Issuer
Ms M.J.J. (Manon) van Beek	Chair Executive Board and Chief Executive Officer	<p>Chair Supervisory Board (Aufsichtsrat) of TenneT TSO GmbH</p> <p>Member Board TenneT Verwaltungs GmbH</p> <p>Chair Board Giving Back Foundation</p> <p>Chair Board Refugee Talent Hub Foundation</p> <p>General Member Board of German-Dutch Chamber of Commerce DNHK</p> <p>Council of the Thinktank Agora Energiewende</p> <p>Member Supervisory Board of the Delft University of Technology</p>
Mr M.C. (Maarten) Abbenhuis	Chief Operating Officer	<p>Member Board TenneT TSO B.V.</p> <p>Member Board TenneT TSO GmbH</p>

<b>Name</b>	<b>Position</b>	<b>Positions outside the Issuer</b>
		Member of the Members Council Netbeheer Nederland
		Member Supervisory Board of Royal Swinkels Family Brewers N.V.
Ms. A.C.H. (Arina) Freitag	Chief Financial Officer	Member Board TenneT TSO B.V. Member Board TenneT TSO GmbH Member Board TenneT Offshore GmbH Member Supervisory Board of GreenneT Member Board Flexcess GmbH
Mr T.C. (Tim) Meyerjürgens	Chief Operating Officer	Member Board TenneT TSO B.V. Member Board TenneT TSO GmbH Member Board TenneT Verwaltungs GmbH Member Board TenneT Offshore GmbH Member Executive Board Wind Energy Association Bremerhaven Member Advisory Board Offshore Wind Energy MBA Member Board of Trustees German Offshore Wind Energy Foundation Member Advisory Board Federal Association of Wind Farms Offshore Member Board of Directors FGH (Forschungsgemeinschaft für Elektrische Anlagen und Stromwirtschaft e. V.) Member Board of Trustees FGE (Forschungsgesellschaft Energie e. V.) Member of the German National Committee of CIGRE Member Supervisory Board of Stiftung GreenneT Member Board of Directors FfE (Forschungsstelle für Energiewirtschaft e.V.) Member Board of Directors of VBEW (Verband der Bayerischen Energie und Wasserwirtschaft)

The Issuer's registered address serves as the business address for each member of the Executive. See "*Description of the Issuer — Introduction*" above.

There are no existing or potential conflicts of interest between the duties of each of the members of the Executive Board and his private interest and/or other duties.

## Supervisory Board

The members of the Supervisory Board of the Issuer are as follows:

<b>Name</b>	<b>Position</b>	<b>Positions outside the Issuer, TenneT TSO NL or TenneT TSO Germany</b>
Mr A.F. (Ab) van der Touw	Chair	<p>Member Board Deutsch-Niederländische Handelskammer</p> <p>Chair Supervisory Board Universiteit Leiden</p> <p>Chair Board Fonds Slachtofferhulp</p> <p>Chair Supervisory Board N.V. NIBA</p> <p>Member Board GAK Foundation</p> <p>(External) member Ondernemingskamer Gerechtshof 's Gravenhage</p> <p>Chair Advisory Council Ministry of Defence</p> <p>Chair Supervisory Board, Platform voor Techniek Talent</p> <p>Member Supervisory Board Van Leeuwen Buizen Groep B.V.</p> <p>Chair Advisory Committee Nederlands Indië Monument</p> <p>Chair Supervisory Board Van Dorp installaties B.V.</p>
Ms E. (Essimari) Kairisto	Vice-chair	<p>Member Supervisory Board Fortum Oyj</p> <p>Member Supervisory Board Freudenberg SE</p> <p>Member Supervisory Board Applus+ Services SA</p> <p>Chair Board of Trustees Deutsch-Finnische-Gesellschaft e.V.</p> <p>Member Supervisory Board Iveco Group N.V.</p> <p>Member Supervisory Board Fugro N.V.</p>
Ms E.M. (Edna) Schöne	Member	<p>Member Executive Board Euler Hermes AG</p> <p>Member of the Board 'Lateinamerikaverrein'</p> <p>Member of the Executive Committee 'Ostauschuss der deutschen Wirtschaft'</p>

Name	Position	Positions outside the Issuer, TenneT TSO NL or TenneT TSO Germany
		Member of the Executive Committee International Chamber of Commerce Germany
		Member of Unternehmens-beirat KfW Ipex
		Member of the Board of the LAVFE Foundation
Mr A.C.C. (Stijn) van Els	Member	CEO of HyCC B.V. (the Hydrogen Chemistry Company)
		Chair Supervisory Board IDA Foundation
Mr M.R.P.M. (Maarten) Camps	Member	Chair Board UWV, Social Security and Public Employment Agency of the Netherlands
		Member of the Supervisory Board at the Reading and Writing Foundation
		Member of the Supervisory Board at the Jinc Continuity Foundation
		Member of the Supervisory Board of Jinc
		Member of the Advisory Board Stichting GAK
Mr K. (Kuldip) Singh	Member	Member Supervisory Board at KPMG
		Chairman Supervisory Board at Whiffle
		Member Supervisory Board at ROM InWest; Chair of the Audit Committee
		Member Supervisory Board and Chairman Remuneration Committee at Innosportlab Sport & Beweeg
		Chair of the Supervisory Board of Kyndryl Nederland B.V.
		Member of the Advisory Board Wickey Holding B.V.

The Issuer's registered address serves as the business address for each member of the Supervisory Board. See "*Description of the Issuer — Introduction*" above.

There are no existing or potential conflicts of interest between the duties of each of the members of the Supervisory Board of the Issuer and his private interest and/or other duties.

The Supervisory Board has installed an Audit, Risk and Compliance Committee (the "**Audit Committee**"). The Supervisory Board has appointed Ms E. Kairisto (chair), Mr. K. Singh and Mr A.F. van der Touw to form the Audit Committee. The Audit Committee's tasks include overseeing the (quality of the) Issuer's financial reporting, its financial reporting policy and procedures, the (quality of the) internal risk management and control

systems, and the independent external audit of the financial statements. The duties of the Audit Committee are set out in the Audit Committee regulations, which can be found on the Issuer's website ([www.tennet.eu](http://www.tennet.eu)).

The Supervisory Board has appointed Ms E.M. Schöne (chair), Mr A.C.C. van Els, and Mr A.F. van der Touw to form the remuneration and appointments committee (the "**Remuneration Committee**"). The Remuneration Committee is charged with making proposals concerning the remuneration policy to be pursued, the remuneration of individual board members and the preparation of a remuneration report. The Remuneration Committee also defines criteria for the appointment of board members and supervises the procedure for the appointment of new board members. The duties of the Remuneration Committee are set out in the Remuneration Committee regulations which can be found on the Issuer's official website ([www.tennet.eu](http://www.tennet.eu)).

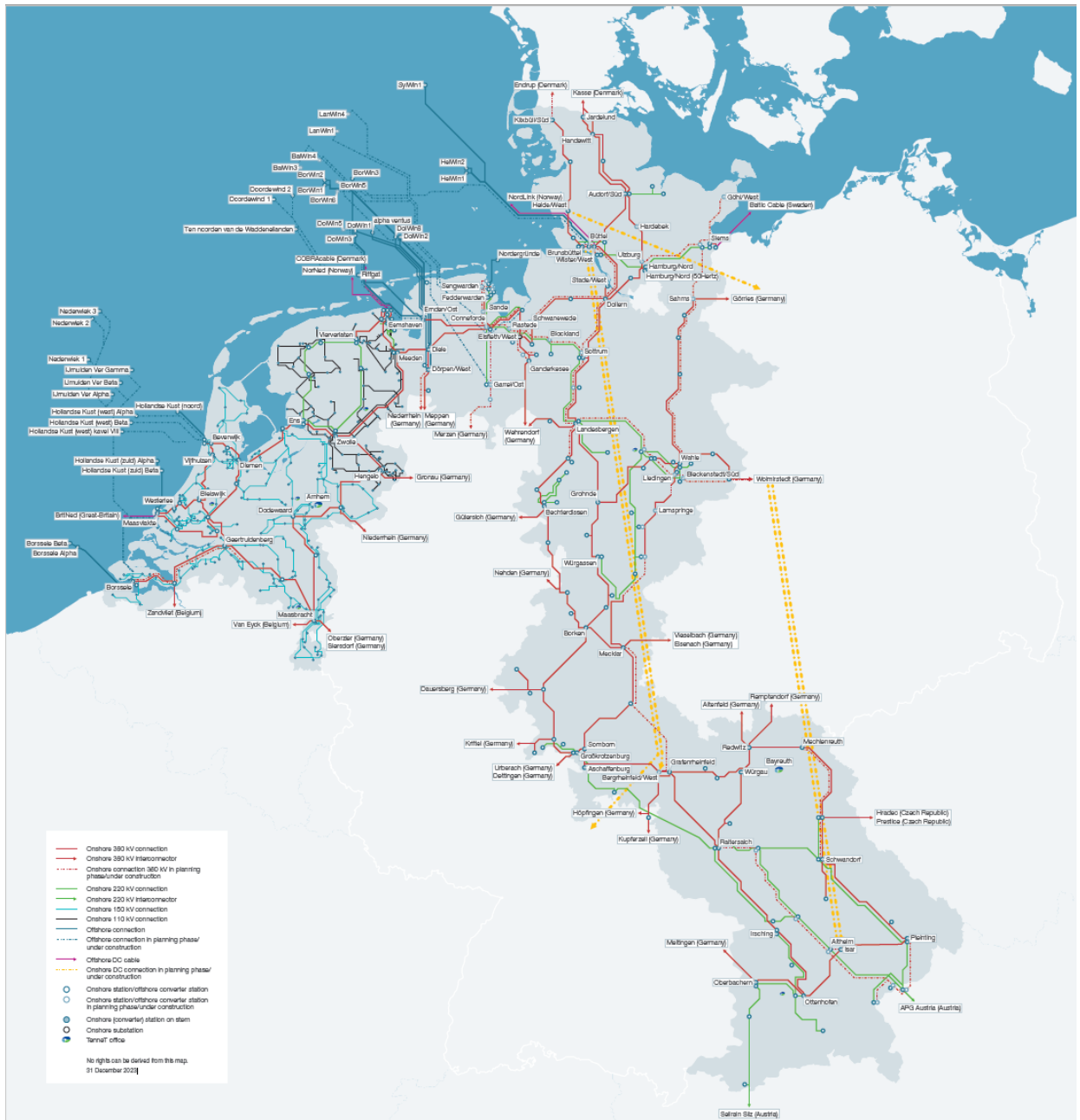
The Supervisory Board has installed a Strategic Investment Committee (the "**SIC**"). The Supervisory Board has appointed Mr A.C.C. van Els (chair), Mr M.R.P.M. Camps and Ms E.M. Schöne to form the SIC. The SIC advises the Supervisory Board regarding strategic investments and prepares decision making of the Supervisory Board. The SIC examines whether investment submissions of the Executive Board fit into the economic, financial and technical goals of TenneT. The duties of the SIC are set out in the SIC regulations which can be found on the Issuer's official website ([www.tennet.eu](http://www.tennet.eu)).

## **Business**

The Group performs regulated activities in the Netherlands and Germany and unregulated activities in a number of North-western European countries.

A map of the 110/150 kV and 220/380 kV grids managed by TenneT TSO NL and the 220/380 kV grids managed by TenneT TSO Germany is reproduced in the following figure.






## Strategy




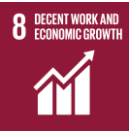



As the TSO for the Netherlands and a large part of Germany, as well as the first cross-border TSO for Europe, the Issuer plays a pivotal role in a sector that affects society at many levels. The Issuer's mission as a leading TSO is to create stakeholder value. The Issuer aims to do this via the following four strategic pillars:

- **Energise its people and organisation** with an inclusive and safe environment where people enjoy coming to work. The Issuer is building a leadership model that empowers, inspires and creates growth opportunities, so everyone can perform at their best and work as one. For 2025, it aims to provide an inclusive and safe environment to work for up to 10,000 employees.
- **Drive the energy transition** as a green grid operator and thought leader, developing innovative instruments and establishing a key role in the energy data world (see below for a more in depth description of this strategic pillar). For 2025, it aims to realise at least five significant energy system innovations.
- **Secure supply today and tomorrow** by maintaining the grid to meet reliability targets and operating it to its maximum capability. Multiple years in a row, the reliability of the onshore grid maintained by the Issuer has been approximately 99.99% and the Issuer aims to maintain this reliability rate. The Issuer will design solutions for balancing the grid in the future, while meeting societal objectives and realising its grid projects as promised. This includes securing its supply chain and asset base with sufficient transmission and connection capacity.
- **Safeguard its financial health** by implementing a regulatory framework to support its strategy and by delivering a return in line with what its capital providers expect, as well as by raising the necessary external financing. The Issuer aims to assure its credit ratings.

## Issuer's Sustainability strategy

As a European TSO, the Issuer creates value for society by driving the energy transition and delivering a future-proof electricity grid. The energy transition is a global challenge involving a wide array of other parties from the energy sector and associated supply chain, the Issuer's sector's demand on resources and impact on nature is growing all the time. By playing its part, the Issuer contributes to the EU's ambitions to be a climate-neutral continent by 2050 through developing the assets, knowledge and innovations to build a reliable and affordable future-proof grid that supports the EU's net zero ambitions, as further described below. The Issuer also has long-term ambitions for circularity, nature, gender equality and working conditions, each of which is connected to a specific United Nations Sustainable Development Goal ("SDG") as further described in the table below.

Ambition area	Contributes to SDG	Description
<b>Affordable and clean energy</b>		Given the Issuer's core activities, the Issuer can have a profound influence on ensuring access to affordable, reliable, sustainable and modern energy for all. The Issuer's impact is measured through an indicator that quantifies the financial impact the Issuer has on the average electricity bill of households in the Netherlands and Germany, as well as by measuring the gigawatts of renewable energy connected to the Issuer's grid.

<b>Industry, innovation and infrastructure</b>		The Issuer aims to build resilient energy infrastructure and promote inclusive sustainable industrialisation and innovation. The Issuer's impact is measured through an indicator of how the availability of the Issuer's grid has a quantifiable value for society, through electricity delivered.
<b>Climate</b>		Climate impact of the Issuer's operations is the Issuer's responsibility, and the Issuer strives to reduce its impact focussing on grid losses, energy use, SF6 losses and mobility. The Issuer measures its positive and negative contribution by measuring greenhouse gas emissions against Science Based Targets Initiative-approved targets and reports on the amount of avoided emissions
<b>Other SDGs</b>	    	In the execution of the Issuer's activities, it also has an impact on other SDGs. As part of its operations, the Issuer contributes to SDG 5 and SDG 8 in respect of policies relating to its people (including its contractors) and SDG 12, SDG 14 and SDG 15, with respect to the choices it makes that affect the environment but the impact of the Issuer on these SDGs is less significant.

The Issuer's largest contribution to realising climate ambitions is to help facilitate the transition from a fossil-based society to a carbon-neutral economy powered by renewable energy sources. It is specifically committed to (i) ensuring affordable and clean energy (SDG 7), (ii) industry, innovation and infrastructure (SDG 9), and (iii) climate (SDG 13).

In terms of ensuring affordable and clean energy (SDG 7), the Issuer aims to ensure access to affordable, reliable, sustainable and modern energy services and increase substantially the share of renewable energy in the global energy mix. It estimates that in 2023, the equivalent number of households that in theory would have been able to receive 100% green electricity amounted to 14.3 million households (in 2022: 14.1 million). With that the Issuer has been able to avoid 3,293,444 tonnes of CO<sub>2</sub> in 2023 (in 2022: 2,547,312 tonnes). In addition, designing, building, maintaining and operating a futureproof grid comes at a cost, which households, companies and power plants contribute to via the payment of grid fees. The Issuer estimates that its societal financial impact, as measured by its impact on the average electricity bill of households in 2023 in its serving area in the Netherlands was 8.7% (in 2022: 9.1 %) and in Germany 4.3% (in 2022: 4.8 %).

In relation to its goals on industry, innovation and infrastructure (SDG 9), the Issuer's main societal impact is related to its core task: transmitting electricity and securing high grid availability. The Issuer aims to develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being. The Issuer estimates that its societal value of the availability of its grid in the Netherlands in 2023 and 2022 exceeded the gross domestic product of the Netherlands. The Issuer bases its estimation on the availability of its grid in the Netherlands together with the

value of the ability to supply electricity and actual electricity supplied, as well as electricity that has not been delivered. The value of electricity not supplied is based on the economic value diminished due to power outages and interruption, from the total gross domestic product. Furthermore, the Issuer's role in creating interconnections facilitates efficient electricity trade, ultimately lowering costs for end-users. To date, it has created 17 of such interconnections. The Issuer also publishes onshore and offshore investment plans every two years. These investment plans give insights in the intended investments regarding the creation of new infrastructure in order to facilitate the energy transition ([Investeringsplannen \(tennet.eu\)](https://www.tennet.eu/en/investering/plannen)).

As the Issuer expands and reinforces its grid to facilitate the energy transition, the Issuer is conscious that it also has a negative impact on the climate (SDG 13). The Issuer's main impact with respect to climate change is related to grid losses. Around 75% (location-based approach) of its carbon footprint is related to this (scope 1, 2 and 3), which it strives to minimize, among others, with the right technology. Apart from grid losses, other negative impact relates to the leakage of SF6 gas and the Issuer's operations (offices, substations and mobility). The Issuer is therefore measuring the impact on climate change of its own operations and it aims to have its scope 1 and scope 2 emissions reduced by 95% in 2030, and its scope 3 emissions by 30% (SDG 13).

The Issuer does not achieve these figures through its own activities alone. Its partners in the value chain, such as electricity production companies and distribution system operators ("DSOs") also contribute. Procuring and producing the materials needed to build the Issuer's assets on land and at sea has an impact on nature, greenhouse gas emissions, pollution and resource scarcity. In 2023, to measure and improve the circularity of its material inflow, the Issuer has increased the circularity requirements in its tenders and procurement strategies. This means, for example, that suppliers must demonstrate what percentage of their materials is recycled by filling out 'raw material passports' and conducting lifecycle assessment for their products. In addition, the use of the Issuer's environmental cost indicator in tenders provides an incentive for suppliers to find ways to increase the circularity of their products.

To finance and/or refinance activities that enable climate change mitigation (i.e., Eligible Green Projects), the Issuer issues Green Financing Instruments (as defined below), including the Securities, making the link between its sustainability, business and financing strategies explicit. Green financing, including the Securities, aligns with the Issuer's sustainability strategy, as the Issuer's business contributes towards national and international climate goals, and manifests the Issuer's ambition to include sustainability in its core process. The proceeds of the Securities are used to finance, refinance and/or invest in projects relating to the decarbonisation of the energy world by facilitating the energy transition, onshore and offshore, in respect of the following activities: Electricity Network, Connection Services and Interconnectors, in line with the Taxonomy Delegated Act (see "Use of Proceeds"). In 2023, 100% of the Group's CAPEX was in alignment with the Taxonomy Delegated Act.

### ***Regulatory framework***

The Dutch and German regulatory frameworks and their general impact on the business, results of operations, revenue, profits, financial position, prospects and cash flows of TenneT TSO NL and the Issuer can be described as follows. Reference is also made to "*Risk factors — Risks relating to the Issuer's business operations — Impact of Dutch and German regulatory frameworks and tax rules on the Issuer's business financial conditions and net income*".

### **Dutch regulatory framework**

In 2023, approximately 30% of the Issuer's underlying consolidated revenues were generated by TenneT TSO NL and its subsidiaries. The revenues of TenneT TSO NL are subject to *ex ante*, and to some extent *ex post*, regulation by the ACM. Therefore, the Dutch regulatory framework has a substantial effect on the dividend and interest income of the Issuer.

### ***Tariff regulation***

The tariffs of TenneT TSO NL are subject to *ex ante* – and to some extent: *ex post* – incentive regulation by the ACM providing for a revenue cap. This applies to both its onshore and its offshore activities. Within the regulatory framework, the ACM adopts various decisions regarding TenneT TSO NL, including method decisions, x-factor decisions and tariff decisions. The first step is a method decision, in which the ACM determines the economic framework for the statutory tasks of TenneT TSO NL for a period of 3 to 5 years. An important part of a method decision is the setting of parameters, of which the most important ones are the individual efficiency factor of TenneT TSO NL ("**Theta**"), which reflects TenneT TSO NL's efficiency as compared to, and which is determined in comparison with, other European transmission operators, the sector productivity factor ("**Frontier Shift**") and the WACC. Other important elements are the value of the regulated asset base, estimations of expected investments and the depreciation periods used for the various assets. After the method decisions, the second step is the so-called x-factor decision, in which the ACM determines the efficiency deduction that TenneT TSO NL must apply to its revenues and (consequently) its tariffs for a period of 3 to 5 years. The last step, which is taken annually, is a tariff decision in which the ACM sets the tariffs TenneT TSO NL may charge for its statutory tasks. For risks relating to regulatory decisions by the ACM, see "*Risk factors — Risks relating to the Issuer's business operations — Impact of Dutch and German regulatory frameworks and tax rules on the Issuer's business financial conditions and net income*".

#### *Ex post tariff recalculations*

The Dutch Electricity Act provides for the possibility of correcting TenneT TSO NL's tariffs *ex post* under specific circumstances. Revenue surpluses and deficits resulting from differences between expected (*ex ante*) and realised (*ex post*) electricity transmission volumes by TenneT TSO NL are incorporated in tariffs of subsequent year(s) on a t+2 basis. TenneT TSO NL therefore should not run any transmission volume risk in the long run. However, in the short run TenneT TSO NL's reported income is affected by fluctuations in volumes. In addition some other cost items are recalculated. Realised expenses for cross border tariffs (inter-TSO compensation) are fully passed through in the tariffs for subsequent years; this leads to recalculations of future tariffs without any regulatory risk for TenneT TSO NL. The method decisions for the current regulatory period (2022-2026) give the ACM certain discretionary powers to correct TenneT TSO NL's tariffs *ex post*. Apart from the method decisions, there is also a general possibility for the ACM under the Dutch Electricity Act to recalculate tariff income, *e.g.* for matters which had not been foreseen at the time of the relevant method decision.

#### *Tariff regulation for the current regulatory period (2022-2026)*

The current method decision regarding TenneT TSO NL will apply for a period of five years (2022-2026). For this regulatory period, the ACM decided to change the methodology for establishing the risk free rate in the WACC. Following the consultation input of market parties for the gas TSO Gasunie Transport Services B.V. ("**GTS**"), the ACM has decided to replace the estimated (risk free) rate<sup>1</sup> for equity and debt by the actual (risk free) rate in the respective year of the regulatory period. This might positively or negatively impact TenneT's cash flows (and might therefore impact the revenue of the Issuer in the Netherlands) in the foreseeable future due to the changes in risk free rates (see "*Risk Factors — Impact of Dutch and German regulatory frameworks and tax rules on the Issuer's business financial conditions and net income — Dutch regulatory and administrative decisions and proceedings*").

The ACM decided to maintain the real WACC system for the current regulatory period. However, due to financing issues of Grid Operators in light of the energy transition, the ACM decided to lower the inflation estimate from 1.8% to 0.9%, which effectively means that for the current regulatory period assets are inflated

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<sup>1</sup> Debt is based on the cost of debt of a peer group (obligation-index of European utilities with a single A-rating) and transaction costs on top of the utility-index rate.

by 0.9% less and the adjusted real WACC is 0.9% higher. The adjusted real WACC for new assets will be between 2.2% and 2.7% in the years 2022-2026 as per the Revised Method Decisions (as defined below).

The ACM increased the beta of TenneT TSO NL's offshore investments to reflect the risk of the size of the investment portfolio in relation to the existing regulatory asset base. This will amount to an increase in the WACC for TenneT TSO NL's offshore investments of 0.5% resulting in the adjusted real WACC for new assets offshore between 2.8% and 3.3% in the years 2022-2026 as per the Revised Method Decision.

The ACM has conducted a European Benchmark study (TCB18). As a result of this study, the model and methodology of the benchmark have been significantly revised compared to the previous benchmark, and TenneT was deemed 71.5% efficient. In the final method decision relating to the current regulatory period, the ACM decided to increase TenneT's efficiency score following errors in the model and calculations (score after corrections: 86.6%) and adding a 2.5% uncertainty margin, resulting in a 89.1% efficiency score. Furthermore, the ACM has decided to honour the grace period of 15 years that started in 2010 and lasts until 2025. Therefore, TenneT's efficiency score would decline from 97.28% in 2022 to 89.1% in 2025. On average this would amount to an efficiency percentage of 92.37%. Such decrease in TenneT's efficiency score will lead to a decreased revenue. The CBb ruled in their judgement of July 2023 that the benchmark does not meet the requirements of due diligence, transparency and verifiability. Benchmark data have been destroyed and therefore no more recovery or verification possible. CBb concludes that the ACM should set the Theta at 1 for the current regulatory period. The ACM set the Theta at 1 in the Revised Method Decisions.

In future regulatory periods, the efficiency of offshore investments may also be assessed using an international TSO benchmark.

The ACM is transitioning to a system of balancing existing investments and estimating investments after the photo year (both replacement and expansion investments). This effectively implies that for all existing assets, the actual regulatory depreciation and WACC in the respective year of the regulatory period are reimbursed, and thus not based on the photo year anymore.

The ACM decided to estimate TenneT's new investments based on a 3 year historic average. To compensate for any deviations between estimated and actual investments, the ACM decided to replace the estimated values with the actual values for all investments with a service life exceeding 10 years in subsequent years. Furthermore, the ACM decided to apply this approach also to offshore and system operations.

The ACM decided to adjust the OPEX budget, which is based on a 3 year historic average for the expected development in asset base values following the aforementioned method of balancing existing investments and estimating new investments.

With respect to the regulation of energy and power, the ACM decided to ensure a full pass through for system operations costs of energy and power. For energy and power related to the transportation task (redispatch, losses and reactive power), the ACM decided to maintain the maximum exposure of 5% on the budget for these procurement costs. Deviations between realisation and budget of energy and power costs (ancillary services) in year  $t$  are recalculated in the tariffs of year  $t+2$ .

The ACM decided to determine the Frontier Shift for the regulatory period 2022-2026 following the existing methodology where the Frontier Shift is based on the weighted average productivity growth of eight relevant sectors. This results in a Frontier Shift of 0.5% for onshore and 0.2% for offshore.

For the offshore grid, the ACM decided to estimate the directly attributable OPEX of operating a grid connection system. All other OPEX is based on historic averages (2018-2020). Network losses for the offshore grid will be fully reimbursed as no reliable estimate can be made.

The ACM has also revisited its assumptions on the useful life for offshore investments. For grid connection systems which relate to a wind area which auction has not been completed (starting from HKW alpha), the useful life will be increased to 30 years. For Borssele, Hollandse Kust Zuid and Hollandse Kust Noord the useful life remains 20 years. In absence of a benchmark, the project specific efficiency assessment will be applied in the regulatory method.

TenneT TSO NL filed grounds of appeal with the CBb against certain elements of the method decisions for the period 2022-2026. The CBb ruled on the matter on 4 July 2023. The CBb annulled the method decisions and ordered the ACM to make new method decisions within six months, taking into account its judgment. The ACM published revised method decisions TenneT Transport 2022-2026 on 21 December 2023 ("**Revised Method Decisions**"). The ACM fulfilled the instruction of the CBb in their ruling with these Revised Method Decisions.

The ACM has not published a framework for assessing gross negligence of TenneT TSO NL in respect to compensation payments for delays in commissioning and non-availability of the offshore grid. Based on the Dutch Electricity Act, any liability of TenneT TSO NL as offshore system operator to electricity producers can be recouped through future tariffs, including any liability for simple negligence, and liability for gross negligence exceeding EUR 10 million a year. ACM will assess compensation payments on a case by case basis in the annual income decisions of the offshore system operator.

On 22 December 2015, the ACM published the regulatory framework for interconnectors, consisting of a competence agreement (*Bevoegdhedenovereenkomst*) and an incentive decision (*Stimuleringsbesluit*) regarding the Cobra cable and the Doetinchem-Wesel interconnector. The competence agreement provided under which circumstances the funds from the auction of interconnector capacity would be used for tariff reduction. This agreement was terminated at the end of 2022 as it had become redundant. Regulation (EU) 2019/943, article 19 specifies the priority objectives for which such funds can be used, which are: (i) guaranteeing the actual availability of the allocated capacity, including firmness compensation; and (ii) maintaining or increasing cross-zonal capacities through optimisation of the usage of existing interconnectors by means of coordinated remedial actions, or covering costs resulting from network investments that are relevant to reduce interconnector congestion. In case these objectives have been adequately fulfilled, the revenues may be used as income to be taken into account by the regulatory authorities when approving the methodology for calculating network tariffs or fixing network tariffs.

The interconnectors will be financed through the transmission tariffs. TenneT TSO NL will receive a return on the investments equal to the regulatory WACC. The ACM also stated that the efficiency of the interconnectors is assessed on a project specific basis for a certain period instead of assessing its efficiency by means of the international benchmark (for the Cobra cable 10 years after completion (until 2030 at the latest) and for the Doetinchem-Wesel interconnector as long as the costs have not been assessed in the benchmark). There are also specific agreements on the operational expenditure remuneration of the Cobra cable during that period. The ACM distinguishes between offshore and onshore to reflect the differences in underlying cost structure (offshore: lump sum remuneration of 3.4% of the total investment costs and a recalculation afterwards of 50% of the difference between budget and realised costs; onshore: lump sum remuneration of 1%). For the Doetinchem-Wesel interconnector, the ACM indicated that it accepts the additional costs for the use of Wintrack pylons – a new type of (extra) high-voltage pylon – as a country specific circumstance, which implies that the additional costs would be excluded from the efficiency assessment to ensure a fair comparison.

### **German regulatory framework**

#### *Revenue structure and grid tariffs*

In 2023, approximately 69% of the Issuer's underlying consolidated revenues (excluding revenues resulting from the Strompreisbremsegesetz and surcharges like Erneuerbare-Energien-Gesetz ("**EEG**") or Kraft-Wärme-Kopplungsgesetz ("**KWK**") where TenneT TSO Germany performs the role of trustee for society on a pass-

through basis) were generated by TenneT TSO Germany and its affiliated entities. The revenues of TenneT TSO Germany are derived from the operation of the transmission grid and are subject to regulation by BNetzA. For risks relating to regulatory changes and decisions of the regulator, see "*Risk factors – Risks relating to the Issuer's business operations – German grid tariffs*".

#### *Regulation of grid tariffs*

The revenues of TenneT TSO Germany are influenced by the regulatory framework as well as decisions and determinations by BNetzA. The EnWG, the ARegV and the StromNEV provide the main statutory framework for the regulation of network operators' revenues. A comprehensive reform of German energy industry law came into force on 29 December 2023. It implemented ECJ judgement C-718/18 regarding the independence of the regulatory agency in national law and gave BNetzA wide powers. The current ordinances on incentive regulation (ARegV) and grid tariffs (StromNEV) remain in force until 2028, but BNetzA can decide to deviate from them. In the future all methods and conditions regarding the grid access can be determined by BNetzA, including the regulatory treatment of offshore investments. However, the offshore transitional regulation was transferred from the StromNEV to the EnWG, making it deviation-proof to some extent. BNetzA started an intensive dialogue with the grid operators regarding these reformatations in February 2024. These discussions start with focussing on the gas sector and the electricity DSO, with discussions on the electricity TSO's regulatory framework to follow later in 2024.

Based on the allowed revenues established by BNetzA the grid operators calculate a unified grid tariff element for all four TSOs. The grid tariff calculation is based on the revenue cap, which is set by BNetzA, which is dependent on a series of formal regulatory decisions and assessments. BNetzA sets the revenue cap based on, first, an initial cost level (*Ausgangsniveau*) which is assessed in a photo year before each regulatory period and, second, an efficiency comparison between the TSOs. The initial cost level also includes an imputed return on equity applicable for the relevant regulatory period. The revenue cap is set for a regulatory period and also includes yearly adjustments with regard to inflation and a sectorial productivity factor.

The calculation of the initial cost base level for the revenue cap of the current regulatory period is based on the operational and capital grid costs incurred in the third closed business year (so called "photo year") of the prior regulatory period. The year 2021 is the photo year for the current period, as of 2024. Thus, the revenue cap determined by BNetzA reflects remuneration for both operational and capital expenditures. In this respect, capital expenditures comprise in particular imputed depreciation for the regulated asset base, imputed return on equity and – to the extent consistent with market rates – the actual costs of debt.

With the amendment of the ARegV in 2021, the treatment of the CAPEX for DSO and TSO will be almost completely harmonised from 2024 and the concept of the Kapitalkostenabgleich, which has previously only been used for DSOs, will also be introduced for TSOs. The Kapitalkostenabgleich concept implies that each year, the regulatory asset base is increased by new expansion and replacement investments (CAPEX) and decreased by asset disposals and depreciation. The regulatory remuneration for capital costs is then calculated using the adjusted asset base on an annual basis. There is a transition period for approved investment measures until 2028. In the regulatory period starting in 2024, the concepts of Kapitalkostenabgleich and investment measures will be applied in parallel and TSOs have the right to choose which concept they want to apply. In January 2023, TenneT TSO Germany requested the extension of the application of the relevant investment measures until 2028. Due to the existence of two separate mechanisms, there is a risk of different regulatory treatments, e.g. with regard to the return on equity (RoE). In January 2024, the BNetzA published a new determination of the RoE I for the capital cost premium (*Kapitalkostenaufschlag*) Onshore in the fourth regulatory period, which shall adjust the RoE to interest rates on capital markets. However, the higher RoE will not affect investment measures and investments from before 2024. These will generally bear interest of 5.07%



based on the original determination in 2021. However, there is an option for the TSOs to switch from investment measures to KKA until March 2024.

Furthermore, the 2021 ARegV amendment introduced incentives on redispatch. The incentive mechanism is designed as a limited bonus/malus scheme. From 2022 on there is set a reference value for all redispatch costs of all 4 German TSOs. If the actuals are higher than the reference value, then the TSOs have to bear a 6% share of the difference between the actuals and the reference value (malus), up to a cap of EUR 30 million (cap). Vice versa, if the actuals are below the reference value, the TSOs are allowed to keep a 6% share of the difference as a bonus. The reference value is calculated based on the actual costs of the five previous years (for the years until 2026 there is an additional premium because of the Minimum Remaining Available Margin (MinRAM) obligations in the Clean Energy Package for the capacity allocation along the interconnectors between countries). The bonus/malus is allocated to the 4 TSOs pro rata to the end consumption (TenneT TSO Germany's share approximately 30%).

For the offshore grid a new regulatory framework is implemented through the ONU-VO, which applies for all projects finished and commissioned after year-end 2019. For projects finished and commissioned until year-end 2019, TenneT TSO Germany decided to apply a grandfathering model. In either case, the OPEX reimbursement for offshore will generally be treated based on actual costs. The reimbursement will first be considered on the basis of planned operating costs, with a subsequent planned-actual costs settlement. Under the new regulatory framework, CAPEX will be reimbursed without a time delay and will be adjusted annually, without incentive regulation being applicable. For CAPEX treated under the grandfathering model, the rules remain basically the same as prior to the ARegV-Novelle (e.g. photo year mechanism), therefore the incentive regulation will still be applicable thereunder.

At the beginning of 2019, TenneT TSO Germany received from BNetzA the formal decision for the determination of the yearly revenue cap for the onshore grid for the third regulatory period, which is based on the prior cost assessment. All documents regarding the onshore cost assessment for the fourth regulatory period were submitted to BNetzA end of May 2022. The cost assessment for the fourth regulatory period was largely completed in 2023. TenneT expects a final decision in April 2024. The result of the cost assessment will be the basis for the revenues of the next regulatory period from 2024-2028. In 2021, TenneT and BNetzA reached a common understanding regarding the assessment of the offshore grid connection costs (CAPEX and OPEX) in 2019, including the general calculation logic and principles until the end of the current regulatory period (2023). An annual efficiency check of OPEX for the years 2022 and 2023 is still pending.

Irrespective of the regulatory treatment of the offshore expenditures under the transitional regulation (incentive regulation) or the new offshore regime, the revenues are financed by the offshore levy, which is unified for all grid customers and is formally a separate levy besides the grid tariffs.

For the third regulatory period, BNetzA has determined the following rates of return on equity (which is capped at a maximum of 40% of total capital): 5.12% (before corporate tax, after trade tax) apply to so-called "old assets", *i.e.* assets commissioned prior to 1 January 2006. This reflects a real interest rate (*Realzins*) applying to acquisition and production costs subject to indexation to reflect the current value of the assets (*Tagesneuwerte*). An imputed interest rate of 6.91% (before corporate tax, after trade tax) applies to so-called "new assets", *i.e.* assets commissioned on or after 1 January 2006. This reflects a nominal interest rate (*Nominalzins*) applying to historical acquisition and production costs (*Herstellungs- und Anschaffungskosten*) of the respective assets. The decision of BNetzA has been appealed by various grid operators, including TenneT TSO Germany, but in July 2019 the Federal High Court of Justice in Germany confirmed the decision of the BNetzA. Therefore the determined rates of return on equity are applicable for the third regulatory period.

On 14 July 2021, BNetzA has published its expert opinions for the consultation of the RoE (<40%) for the fourth regulatory period (2024-2028). The RoE (<40%) in the draft determination was 4.6% before tax (3.74%

after tax). Due to the criticism of the grid operators during the consultation, the BNetzA decided to raise the RoE (<40%) to 5.07% before tax (4.13% after tax) in the final determination, which was published on 20 October 2021. All German TSOs (including TenneT TSO Germany) and several other grid operators filed an appeal against the final determination on 9 December 2021. On 30 August 2023, the Düsseldorf Higher Regional Court decided in favour of the grid operators, ruling that BNetzA should have checked the plausibility of the interest rate against the background of a changed market environment. BNetzA appealed the court's decision. The appeal procedure is pending with the Federal High Court. Independent of this court case, BNetzA published a new determination for a yearly adjusted RoE mark-up (based on the current interest rate development) for new investments under the regime of the Kapitalkostenabgleich for the fourth regulatory period 2024-2028 on 24 January 2024. A similar methodology is also announced for Offshore, but the final determination is still pending. In general, the higher RoE will not affect investment measures and investments from before 2024.

BNetzA is obliged to determine individual efficiency factors for grid operators prior to the onset of the subsequent regulatory period. Historically, for TSOs, this has been achieved via a European efficiency benchmarking. For the third regulatory period (2019–2023) and the current regulatory period (2024–2028) BNetzA used a different method, a reference grid analysis. Irrespective of the methodology applied, costs qualified as permanently non-influenceable (*dauerhaft nicht beeinflussbare Kostenanteile*) are not subject to individual efficiency review. Thus, only those costs which potentially qualify as influenceable costs shall be subject to an efficiency benchmarking review. As a result of such review the efficiency score divides the potentially influenceable costs within efficient costs, respectively temporarily non-influenceable costs (*vorübergehend nicht beeinflussbare Kostenanteile*), and inefficient costs, respectively influenceable costs (*beeinflussbare Kostenanteile*). The individual efficiency score for TenneT TSO Germany is set to 99.92% for the third regulatory period by BNetzA. In Q1 2023, the BNetzA announced that the individual efficiency factor for TenneT TSO Germany will be set to 100% for the fourth regulatory period. However, the final revenue cap decision is not published yet. Furthermore, both influenceable and temporarily non-influenceable costs are adjusted by a sectorial productivity factor and the consumer price index. For the third regulatory period BNetzA was entitled for the first time to assess and determine the sectorial productivity factor. In prior periods the factor was stipulated by law. For the electricity sector BNetzA determined a sectorial productivity factor of 0.9% per annum, which is lower than the factor for the second regulatory period amounting to 1.5% per annum. However, compared to the sectorial productivity factor for gas, which was set by BNetzA to 0.49% per annum for the third regulatory period, the factor of 0.9% per annum is relatively high. TenneT TSO Germany and many other DSOs and TSOs started an appeal procedure against the determination of the sectorial productivity factor. With decisions from 16 March 2022, the Düsseldorf Higher Regional Court revoked the BNetzA's decision and obliged the authority to reassess the determination of the general sectorial productivity factor for electricity grid operators (Xgen-Strom) for the third regulatory period, taking into account the court's interpretation of the law. However, BNetzA appealed to the BGH. In its decision of 27 June 2023, the BGH decided in favour of BNetzA. As at the date of this Prospectus, the consultation of the Xgen-Strom for the fourth regulatory period is still pending.

Contrary to influenceable and temporarily non-influenceable costs, permanently non-influenceable costs of TenneT TSO Germany are neither subject to individual efficiency targets nor to the sectorial productivity factor. Rather, such costs are comprehensively recognised under the revenue cap of TenneT TSO Germany. Hence, any increase or decrease of permanently non-influenceable costs will be taken into account by amending the revenue cap on a yearly basis during a regulatory period either without delay (e.g. for investment measures) or with a delay of two years (e.g. for certain grid system services).

### *Connection of offshore wind farms*

On 28 December 2012, the German legislator introduced a "system change" in relation to the development and construction of OWF Connections. TenneT TSO Germany as the responsible TSO is obliged to realise OWF Connections to the German coast of the North Sea. Offshore grid expansion is based on the grid development plan (NEP) and the site development plan (FEP). This statutory framework further provides for a binding completion date of OWF Connections. To that effect, TenneT TSO Germany has to publish on its website a preliminary completion date which becomes binding 36 months prior to the envisaged completion. On the basis of planned OWFs and OWF Connections as well as under consideration of the statutory offshore grid expansion target, BNetzA allocates offshore grid connection capacities to OWFs by way of formal administrative decision. With the amended WindSeeG, the German government increased the connection capacity to 30 GW in total by 2030, 40 GW by 2040 and 70 GW by 2045.

OWF Connections are normally constructed under turnkey construction agreements (so-called EPC-contracts) which are in most cases concluded between TenneT Offshore GmbH or subsidiaries of TenneT Offshore GmbH as contractees and consortiums as contractors.

TenneT TSO Germany is entitled to pass through the approved costs resulting from the construction, operation and maintenance of the OWF Connections to the other TSOs (so-called horizontal cost balancing). Respective pass through amounts are proportional to the end consumers' share of energy consumption within the respective control areas of the TSOs. Although such horizontal cost balancing does not require any formal *ex ante* approval by BNetzA or a contractual arrangement between the TSOs, the TSOs nevertheless agreed on a horizontal balancing agreement in 2009 which was amended in 2013. Due to regulatory changes within the Offshore-regulation (ONU-VO) a new balancing agreement was signed in 2019 between the four TSOs.

As a consequence of delays in the construction of several OWF Connections, in particular operators and developers of OWFs which received an unconditional grid connection commitment under the former regulatory regime (replaced on 28 December 2012, so-called "old cases") may, in principle, initiate abuse proceedings against TenneT TSO Germany and/or claim damages in civil court proceedings. As part of the statutory regime effective as of 28 December 2012, the legislator also implemented an offshore liability regime, which limits the monetary impact on TenneT TSO Germany of claims regarding delays and interruptions of OWF Connections. It applies, in principle, to both OWFs which fall exclusively under the current regime as well as to "old cases".

Under this liability regime, OWF operators may claim compensation amounting to 90% of the feed-in remuneration from the eleventh day of the (continuous) delay (respectively for new projects from the 91st day of delay after the binding completion date) or interruption of the OWF Connection, or as of day nineteen if multiple short interruptions add up to more than eighteen days during a calendar year. Alternatively, OWF operators can opt for a prolonged period with subsidised feed-in tariffs. If the TSO acted wilfully, the compensation would increase to 100% of lost feed-in remuneration as of day one. In case of interruptions due to maintenance work which adds up to ten days during a calendar year, the concerned OWF operators can also request compensation as of day eleven. Any further claims by OWF developers/operators for pecuniary losses other than such compensation for lost feed-in remuneration are explicitly excluded under the new statutory framework. To some extent, it is uncertain whether TenneT TSO Germany is entitled to reduce the compensation by a "correction factor" which reflects the so-called "wake effect", *i.e.* the reduced (actual) feed-in by offshore turbines because of shadowing effects of other turbines. In view of the Issuer, the current practice of TenneT TSO Germany is in line with the approach of BNetzA.

TenneT TSO Germany is, in principle, entitled – possibly with a time lag – to pass through compensation payments for delays of and interruptions in the construction of OWF Connections to the other TSOs and eventually to end consumers (so-called offshore liability balancing regime). In October 2013, BNetzA issued guidelines clarifying the criteria which have to be fulfilled to be entitled to pass through compensation

payments. The amounts passed through have to be proportional in relation to the end consumers' share of energy consumption within the respective control areas of the TSOs. Subsequently, the TSOs are entitled to refinance their share of the compensation payments (and also their offshore investments) based on the ONU-VO by charging an offshore grid levy to end consumers. However, the right for TenneT TSO Germany as the connecting TSO to put compensation payments into the levy is excluded or limited (i) if the delay or interruption is caused wilfully or (ii) if not all feasible and reasonable preventive or remediation measures have been taken.

Moreover, if delays or interruptions are caused by any degree of negligence of TenneT TSO Germany, the compensation amount subject to the offshore liability balancing regime has to be reduced by a deductible amount (*Eigenanteil*) for TenneT TSO Germany. However, the applicable provisions limit such deductible amount in the event of delayed connection or unavailability during operations to EUR 17.5 million per connection per (damaging) event in case of simple negligence and to EUR 110 million per year in total, irrespective of whether (several) delays or interruptions have been caused by simple or gross negligence.

Judicial claims (including claims relating to delays in the construction of OWF Connections) and other risks regarding the connection of OWF are set out under "*Risk factors — Risks relating to the Issuer's business operations — Connection of offshore wind farms*" and "*Business Description of the Issuer — Legal and arbitration proceedings — TenneT TSO Germany*".

#### *German certifications*

Pursuant to the European and German legislative framework, TenneT TSO Germany – as well as other TSOs – was obligated to apply for certification as a TSO to BNetzA. For certification, TSOs must demonstrate compliance with unbundling requirements including, *inter alia*, sufficient financial capability and reliability. BNetzA certified TenneT TSO Germany by its decision dated 3 August 2015. For risks relating to these certifications, see "*Risk factors — Risks relating to the Issuer's business operations — German certifications*".

#### *System responsibility*

In general, grid operators are obligated to operate and maintain a safe, reliable and efficient grid on a non-discriminatory basis. To this effect TenneT TSO Germany is responsible for a control area (Regelzone) and under the obligation to continuously ensure the capability and reliability of the transmission grid system. This requires, in particular, continuous investments in the grid as well as network-related or market-related measures. Such measures include, *inter alia*, congestion management measures to renewable energy facilities and redispatch-measures, i.e. the adjustment of feed-in from electricity generation or storage facilities. The legal framework applying to such system services has been amended by the Electricity Market Act (Strommarktgesetz) which entered into effect on 30 July 2016. The law includes, *inter alia*, amendments in relation to redispatch measures and decommissioning of generation facilities. A further amendment "Network Expansion Acceleration Act for Transmission Networks" (NABEG 2.0) of 17 May 2019 merged the system services of redispatch and feed-in management to one joint service "Redispatch 2.0" (since October 2021, the energy industry is in the process of implementing Redispatch 2.0 in line with guidance provided by the BNetzA). Additionally this amendment increased the number of controllable units in the TenneT control zone, because it adopted an obligation for all units (installations for generation or storage) with a rated output of 100 kW (before 10 MW) and those which are controllable at any time to follow the commands from the TSO. For judicial claims relating to system responsibility, see "*Business Description of the Issuer — Legal and arbitration proceedings — TenneT TSO Germany*".

#### *German Limited Liability Companies Act*

The Issuer is a holding company with no material, direct business operations. The principal assets of the Issuer are the equity interests it directly or indirectly holds in its operating subsidiaries. As a result, the Issuer is dependent on loans, interest, dividends and other payments from its subsidiaries to generate the funds necessary

to meet its financial obligations, including the payment of dividends to its shareholder and the payment of interest and principal to its creditors, including the Noteholders.

In this regard, The German Limited Liability Companies Act ("**GmbHG**") provides for a strict prohibition on the repayment of the nominal share capital of a German Limited Liability Company ("**GmbH**"). Under these capital maintenance rules such GmbH is required to preserve its nominal share capital. Any payment made and/or any financial advantage granted by a GmbH to its direct or indirect shareholders (or their affiliated companies) which is not made out of the company's free net assets (*i.e.* results in the company's equity falling below the nominal share capital or deepens an existing shortfall of the company's equity below the nominal share capital) is unlawful. The capital maintenance rules are interpreted broadly and do not only apply to cash payments but also to all other types of benefits with a financial or commercial value granted by a GmbH, including, in particular, upstream guarantees and other securities. As a consequence, any financial assistance by a GmbH to its direct or indirect shareholders and/or any of their affiliates must be limited to the amount of the free net assets of the company.

Regardless of compliance with the capital maintenance rules, a shareholder may not withdraw assets from such GmbH with which such GmbH needs to fulfil its obligations towards its creditors. The removal of such vital assets is deemed a so-called "destructive intervention" (*existenzvernichtender Eingriff*). Furthermore, the GmbHG prohibits the company's managing directors from making any payment to the shareholder(s) if such payment would lead with reasonable likelihood to the company becoming illiquid (*zahlungsunfähig*) in terms of the German Insolvency Act (*InsO*) (*i.e.* insolvent due to lack of sufficient liquid assets).

The potential impact of these rules is set out under "*Risk factors — Risks relating to the structure of the Issuer — The Issuer is a holding company with no operations and relies on its operating subsidiaries to provide it with the funds necessary to meet its financial obligations*".

### ***Dutch regulated activities***

Within the Group, TenneT TSO NL and its subsidiaries carry out the activities that are regulated under the Dutch Electricity Act. According to the Dutch Electricity Act, the activities of the other subsidiaries and participations of the Issuer, which perform the unregulated activities within the Group, may not conflict with the regulated activities.

The activities of TenneT TSO NL's subsidiaries are discussed in "*Description of the Issuer — Business — Subsidiary overview — Dutch regulated activities*" below. The principal activities of TenneT TSO NL are:

- (I) to provide onshore and offshore grid connections to the National HV Grid;
- (II) to provide onshore and offshore transmission services;
- (III) to provide onshore and offshore system services;
- (IV) to manage the cross-border interconnections; and
- (V) to provide connection and transmission services to OWFs.

### ***Grid connection***

TenneT TSO NL must provide physical connection to the National HV Grid to final customers, to distribution grids and lines as well as conventional and renewable energy generation facilities at technical and economic conditions that are reasonable, non-discriminatory, and transparent. TenneT TSO NL must also grant third-party access to its grid on an economically reasonable, non-discriminatory and transparent basis. Grid connection is granted in accordance with binding conditions and tariffs adopted by the ACM pursuant to EC Regulation no.

2019/943 (Regulation on the internal market for electricity, which replaced the Electricity Regulation (EC/714/2009) on January 1 2020) and the Dutch Electricity Act (regulated third party access).

#### *Transmission services*

Under the Dutch regulatory framework, TenneT TSO NL must operate a safe, reliable and efficient transmission over the National HV Grid on a non-discriminatory basis. TenneT TSO NL is responsible for repairing, replacing parts of and expanding its networks and ensuring appropriate transmission capacity and reliability of the grid system at all times. TenneT TSO NL procures energy to compensate for grid losses resulting from the transmission of electricity through its transmission grid system.

#### *System services*

The principal system service is the continuous balancing of demand and supply through the deployment of automatic response power and reserve capacity services. In order to continuously balance demand and supply of electricity, TenneT TSO NL primarily relies on the use of different types of control energy.

#### *Management of cross-border interconnections*

TenneT TSO NL is exclusively charged with the management of cross-border interconnections with alternating current. The management includes applying non-discriminatory and transparent transfer capacity allocation mechanisms as prescribed by the regulations (EC Regulation no. 2019/943, the Dutch Electricity Act and implementing regulations). These mechanisms include the auctions performed by Joint Allocation Office S.A. ("JAO"). JAO is a joint service company of twenty TSO's in seventeen countries. JAO's principle activity is facilitating the yearly, monthly and daily auctions of transmission rights between 27 countries in Europe and acting as a fall-back for the coupling of the electricity markets in Europe. Furthermore, TenneT TSO NL operates the so-called NorNed Cable, an interconnector with direct current between Norway and the Netherlands. Also, since 2019 TenneT TSO NL – together with the Danish TSO Energinet.dk – operates a 700 MW HVDC interconnector between the Netherlands and Denmark (the "COBRACable"). Landing points for the approximately 350 kilometres long subsea cable are in Endrup (Denmark) and Eemshaven (Netherlands). Each of the two TSOs has a 50 per cent. stake in the COBRACable project.

#### *Connection to and take-off of energy produced by OWF*

TenneT is designated as the sole operator of the offshore grid. TenneT TSO NL has the obligation to connect OWF to this offshore grid, in accordance with a development framework determined by the Ministry of Economic Affairs and Climate Policy. A failure to comply with the obligation to timely construct and operate OWF connections might result in claims for damages by the respective operators of OWF. However, the Dutch Electricity Act reduces such liability risks significantly. Any liability of TenneT TSO NL as offshore system operator to the offshore electricity producers can be recouped through future tariffs, including any liability for simple negligence, and liability for gross negligence exceeding EUR 10 million a year. In principle, TenneT TSO NL must bear the costs relating to the construction of the grid connection. However, the costs resulting from such investments will be recouped through subsidies from the Dutch State or, if the investments cannot be recouped from the subsidy, are recouped through the onshore tariffs.

#### ***German regulated activities***

The principal regulated activities of TenneT TSO Germany as one of the four TSO's in Germany are:

- (a) to provide onshore and offshore grid connections;
- (b) to provide onshore and offshore transmission services;
- (c) to provide onshore and offshore system services;

- (d) to manage the cross-border interconnections;
- (e) to provide preferential grid connection to and take off electricity produced from renewable energy sources or cogeneration plants; and
- (f) to provide connection to and take-off energy produced by OWFs.

#### *Grid connection*

Operators of high voltage electricity grids in Germany are obligated to provide physical connection to their grid to final customers, to same level or downstream electricity supply grids, lines as well as conventional and renewable energy generation facilities at technical and economic conditions that are reasonable, non-discriminatory, and transparent. In this respect, renewable energy facilities may have to be given priority in the event of congestion. In addition and in accordance with regulated third-party rules, TenneT TSO Germany must also grant third-party access to their grid on an economically reasonable, non-discriminatory and transparent basis.

#### *Transmission services*

Under the German regulatory framework, TenneT TSO Germany is obliged to operate a safe, reliable and efficient transmission grid on a non-discriminatory basis. TenneT TSO Germany is required to maintain, develop and optimise its grid meeting these demands (*bedarfsgerechter Ausbau*) to the extent this is economically reasonable. In particular, the transmission grid system operators need to contribute to supply security through ensuring appropriate transmission capacity and reliability of the grid system.

#### *System services*

In order to continuously balance demand and supply of electricity, TenneT TSO Germany primarily relies on the use of different types of control reserves (frequency containment reserve, automatic frequency restoration reserve and manual frequency restoration reserve). The procurement of these reserves by tender is regulated by BNetzA. Insofar, BNetzA has obligated the four German electricity TSOs to establish a single balancing market. The procurement and use of reserves is conducted within national and international cooperation as well as in compliance with national and European law. As a further system service, TenneT carries out so-called redispatch measures in case of congestion. This reduces the feed-in on one side of the bottleneck and increases it on the other. In addition, TenneT TSO Germany procures energy to compensate for grid losses resulting from the transmission of electricity through its transmission grid system.

#### *Management of cross-border interconnections*

TenneT TSO Germany operates a number of cross-border interconnections to the Netherlands as well as Denmark, Norway, Austria and the Czech Republic. Their management involves non-discriminatory and transparent transfer capacity allocation mechanisms under the EnWG and pertinent European legislation. To this end and similar to TenneT TSO NL, TenneT TSO Germany holds a (minority) participation in JAO S.A., a service company that organises auctions for cross border transmission capacity.

#### *Preferential grid connection to and take-off of electricity produced from renewable energy sources or cogeneration plants*

With regard to electricity generated from renewable energy sources, grid operators are under the statutory obligation to immediately optimise, strengthen and expand their grid upon request and as far as economically reasonable to ensure the purchase, transmission and distribution of electricity generated by renewable energies. In addition, grid operators are regulated to provide preferential treatment to electricity produced by renewable energy sources or cogeneration plants over fossil-fuel electricity generation.

### *Connection to and take-off of energy produced by OWFs*

In addition, TenneT TSO Germany is obliged to connect OWFs to its transmission grid. To fulfil this obligation transpower offshore GmbH was founded (renamed in TenneT Offshore GmbH). TenneT Offshore GmbH or its subsidiaries have carved out, OWF Connections into special purpose vehicles in order to sell equity interests in these entities. In principle, TenneT TSO Germany must bear the costs relating to the construction of the grid connection (exemptions are the Offshore TSOs, where this obligation is transferred). However, the costs resulting from such investments will be recouped through the offshore grid levy to the extent these costs are approved by BNetzA (for details see above under "*Business Description of the Issuer — Regulatory framework — Connection of offshore wind farms*").

### ***Unregulated activities***

The unregulated activities of the Group are performed by subsidiaries (excluding TenneT TSO NL, TenneT TSO Germany and their subsidiaries) directly owned by the Issuer and their subsidiaries and participations. The aim of these activities is to support the energy and telecommunication sectors and to ensure their efficient operation. The Issuer employs unambiguous criteria for the selection of new activities. Only activities that support the improvement of the transparency and efficiency of the Dutch energy or telecommunication market, or that support the sustainability and supply of energy are pursued. Furthermore, according to the Dutch Electricity Act these activities must not put the statutory tasks of TenneT TSO NL at risk or conflict with the quality and independence of TenneT TSO NL.

The principal unregulated activities of the Group are:

- (I) to facilitate spot, short-term and long-term trading in electricity (see the description of Holding des Gestionnaires de Réseau de Transport d'Électricité S.A.S. ("**HGRT**") in "*Description of the Issuer — Business — Subsidiary overview — unregulated activities*");
- (II) to manage and operate a commercially operated interconnector between the Netherlands and the United Kingdom (see the description of NLink International B.V. in "*Description of the Issuer — Business — Subsidiary overview — unregulated activities*"); and
- (III) to facilitate distribution of radio and TV signals via the air and for telecom purposes (see the descriptions of NOVEC B.V. and Relined B.V. in "*Description of the Issuer — Business — Subsidiary Overview — unregulated activities*").

### ***Subsidiary overview – Dutch regulated activities***

#### *TenneT TSO NL*

TenneT TSO NL is the Dutch national electricity TSO for the onshore and offshore grid and the high-voltage direct current interconnectors. TenneT TSO NL's tasks include maintaining the security of supply and promoting the production of electricity from sustainable sources. In addition, TenneT TSO NL is responsible for market integration, ensuring stable prices and energy flows. The activities of TenneT TSO NL are described in more detail under the heading "*Dutch regulated activities*" above.

Since the Dutch State is the sole shareholder of the Issuer, and TenneT TSO NL is wholly-owned by the Issuer, TenneT TSO NL is indirectly wholly-owned by the Dutch State. The Dutch Electricity Act provides that 100% of the shares of the grid administrator of the national electricity grid of the Netherlands must be directly or indirectly owned by the Dutch State. A change of the Dutch Electricity Act would be necessary, and therefore a parliamentary vote required, for a transfer, directly or indirectly, of the shares in TenneT TSO NL, as long as TenneT TSO NL is administrator of the National HV Grid. Notwithstanding the foregoing, the Dutch Electricity Act provides that the shares of the grid administrator of the national electricity grid of the Netherlands may



directly or indirectly be owned by a foreign institution which, on the basis of national statutory rules, is charged with the administration of a transmission system as referred to in Article 2, paragraph 35 of the third Electricity EU Directive (2009/72/EC), or by a direct or indirect shareholder of that foreign institution, if at least 75% of the shares of the grid administrator and the predominant control over the grid administrator directly or indirectly remain with the Dutch State and certain other conditions are met.

TenneT TSO NL has the following subsidiaries:

*Nadine Network B.V.*

Nadine Network B.V. was incorporated in 2008. Nadine Network B.V. owns the 110/150 kV and 220/380 kV grids acquired from Liander N.V. Being part of the National HV Grid, these grids are managed by TenneT TSO NL. Through its 100% shareholding in Nadine Network B.V., TenneT TSO NL has full control over the assets owned by Nadine Network B.V. The 150 kV grid, subject to a cross border lease, was not acquired by Nadine Network B.V. from Liander N.V. TenneT TSO NL has concluded a sub management agreement with Liander N.V. with respect to this grid.

*B.V. Transportnet Zuid-Holland ("TZH")*

TZH was incorporated in 1999. The shares in the capital of TZH were acquired by TenneT, Transmission System Operator B.V. in 2003 and were transferred to TenneT TSO NL as part of the de-merger in December 2005 (see "*Description of the Issuer — History*" above). TZH owns the 150 kV grid and part of the 380 kV grid in the province of Zuid-Holland. Being part of the National HV Grid, these grids are managed by TenneT TSO NL. Through its 100% shareholding in TZH, TenneT TSO NL has full control over the assets owned by TZH. As of 1 January 2015, TZH also owns the Dordrecht and Rotterdam 150 kV grid formerly owned and managed by Stedin Netbeheer B.V.

*Reddyn B.V.*

Reddyn B.V. was incorporated by TenneT TSO NL and Liander N.V. in 2010, which both hold a 50% interest in the company. Reddyn B.V. is a joint service provider that works for TenneT TSO NL and Liander N.V. exclusively. It provides the construction, management, maintenance and fault-clearing service for high-voltage and (complex) mid-voltage assets of the present and former (110/150 kV) Liander grids.

*TensZ B.V.*

TensZ B.V. was incorporated by TenneT TSO NL and Stedin Netbeheer B.V. in 2015, which both hold a 50% interest in the company. TensZ B.V. is a joint service provider that works for TenneT TSO NL and Stedin Netbeheer B.V. exclusively. It provides the maintenance and fault-clearing service for high-voltage and (complex) mid-voltage assets of the present and former (150 kV) Stedin grid.

*VeriCer B.V.*

VeriCer B.V. was incorporated by TenneT TSO NL and Gasunie Certification Holding B.V. in 2022, which both hold a 50% interest in the company. Effective 1 January 2023, VeriCer B.V. (as remaining company) merged with CertiQ B.V. (a 100% subsidiary of TenneT TSO NL) and Vertogas B.V. (a 100% subsidiary of Gasunie Certification Holding B.V.) (as entities ceasing to exist).

VeriCer B.V. issues guarantees and certificates of origin for electricity, renewable thermal energy, green gas and hydrogen.

*Saranne B.V.*

Saranne B.V. was incorporated in 2001 upon the consummation of the de-merger of Sep (see "*Description of the Issuer — History*" above). Saranne B.V. is legal owner of the 220/380 kV grid formerly owned by Sep.

TenneT TSO NL is the beneficial owner of these grids (see "*Description of the Issuer — History*" above) and, through its 100% shareholding in Saranne B.V. (see "*Description of the Issuer — Capitalisation and Group Structure*" and "*— History*" above), indirectly has full legal ownership.

In addition to these subsidiaries, TenneT TSO NL holds the following non-controlling interests:

- JAO S.A.: 5% (see also "*Description of the Issuer — Business – Dutch regulated activities*" above).
- Energie Data Services Nederland (EDSN) B.V.: 12.5% plus one share. The remaining shares are held by N.V. Nederlandse Gasunie (12.5% plus one share), Liander 17% and by other regional gas and electricity grid administrators.
- Beheerder Afsprakenstelsel (BAS) B.V.: 25%.
- TSCNET Services GmbH: 6.25%. The remaining voting shares are held by 50Hertz Transmission GmbH, Amprion GmbH, Austrian Power Grid AG, ČEPS a.s., Creos Luxembourg S.A., ELES sistemski operater prenosnega elektroenergetskega omrežja d.o.o., Croatian Transmission System Operator Ltd., National Power Grid Company Transelectrica S.A, Slovenská elektrizačná prenosová sústava, a.s., Swissgrid AG, TenneT TSO GmbH, TransnetBW GmbH, Polskie Sieci Elektroenergetyczne S.A., MAVIR Hungarian Independent Transmission Operator Company Ltd. and Vorarlberger Übertragungsnetz GmbH.
- Equigy B.V.: 20%, the remaining shares are held by Swissgrid AG, Terna SPA, Flexcess GmbH, and Austrian Power Grid AG.

#### *Stichting Beheer Doelgelden Landelijk Hoogspanningsnet*

Stichting Beheer Doelgelden Landelijk Hoogspanningsnet ("**Stichting Beheer Doelgelden**") is a foundation established under Dutch law for the management of the "allocated funds" received from TenneT TSO NL in its capacity as administrator of the National HV Grid. These allocated funds comprise proceeds of imbalance settlements (see the description of the system services of TenneT TSO NL in "*Description of the Issuer — Business — Dutch regulated activities*" above) and proceeds that TenneT TSO NL receives from market-based allocation of cross-border electricity transfer capacity (including proceeds from explicit or implicit auctions of interconnector capacity). TenneT TSO NL is not allowed to use the allocated funds for other objectives than set forth in Regulation (EU) 2019/943 and the Dutch Electricity Act.

#### ***Subsidiary Overview – German regulated activities***

The following (indirect) subsidiaries of the Issuer perform regulated activities in Germany:

##### *TenneT TSO Germany*

The activities of TenneT TSO Germany are described above under "*German regulated activities*" and in this section under the header TenneT Offshore GmbH.

##### *DC Nordseekabel GmbH & Co KG*

The Issuer has constructed – together with the Norwegian TSO Statnett SF and the German KfW – a 1,400 MW HVDC interconnector between Germany and Norway ("**NordLink**"). Landing points for the approximately 623 kilometres long interconnector is in Tonstad in Vest-Agder (Norway) and Wilster in Schleswig-Holstein (Germany). The final investment decision between the three project partners Statnett SF, KfW and TenneT TSO Germany was made in 2015 and construction started in 2016. NordLink is in operation since 2021. On the German side, the Issuer and KfW will (indirectly) jointly own (the southern) 50% of the project through their joint venture company DC Nordseekabel GmbH & Co KG, which was incorporated in April 2013. Statnett SF owns (the northern) 50% of the project. The southern part of NordLink owned by DC Nordseekabel GmbH &

Co KG is solely operated by TenneT TSO Germany and, furthermore, the southern part belongs to TenneT TSO Germany's regulated asset base.

In addition to these subsidiaries, TenneT TSO Germany holds the following non-controlling interests:

- JAO S.A.: 5% (see also "*Description of the Issuer —Business – Dutch regulated activities*" above).
- TSCNET Services GmbH: 6.25%. The remaining shares are held by 50Hertz Transmission GmbH, Amprion GmbH, Austrian Power Grid AG, ČEPS a.s., Creos Luxembourg S.A., ELES sistemski operater prenosnega elektroenergetskega omrežja d.o.o., Croatian Transmission System Operator Ltd., National Power Grid Company Transelectrica S.A, Slovenská elektrizačná prenosová sústava, a.s., Swissgrid AG, TenneT TSO B.V., TransnetBW GmbH, Polskie Sieci Elektroenergetyczne S.A., MAVIR Hungarian Independent Transmission Operator Company Ltd. and Vorarlberger Übertragungsnetz GmbH.
- Flexcess GmbH: 50%. The remaining shares are held by TransnetBW GmbH.
- Equigy B.V.: 10% (see also "*Description of the Issuer —Business —Subsidiary Overview —Dutch regulated activities*" above).

#### *Stiftung GreenneT*

Stiftung GreenneT ("**GreenneT**") is a foundation established under German law for the management and provision of compensation services (land, compensation measures, maintenance and monitoring) for the network expansion of TenneT TSO Germany.

#### *TenneT Offshore GmbH*

TenneT Offshore GmbH directly or via subsidiaries operates and manages (including the planning and construction of) OWF Connections.

TenneT Offshore GmbH has sold equity interests in subsidiaries to setup partnerships for OWF Connections (for further details see "*Description of the Issuer —History and development of the Issuer —History of the Issuer*" above).

#### ***Subsidiary overview – unregulated activities***

No German subsidiary of TenneT is engaged in unregulated business activities. However, some German group companies merely function as a holding company without operative business as such.

#### *HGRT*

HGRT holds a 49% interest in EPEX Spot SE. EPEX Spot SE is the exchange platform for the power spot market in France, Germany, Austria, Switzerland, Netherlands, Belgium and the United Kingdom. TenneT Holding B.V. has a 34% interest in HGRT.

#### *National Energy Information Services B.V.*

The Issuer holds a 50% interest in National Energy Information Services B.V. and the other 50% is held by Gasunie Certification & Data Holding B.V. This entity was established on 25 October 2023 for the purpose of delivering energy (system) information services and energy (system) data for stimulating the energy transition.

#### *NOVEC B.V.*

The Issuer is the sole shareholder of NOVEC B.V. NOVEC B.V. rents out and manages antenna sites (in high voltage pylons and ground based towers) for mobile telecom purposes and distributing radio and TV signals via the air. NOVEC B.V. has an interest of 25% in Open Tower Company B.V., with Stichting Depositary APG

Infrastructure Pool 2016 participating for the remaining 75%. Open Tower Company B.V has an interest of (i) 100% in Mobile Radio Networks Vehicle B.V., which develops new telecom masts to be rented out to the Dutch operators and owns a number of masts acquired in 2009, 2010 and 2011, and (ii) 100% in OTC Networks BV which provides indoor mobile networks of telecom providers. In the Netherlands, NOVEC B.V. has (i) a 100% interest in Omroepmasten B.V., which owns (regulated) broadcasting masts, (ii) a 100% interest in Duvekot Rentmeester B.V., which offers clients estate administration and consultancy services and (iii) a 40% interest in WL Winet B.V., which offers services with respect to telecom and data networks. In 2023, NOVEC B.V. sold its 100% interest in NOVEC GmbH, which rents out and manages antenna sites for mobile telecom purposes in Germany.

#### *NLink International B.V.*

The Issuer is the sole shareholder of NLink International B.V. NLink International B.V. was established to develop and build international submarine cables. BritNed Development Ltd is a 50/50 joint venture of NLink International B.V. and National Grid International Ltd. BritNed Development Ltd has its registered office in London and was set up to develop, build and operate an interconnector between the Netherlands and the UK. BritNed Development Ltd is considered a non-regulated activity by the ACM due to the fact that it was classified as such by its UK counterparty, Ofgem.

The third Electricity EU Directive (2009/72/EC) requires that an operator is certified by the national regulatory authority, not only before it is approved and designated as TSO, but also before it is approved and designated as an operator for interconnectors. BritNed Development Ltd has been certified by both the Ofgem and the ACM. BritNed Development Ltd has consequently been designated by the Minister of Economic Affairs as interconnector operator.

#### *Relined B.V.*

The Issuer is the sole shareholder of Relined B.V., which operates the fibre-optic infrastructure of the (extra) high voltage grid of TenneT TSO NL, the Dutch railway network and excess capacity of other fibre networks. Relined B.V. has a 100% interest in Relined GmbH, which rents out dark fibre in Germany. In 2020, Relined GmbH acquired 100% of the shares of Globalways GmbH, which rents out dark fibre in Germany. In 2023 Relined GmbH sold 100% of the shares of Globalways GmbH. In 2023 Relined B.V. acquired 100% of the shares in Nederlands-Duitse Internet Exchange B.V., which operates fibre optic infrastructure.

#### *TenneT Reinsurance N.V.*

TenneT Reinsurance NV is an entity which is regulated under the Dutch Financial Supervision Act and has been incorporated in 2023 for the purpose of reinsuring a part of TenneT TSO NL's offshore activities. The sole shareholder is TenneT Holding B.V.

#### *Venture capital funds - SET Ventures Fund II, III, IV and The Westly Group Fund III and IV*

The Issuer has an 8.2% limited partnership share in SET Ventures Fund II, a 5.0% limited partnership share in SET Ventures Fund III and a 13.51% limited partnership share in SET Ventures Fund IV. SET Ventures invest in European early growth-stage companies that can impact the future of the energy markets worldwide. Further, the Issuer has a 4.62% limited partnership share in The Westly Group Fund III and a 1.83% limited partnership share in The Westly Group Fund IV, both venture capital funds with focus on investing in innovative companies in the energy, transportation and smart building sectors.

#### ***Other subsidiaries***

TenneT TSO Duitsland B.V., TenneT Orange B.V., TenneT Green B.V., TenneT Duitsland Coöperatief U.A., TransTenneT B.V., TenneT Verwaltungs GmbH and TenneT GmbH & Co. KG are (intermediate) (holding) companies which do not engage in any operating activities themselves.

## **Legal and arbitration proceedings**

The following governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which TenneT is aware), during a period of the previous twelve months may have, or have had in the recent past significant effects on TenneT and/or the Group's financial position or profitability. TenneT determines on the basis of applicable accounting principles whether or not it needs to form a provision in its financial statements for threatened or pending proceedings. With respect to total amounts of provisions taken by TenneT in relation to legal, regulatory and arbitration proceedings, see note 24 of TenneT's financial statements included in the TenneT Integrated Annual Report 2023 (see "*Documents Incorporated by Reference*").

### ***TenneT TSO NL***

TenneT is aware of the following governmental, legal or arbitration proceedings in respect of TenneT TSO NL.

TenneT TSO NL was involved in an ACM complaint procedure regarding a claim of an industrial customer due to an unplanned outage of the 150kV network. At the request of this industrial customer, the ACM decided that TenneT TSO NL did not comply with the obligation of (old) Article 31, paragraph 12 of the Dutch Electricity Act on redundancy requirements of the high voltage grids (except for the grid at sea). TenneT TSO NL filed an appeal against this ACM decision with the CBb. The CBb ruled that TenneT TSO NL did comply with the redundancy criteria for the involved grid station, but confirmed the judgment of the ACM that TenneT TSO NL during this outage had not acted in accordance with the provisions in the Dutch Electricity Act, more specifically article 16 (grid operator task) of the Dutch Electricity Act. This CBb ruling has been used as a starting point in a civil law procedure regarding the question whether and to what extent TenneT TSO NL is obliged to compensate damages caused by the unplanned outage of the network. The court of first instance ruled that TenneT does not have to pay damages to the industrial customer. The industrial customer appealed against the judgment and sought a judgment on the establishment of liability. In an interim judgment, the court of appeal ruled that TenneT is liable for the damage caused to the industrial customer as a result of the outage and has asked parties to confirm their preferred approach. Depending on how the proceedings develop, the court of appeal may hold that TenneT has to pay damages to the industrial customer. As the appeal procedure has been split into a liability procedure (*vaststelling aansprakelijkheid*) and (potentially) a subsequent damage assessment procedure (*schadestaatprocedure*), the possible amount of damages is not presently known, although the initial claim (in first instance) was not considered material.

In respect of a similar claim, the European Court of Justice and afterwards also the CBb established that a complaint made by a different entity against TenneT as the operator of a national grid following unplanned outage may not be dismissed for the sole reason that that party's installation is not connected to the national electricity system, but only to a regional system linked to the national system. The findings in both cases may have an impact on similar claims in the future.

### ***TenneT TSO Germany***

TenneT is aware of the following governmental, legal or arbitration proceedings in respect of TenneT TSO Germany.

On 14 July 2021, BNetzA has published its expert opinions for the consultation of the RoE (<40%) for the fourth regulatory period (2024-2028). The RoE (<40%) in the draft determination is 4.6% before tax (3.74% after tax). Due to the criticism of the grid operators during the consultation, the BNetzA decided to raise the RoE (<40%) to 5.07% before tax (4.13% after tax) in the final determination, which was published on 20 October 2021. All German TSOs (including TenneT TSO Germany) and several other grid operators filed an appeal against the final determination on 9 December 2021. In its decision of 30 August 2023, the Düsseldorf Higher Regional Court annulled the BNetzA's determination and obliged the authority to redetermine the RoE

in accordance with the court's instructions. The BNetzA appealed against this decision to the BGH, which appeal is pending.

BNetzA is obliged to determine individual efficiency factors for grid operators prior to the onset of the relevant regulatory period (as further described in "*Business description of Issuer — Business — Regulatory framework — German regulatory framework*"). In this context, influenceable and temporarily non-influenceable costs are adjusted by a sectorial productivity factor and the consumer price index. For the third regulatory period BNetzA was entitled for the first time to assess and determine the sectorial productivity factor. In prior periods the factor was stipulated by law. For the electricity sector BNetzA determined a sectorial productivity factor of 0.9% per annum, which is lower than the factor for the second regulatory period amounting to 1.5% per annum. However, compared to the sectorial productivity factor for gas, which was set by BNetzA to 0.49% per annum for the third regulatory period, the factor of 0.9% per annum is relatively high. TenneT TSO Germany and many other DSOs and TSOs started an appeal procedure against the determination of the sectorial productivity factor. With decisions from 16 March 2022, the Düsseldorf Higher Regional Court revoked the BNetzA's decision and obliged the authority to reassess the determination of the general sectoral productivity factor for electricity grid operators (Xgen-Strom) for the third regulatory period, taking into account the court's interpretation of the law. However, BNetzA appealed to the BGH. In its decision of 27 June 2023, the BGH annulled the decisions of the Düsseldorf Higher Regional Court and dismissed the network operators' appeals. As a consequence, the sectorial productivity factor set by the BNetzA remains in force.

Furthermore, several proceedings have been lodged in relation to OWF Connections.

In February 2016, the contractor of OWF Connection DolWin1 filed a judicial claim against TenneT Offshore GmbH (formerly operating under TenneT Offshore 7. Beteiligungsgesellschaft mbH). The contractor applies for allegedly outstanding payments and challenges the offset of those payments against the contractee's claim for penalty payments and liquidated damages resulting from delay. Furthermore, the contractor applies for additional payments and compensation payments as well as the transfer of security bonds (*Sicherheitsbürgschaften*). TenneT Offshore GmbH believes that the claim is unjustified and filed counterclaims to enforce warranty claims and to get costs reimbursed. The claim is still pending.

In January 2017, the consortium of contractors of OWF Connections BorWin2, HelWin1 and SylWin1 filed judicial claims for each project against the respective contractees TenneT Offshore 1. Beteiligungsgesellschaft mbH and TenneT Offshore GmbH. In each claim the consortium contractor applies primarily for allegedly outstanding payments and challenges the offset of those payments against the contractee's claim for penalty payments resulting from delays. TenneT Offshore 1. Beteiligungsgesellschaft mbH and TenneT Offshore GmbH, respectively, believe that the claims are unjustified and filed counterclaims to enforce warranty claims and to get costs reimbursed. The claims are still pending.

In December 2017 a judicial claim was filed by the contractor of OWF Connection DolWin2 against TenneT Offshore 9. Beteiligungsgesellschaft mbH. The contractor mainly claims an adjustment of the contract price due to a change in circumstances or, if that relief is not granted, declaration of additional costs. The courts of first and second instance dismissed the contractor's claims. The judgment is not legally binding yet, as it is pending before the Federal Court of Justice. TenneT Offshore 9. Beteiligungsgesellschaft mbH believes that the claim is unjustified and filed counterclaims to enforce penalty and damages due to delay.

As a consequence of the delay of the construction of several OWF Connections, certain operators and developers may, in principle, initiate abuse proceedings against TenneT TSO Germany and/or claim damages in civil court proceedings (for more background, see "*Business Description of the Issuer — Regulatory framework — Connection of offshore wind farms*").

In this respect, a judicial claim was lodged in December 2016 by the operator of OWF "Global Tech I" against TenneT TSO Germany and TenneT Offshore 1. Beteiligungsgesellschaft mbH. The operator claims a substantial

amount of additional compensation payments under the liability regime arguing primarily that TenneT TSO Germany and/or its contractors have intentionally delayed the construction of the OWF Connection BorWin2 and that TenneT TSO Germany has incorrectly applied the statutory compensation rules. TenneT TSO Germany believes that the claim is unjustified. The court has issued a partial judgment concerning only those claims which are not subject to the allegation of intent, which was overwhelmingly, but not entirely, in TenneT TSO Germany's favour. Global Tech I, TenneT TSO Germany, and TenneT TSO Germany's general contractor have filed an appeal against the judgment. The appellate court delivered a decision that was again overwhelmingly, but not entirely, in TenneT TSO Germany's favour. Global Tech I and TenneT TSO Germany appealed the decision on the rules of law to the Federal Court of Justice (BGH). The claim concerning the allegation of intent is still pending at the court in first instance.

The operator of OWF "Bard Offshore I" has filed a judicial claim against TenneT TSO Germany and TenneT Offshore 1. Beteiligungsgesellschaft mbH, a subsidiary of TenneT Offshore GmbH. The claim is mainly based on allegedly outstanding compensation and feed-in payments in the period between 2012 and 2015 and concerns details regarding the exact calculation of the compensation. For example, it is disputed whether lost opportunities to feed into the grid for less than one day are also compensated, or which of different former legislations with different compensation levels referred to in today's legislation actually applies today. Another issue concerns the calculation of the initial period of lost connection which is not compensated..

The operator of the OWF "Trianel Windpark Borkum – Phase I" filed a case against TenneT TSO Germany regarding allegedly outstanding compensation payments in the period 2013 until 2014 based on the delay of the OWF connection DolWin1. The claimant argues that different calculation principles should be applied to the calculation of compensation of OWF. For instance, from the perspective of the OWF, TenneT TSO Germany is not entitled to reduce the compensation on basis of the so called "Wake effect".

All of the above legal proceedings are still pending. If and to the extent the claims were (partly) justified and the payments resulting therefrom could not be passed through to the end customers, the binding rulings may have, or have had in the recent past significant effects on the Issuer and/or Group's financial position or profitability.

## **Financial policy**

The Issuer balances the objectives of generating a return on invested capital at least equal to the regulated return with aiming for a financial profile consistent with a "single-A" category senior unsecured rating. The Issuer has a financial policy aimed at mitigating financial risks.

The principal financial objectives are:

### ***Generate a return on invested capital at least equal to the regulated return***

In order to achieve this objective, the Issuer aims to (1) create and maintain a capital structure which enables the Issuer to achieve an optimal cost of capital and (2) provide the shareholder with a reasonable return on its investment in line with the risk profile of the Issuer.

### ***Protect shareholder capital and operating results against financial risk***

The Issuer's policy is to maintain sufficient liquidity to meet its short-term obligations at all times. In addition, it is the Issuer's policy to maintain solvency levels which enables it to absorb unexpected losses. This requires the availability of sufficient equity capital. In order to limit refinancing risk, the Issuer aims to diversify maturities of financing instruments. If and when appropriate, the Issuer hedges financial risks, such as interest rate risk, through appropriate hedging arrangements.

### ***Obtain and maintain access to financial markets at favourable conditions***

The Issuer targets a credit profile in line with a "single-A" category senior unsecured rating profile in order to secure good access to a wide range of financial markets. The Issuer aims to diversify sources of funding.

## **Funding**

At the date of this Prospectus, the Issuer expects to increase its investments in fixed assets, onshore and offshore, across the Group to at least EUR 10 billion per annum. The total investments for the period 2024-2033 are expected to amount to up to EUR 160 billion. The level, timing and costs of these investments are subject to many uncertainties, such as, among others, timing and capacity of new electricity generation, the granting of permits by governmental bodies, commodity prices, number and capacity of suppliers and contractors, legislative and regulatory developments and the Group's ability to arrange for the required funding. To fund these investments the Issuer expects to have all or part of the following debt funding sources available:

- (i) internally generated cash flows;
- (ii) EUR 3,300,000,000 committed revolving credit facility;
- (iii) EUR 2,450,000,000 committed bilateral bank facilities;
- (iv) EUR 25,000,000,000 shareholder loan facility;
- (v) EUR 5,000,000,000 commercial paper programme;
- (vi) public or private debt issuances under the Issuer's EMTN Programme;
- (vii) various uncommitted bank- and credit lines totalling EUR 650,000,000;
- (viii) issue of perpetual capital securities; and
- (ix) borrowing debt via other instruments such as "Schuldscheindarlehen",  
"Namenschuldverschreibung", loans from the European Investment Bank and/or US Private  
Placements.

As of the date of this Prospectus, the Issuer had no financial (ratio) covenants in any of its credit agreements.



## Use of Proceeds

An amount equivalent to the net proceeds from the issue of the Securities, expected to amount to approximately €546,029,000 for the NC5.25 Securities and €546,909,000 for the NC8 Securities, will be allocated to a sub portfolio (the "**Green Project Portfolio**") with the special purpose to finance, refinance and/or invest in Eligible Green Projects (as defined below) meeting the Eligibility Criteria (as defined below). The use of the proceeds from the issue of the Securities is therefore in line with the sustainability strategy of the Issuer, as described in "*Business Description of the Issuer — Strategy — Issuer's Sustainability strategy*". Tracking will be facilitated through the portfolio approach. The Issuer will strive to maintain a level of allocation for the Green Project Portfolio which, after adjustments for intervening circumstances including, but not limited to, sales and repayments, matches or exceeds the balance of net proceeds from its outstanding Green Financing Instruments. Additional Eligible Green Projects will be added to the Issuer's Green Project Portfolio to the extent required to ensure that the net proceeds from the Issue of the Securities will be allocated to Eligible Green Projects. Whilst any net proceeds from the Issue of the Securities remain unallocated, the Issuer will hold and/or invest, at its own discretion, in its treasury liquidity portfolio, in cash or other short term and liquid instruments, the balance of net proceeds not yet allocated to the Green Project Portfolio. The Issuer is expected to issue a report on (i) the impact of the Eligible Green Projects on the environment, as well as (ii) whether the net proceeds issued under the Green Financing Framework are used to finance Eligible Green Projects. This report will be issued once a year until all Securities which were issued for the purpose of financing, refinancing and or/investing in Eligible Green Projects are repaid in full or until the maturity date of these Securities and available on the Issuer's website (<https://www.tennet.eu>). The report will be reviewed by a second-party opinion consultant or with limited assurance by an independent auditor. In addition, the Issuer is expected to provide regular information through its website (<https://www.tennet.eu/green-financing>) and/or newsletters to investors on the environmental outcomes of the Eligible Green Projects.

None of the Managers will verify or monitor the proposed use of proceeds of Securities. See also "*The Securities may not be a suitable investment for all investors seeking exposure to green assets. Any failure to use the net proceeds of the Securities in connection with green projects, and/or any failure to meet, or to continue to meet, the GBP or the investment requirements of certain environmentally focused investors with respect to the Securities may affect the value and/or trading price of the Securities, and/or may have consequences for certain investors with portfolio mandates to invest in green assets*" above.

"**Eligible Green Projects**" means projects relating to the following activities: Electricity Network, Connection Services and Interconnectors. The definition of Eligible Green Projects is aligned with the current definitions of the Taxonomy Delegated Act (technical screening) criteria.

The activities are described in the table below and set out in further detail by the Issuer in its Green Financing Framework:

<b>Electricity Network</b> (Operation of Issuer's grid)	Transmission infrastructure or equipment in an electricity system in a country that transports at least 50% of renewable electricity and complies with at least one of the following criteria: <ul style="list-style-type: none"><li>a) the system is the interconnected European system, i.e. the interconnected control areas of Member States, Norway, Switzerland and the United Kingdom, and its subordinated systems;</li><li>b) more than 67% of newly enabled generation capacity in the system is below the generation threshold value of 100 gCO<sub>2</sub>e/kWh measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period;</li></ul>
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c) the average system grid emissions factor, calculated as the total annual emissions from power generation connected to the system, divided by the total annual net electricity production in that system, is below the threshold value of 100 gCO<sub>2</sub>e/kWh measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period.

Infrastructure dedicated to creating a direct connection or expanding an existing direct connection between a substation or network and a power production plant that is more greenhouse gas intensive than 100 gCO<sub>2</sub>e/kWh measured on a life cycle basis is not compliant

#### **Connection Services**

(Investment program to make the Issuer's grid ready for the zero CO<sub>2</sub> economy)

Construction/installation and operation of equipment and infrastructure where the main objective is an increase of the transmission of renewable electricity generation.

#### **Interconnectors**

(The Issuer's interconnection with the European grid to secure supply and serve the electricity market)

Construction and operation of interconnectors between transmission systems, provided that one of the systems is compliant under the EU Taxonomy.

"**Eligibility Criteria**" means the criteria prepared by the Issuer in the context of the Green Financing Framework. A second-party opinion consultant (e.g. ISS ESG) has reviewed the selected Eligible Green Projects and issued a Second-party Opinion based on the Eligibility Criteria.

The Second-party Opinion is made available on the Issuer's website ([www.tennet.eu](http://www.tennet.eu)). If any further Eligible Green Projects are added to the Green Project Portfolio, the Issuer will seek a further Second-party Opinion.

"**Green Financing Framework**" means the green financing framework prepared by the Issuer as a structure for verifying the sustainability quality of the projects to be financed through its Green Financing Instruments.

"**Green Financing Instruments**" means the Issuer's green instruments issued to finance and/or refinance Eligible Green Projects.

The Green Financing Framework is aligned with the GBP published by the ICMA in June 2021 and the GLP published by the LMA in February 2021. In addition, the Green Financing Framework has incorporated the criteria for sustainable economic activities included in the Taxonomy Delegated Act) (i.e., the technical screening criteria ("TSC"), do no significant harm and minimum safeguards). The Green Financing Framework is available on the Issuer's website (<https://www.tennet.eu/green-financing>). For the avoidance of doubt, the Green Financing Framework has not been and will not be incorporated by reference in and, therefore, does not and will not form part of this Prospectus.

#### ***Process for Project Evaluation and Selection***

The selection of new Eligible Green Projects is carried out by the Issuer's Head of Strategy and its Head of Treasury in cooperation with relevant business units. Eligible Green Projects are evaluated against the Eligibility Criteria, which assessment is internally verified and approved by its Director Business Guidance and its Associate Director Strategy & Partnerships. The process could be adjusted due to organisational changes within the Issuer. A second-party opinion consultant (e.g. ISS ESG) will review the selected Eligible Green Projects and issue a Second-party Opinion based on the Eligibility Criteria. The Second-party Opinion will be made available on the Issuer's website ([www.tennet.eu](http://www.tennet.eu)).

### ***Management of Proceeds***

The Issuer will allocate an amount equivalent to the net proceeds from the Green Financing Instruments (including the Securities) to the Green Project Portfolio, selected in accordance with the use of proceeds criteria and evaluation and selection process described above. Tracking will be facilitated through the portfolio approach. The Issuer strives to maintain a level of allocation for the Green Project Portfolio which, after adjustments for intervening circumstances including, but not limited to, sales and repayments, matches or exceeds the balance of net proceeds from its outstanding Green Financing Instruments. Additional Eligible Green Projects will be added to the Issuer's Green Project Portfolio to the extent required to ensure that the net proceeds from the outstanding Green Financing Instruments will be allocated to Eligible Green Projects. Whilst any Green Financing Instrument net proceeds remain unallocated, the Issuer will hold and/or invest, at its own discretion, in its treasury liquidity portfolio, in cash or other short term and liquid instruments, the balance of net proceeds not yet allocated to the Green Project Portfolio.

### ***Reporting***

The Issuer is expected to issue a report on a portfolio basis on, among others and as set out in more detail in the Green Financing Framework: (i) the allocation of proceeds of instruments issued under the Green Financing Framework, (ii) the yearly Capex on the Green Project Portfolio, (iii) the advancement of the Eligible Green Projects in the building phase, (iv) environmental impact indicators, (v) operational and social indicators and (vi) significant controversies. This report will be issued once a year together with the Issuer's annual report until all financing instruments which were issued for the purpose of financing, refinancing and or/investing in Eligible Green Projects are repaid in full or until the maturity date of these financing instruments. The report will be reviewed by a second-party opinion consultant or with limited assurance by an independent auditor. In addition, the Issuer is expected to provide regular information through its website ([www.tennet.eu](http://www.tennet.eu)) to investors on the environmental outcomes of the Eligible Green Projects.

With the projects included in the Green Project Portfolio, the Issuer expects to make a significant contribution to two SDGs, namely SDG 7 (affordable and clean energy) and SDG 13 (climate action). The Issuer's objectives with the Eligible Green Projects and the activities "Electricity Network", "Connection Services" and/or "Interconnectors" are to ensure access to affordable, reliable, sustainable and modern energy for all (SDG 7) and as a key player in the energy transition take urgent action to combat climate change and its impacts by contributing to a climate-neutral future energy system (SDG 13). The Issuer expects the Green Project Portfolio to have a positive impact on the use of renewable energy and the reduction of CO<sub>2</sub> emissions. In this respect, the Issuer reported the expected environmental impact of the projects included in the Green Project Portfolio for the reporting year 2023 to be (i) equivalent to enabling 10.0 million households to switch to 100% renewable energy (based on the yearly average electricity consumption of one German / Dutch household and full capacity), and (ii) a potential avoidance of 13.0 million tonnes of CO<sub>2</sub> emissions (based on full capacity, compared to the average carbon impact of the grid in Germany / the Netherlands).

### ***Notice to prospective investors of Securities***

Neither the Issuer nor the Managers make any representation as to the suitability for any purpose of any Second-party Opinion or whether the Securities fulfil the relevant environmental criteria of any potential investor in the Securities. Prospective investors should have regard to the eligible green bond projects and eligibility criteria described. Each potential purchaser should determine for itself the relevance of the information contained in this Prospectus regarding the use of proceeds and its purchase of any Securities should be based upon such investigation as it deems necessary. None of the Managers will verify or monitor the proposed use of proceeds of the Securities. Furthermore, potential investors should be aware that any Second-party Opinion will not be incorporated by reference into, and will not form part of, this Prospectus. Any such Second-party Opinion may not reflect the potential impact of all risks related to the structure of the relevant Securities, their marketability, trading price or liquidity or any other

factors that may affect the price or value of the Securities. Any such Second-party Opinion is not a recommendation to buy, sell or hold securities and is only current as of its date of issue.

## Taxation

### Taxation in the Netherlands

This paragraph outlines the principal Dutch tax consequences of the acquisition, holding, settlement, redemption and disposal of the Securities. It does not present a comprehensive or complete description of all aspects of Dutch tax law which could be of relevance to a holder of Securities. For Dutch tax purposes, a holder of Securities may include an individual, or an entity, that does not hold the legal title to the Securities, but to whom, or to which nevertheless the Securities are, or the income from the Securities is, attributed based either on this individual or entity owning a beneficial interest in the Securities or based on specific statutory provisions. These include statutory provisions under which Securities are attributed to an individual who is, or who has directly or indirectly inherited from a person who was, the settlor, grantor or similar originator of a trust, foundation or similar entity that holds the Securities.

This paragraph is intended as general information only. Prospective holders of Securities should consult their own tax adviser regarding the tax consequences of any acquisition, holding or disposal of Securities.

This paragraph is based on Dutch tax law as applied and interpreted by Dutch tax courts and as published and in effect on the date of this Prospectus, including the tax rates applicable on that date, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect.

Any reference in this paragraph made to Dutch taxes, Dutch tax or Dutch tax law should be construed as a reference to any taxes of any nature levied by or on behalf of the Netherlands or any of its subdivisions or taxing authorities or to the law governing such taxes, respectively. The Netherlands means the part of the Kingdom of the Netherlands located in Europe.

Any reference made to a treaty for the avoidance of double taxation refers to treaties concluded by the Netherlands and includes the Tax Regulation for the Kingdom of the Netherlands (*Belastingregeling voor het Koninkrijk*), the Tax Regulation for the State of the Netherlands (*Belastingregeling voor het land Nederland*), the Tax Regulations for the Netherlands and Curaçao (*Belastingregeling Nederland Curaçao*), the Tax Regulations for the Netherlands and St. Maarten (*Belastingregeling Nederland Sint Maarten*) and the Agreement between the Taipei Representative Office in the Netherlands and the Netherlands Trade and Investment Office in Taipei for the avoidance of double taxation.

This paragraph does not describe any Dutch tax considerations or consequences that may be relevant where a holder of Securities:

- (i) is an individual and the holder's income or capital gains derived from the Securities are attributable to employment activities, the income from which is taxable in the Netherlands;
- (ii) has a substantial interest (*aanmerkelijk belang*) or a fictitious substantial interest (*fictief aanmerkelijk belang*) in the Issuer within the meaning of Chapter 4 of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*). Generally, a holder of Securities has a substantial interest in the Issuer if it, alone or – in case of an individual – together with a partner for Dutch tax purposes, or any relative by blood or by marriage in the ascending or descending line (including foster children) of the holder or the partner, owns or holds, or is deemed to own or hold any shares or certain rights to shares, including rights to directly or indirectly acquire any shares, directly or indirectly representing 5% or more of the Issuer's issued capital as a whole or for any class of shares or profit participating certificates (*winstbewijzen*) relating to 5% or more of the Issuer's annual profits or 5% or more of the Issuer's liquidation proceeds;
- (iii) is an entity that, although it is in principle subject to Dutch corporate income tax under the Dutch Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*) (the "**CITA**"), is not subject to Dutch corporate income tax or is fully or partly exempt from Dutch corporate income tax (such as

a qualifying pension fund as described in Section 5 CITA and a tax exempt investment fund (*vrijgestelde beleggingsinstelling*) as described in Section 6a CITA), or is an entity that is not tax resident in the Netherlands and functions in a manner that is comparable to a tax exempt investment fund (*vrijgestelde beleggingsinstelling*) as described in Section 6a CITA;

- (iv) is an investment institution (*beleggingsinstelling*) as described in Section 28 CITA, or is an entity that is not tax resident in the Netherlands and functions in a manner that is comparable to an investment institution (*beleggingsinstelling*) as described in Section 28 CITA;
- (v) is an entity that is related (*gelieerd*) to the Issuer within the meaning of the Withholding Tax Act 2021 (*Wet Bronbelasting 2021*). An entity is considered related if (i) it holds, directly or indirectly, a Qualifying Interest in the Issuer, (ii) the Issuer, directly or indirectly, holds a Qualifying Interest in the holder of Securities, or (iii) a third party holds, directly or indirectly, a Qualifying Interest in both the Issuer and the holder of Securities. An entity is also considered related to the Issuer if the entity is part of a collaborating group (*samenwerkende groep*) of entities that jointly directly or indirectly holds a Qualifying Interest in the Issuer. The term Qualifying Interest means a directly or indirectly held interest – either by an entity individually or jointly if an entity is part of a collaborating group – that enables such entity or such collaborating group to exercise a definite influence over another entities' decisions, such as the Issuer or the holder of Securities as the case may be, and allows it to determine the other entities' activities;
- (vi) is part of a multinational enterprise group or large-scale domestic group within the meaning of the Dutch Minimum Tax Act 2024 (*Wet minimumbelasting 2024*; the Dutch implementation of Directive (EU) 2022/2523 of 14 December 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the European Union); or
- (vii) is an entity which is a resident of Aruba, Curaçao or St. Maarten and fully or partly conducts a business through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in Bonaire, Sint Eustatius or Saba to which the Securities are attributable.

## **Withholding Tax**

Any payments made under the Securities will not be subject to withholding or deduction for, or on account of, any Dutch taxes, unless the Securities in fact function as equity of the Issuer within the meaning of article 10, paragraph 1, under d of the CITA.

## **Taxes on Income and Capital Gains**

### ***Residents of the Netherlands***

The description of certain Dutch tax consequences in this paragraph is only intended for the following holders of Securities:

- (i) individuals who are resident or deemed to be resident in the Netherlands ("**Dutch Resident Individuals**"); and
- (ii) entities or enterprises that are subject to the CITA and are resident or deemed to be resident in the Netherlands ("**Dutch Resident Corporate Entities**").

### ***Dutch Resident Individuals engaged or deemed to be engaged in an enterprise or in miscellaneous activities***

Dutch Resident Individuals engaged or deemed to be engaged in an enterprise or in miscellaneous activities (*resultaat uit overige werkzaamheden*) are generally subject to income tax at statutory progressive rates with a maximum of 49.5% on any benefits derived or deemed to be derived from the Securities, including any capital gains realised on any disposal of Securities, where those benefits are attributable to:

- (i) an enterprise from which a Dutch Resident Individual derives profits, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement (*medegerechtigde*) to the net worth of the enterprise other than as an entrepreneur or a shareholder; or
- (ii) miscellaneous activities, including activities beyond the scope of active portfolio investment activities (*meer dan normaal vermogensbeheer*).

*Dutch Resident Individuals not engaged or deemed to be engaged in an enterprise or in miscellaneous activities*

Generally, Securities held by a Dutch Resident Individual who is not engaged or deemed to be engaged in an enterprise or in miscellaneous activities, or who is so engaged or deemed to be engaged but the Securities are not attributable to that enterprise or miscellaneous activities, will be subject to an annual income tax imposed on a fictitious yield on the fair market value of the Securities on 1 January of each calendar year under the regime for savings and investments (*inkomen uit sparen en beleggen*). Irrespective of the actual income or capital gains realised, the annual taxable benefit from a Dutch Resident Individual's assets and liabilities taxed under this regime, including the Securities, is based on fictitious percentages applied to the fair market value of (i) bank savings, (ii) other assets, including the Securities, and (iii) liabilities.

Taxation only occurs if and to the extent the sum of the fair market value of bank savings and other assets minus the fair market value of the liabilities exceeds a certain threshold (*heffingvrij vermogen*) (EUR 57.000 in 2024). The tax rate under the regime for savings and investments is a flat rate of 36%.

For the calendar year 2024, the fictitious percentages applicable to the first and third categories mentioned above (bank savings and liabilities) have not yet been determined. The fictitious yield percentage applicable to the second category mentioned above (other assets, including the Securities) is 6.04% for the calendar year 2024.

Certain transactions that have the effect of reducing the fictitious yield by shifting net wealth between the aforementioned categories (i) and (ii) or increasing liabilities in any three months period starting before and ending after 1 January of the relevant year will for this purpose be ignored unless the holder of Securities can demonstrate that such transactions are implemented for other reasons than tax reasons.

The fictitious percentages referred to above are considered by the Dutch government to be in compliance with a decision of the Dutch Supreme Court of 24 December 2021 (ECLI:NL:HR:2021:1963) regarding the incompatibility of the previous regime for savings and investments with the European Convention on Human Rights. Holders of Securities are nevertheless advised to consult their tax advisor on whether any tax levied under the current regime for savings and investments, including in respect of the Securities, is in accordance with this convention.

*Dutch Resident Corporate Entities*

Dutch Resident Corporate Entities are generally subject to corporate income tax at statutory rates up to 25.8% on any benefits derived or deemed to be derived from the Securities, including any capital gains realised on their disposal.

*Non-residents of the Netherlands*

The description of certain Dutch tax consequences in this paragraph is only intended for the following holders of Securities:

- (i) individuals who are not resident and not deemed to be resident in the Netherlands ("**Non-Dutch Resident Individuals**"); and
- (ii) entities that are not resident and not deemed to be resident in the Netherlands ("**Non-Dutch Resident Corporate Entities**").

### *Non-Dutch Resident Individuals*

A Non-Dutch Resident Individual will not be subject to any Dutch taxes on income or capital gains derived from the acquisition, holding, settlement, redemption and disposal of the Securities, unless:

- (i) the Non-Dutch Resident Individual derives profits from an enterprise, whether as entrepreneur or pursuant to a co-entitlement to the net worth of this enterprise other than as an entrepreneur or a shareholder, and this enterprise is fully or partly carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands, to which the Securities are attributable;
- (ii) the Non-Dutch Resident Individual derives benefits from miscellaneous activities carried on in the Netherlands in respect of the Securities, including activities which are beyond the scope of active portfolio investment activities; or
- (iii) the Non-Dutch Resident Individual is entitled to a share – other than by way of securities – in the profits of an enterprise which is effectively managed in the Netherlands and to which the Securities are attributable.

### *Non-Dutch Resident Corporate Entities*

A Non-Dutch Resident Corporate Entity will not be subject to any Dutch taxes on income or capital gains derived from the acquisition, holding, settlement, redemption and disposal of the Securities, unless:

- (i) the Non-Dutch Resident Corporate Entity derives profits from an enterprise, which enterprise is fully or partly carried on through a permanent establishment or a permanent representative in the Netherlands, to which the Securities are attributable; or
- (ii) the Non-Dutch Resident Corporate Entity is entitled to a share – other than by way of securities – in the profits of an enterprise or a co-entitlement to the net worth of an enterprise which is effectively managed in the Netherlands and to which the Securities are attributable.

Under certain specific circumstances, treaties for the avoidance of double taxation may restrict the extent to which Non-Dutch Resident Individuals and Non-Dutch Resident Corporate Entities are subject to Dutch taxes in connection with the acquisition, holding, settlement, redemption, and transfer of the Securities.

### **Dutch Gift Tax or Inheritance Tax**

No Dutch gift tax or inheritance tax is due in respect of any gift of the Securities by, or inheritance of the Securities on the death of, a holder of Securities, unless:

- (i) the holder is resident, or deemed to be resident, in the Netherlands at the time of the gift or death of holder;
- (ii) the holder dies within 180 days after the date of the gift of the Securities and was, or was deemed to be, resident in the Netherlands at the time of the holder's death but not at the time of the gift; or
- (iii) the gift of the Securities is made under a condition precedent and the holder is resident, or is deemed to be resident, in the Netherlands at the time the condition is fulfilled.

### **Other Taxes and Duties**

No other Dutch taxes, including turnover or value added taxes and taxes of a documentary nature, such as capital tax, stamp or registration tax or duty, are payable by the Issuer or by, or on behalf of, the holder of Securities by reason only of the issue, acquisition or transfer of the Securities.



### **The proposed financial transactions tax (FTT)**

On 14 February 2013, the European Commission published a proposal (the Commission's Proposal) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Securities (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Securities where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Securities are advised to seek their own professional advice in relation to the FTT.

### **Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a foreign financial institution (as defined by FATCA) may be required to withhold on certain payments it makes (foreign passthru payments) to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the Netherlands) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (IGAs), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Securities, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Securities, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Securities issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Securities (as described under "Terms and Conditions of the NC5.25 Securities—Further Issues" and "Terms and Conditions of the NC8 Securities—Further Issues") that are not distinguishable from previously issued Securities are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Securities, including Securities offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA.

Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Securities. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Securities, no person will be required to pay additional amounts as a result of the withholding.

## Subscription and Sale

ABM AMRO Bank N.V. and Deutsche Bank Aktiengesellschaft (the "**Joint Structuring Advisers**"), BNP Paribas and ING Bank N.V. (together with the Joint Structuring Advisers, the "**Joint Lead Managers**") and Commerzbank Aktiengesellschaft, Coöperatieve Rabobank U.A., Banco Santander, S.A., SMBC Bank EU AG, and UniCredit Bank GmbH (together, the "**Passive Bookrunners**" and together with the Joint Lead Managers, the "**Managers**") have, pursuant to a subscription agreement dated 19 March 2024, jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe the NC5.25 Securities at 99.678 per cent. of their principal amount and the NC8 Securities at 99.838 per cent. of their principal amount less a combined management and underwriting commission. In addition, the Issuer has agreed to reimburse the Managers for certain of their expenses in connection with the issue of the Securities. The subscription agreement entitles the Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

Certain of the Managers have, directly or indirectly through affiliates, provided investment and commercial banking, financial advisory and other services to the Issuer from time to time, for which they have received monetary compensation. Certain of the Managers may from time to time also enter into swap and other derivative transactions with the Issuer. In addition, certain of the Managers and their affiliates may in the future engage in investment banking, commercial banking, financial or other advisory transactions with the Issuer.

## SELLING RESTRICTIONS

### General

Neither the Issuer nor any Manager has made any representation that any action will be taken in any jurisdiction by the Managers or the Issuer that would permit a public offering of the Securities, or possession or distribution of this Prospectus (in preliminary, proof or final form) or any other offering or publicity material relating to the Securities (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Each Manager has agreed that it will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Securities or has in its possession or distributes this Prospectus (in preliminary, proof or final form) or any such other material, in all cases at its own expense.

### United States

The Securities have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in the previous sentence have the meanings given to them by Regulation S under the Securities Act.

The Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

In addition, until 40 days after the commencement of the offering, an offer or sale of Securities within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

### Prohibition of sales to EEA Retail Investors

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression **retail investor** means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
  - (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities.

### **Prohibition of Sales to UK Retail Investors**

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression **retail investor** means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**");
  - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in Article 2 of **the UK Prospectus Regulation**).
- (b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities.

### **Japan**

The Securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**FIEA**"). Accordingly, each of the Managers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Securities in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan.

### **Switzerland**

This Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Securities. Each Manager has represented and agreed that the Securities may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**") and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Securities

constitutes a prospectus pursuant to the FinSA, and neither this Prospectus nor any other offering or marketing material relating to the Securities may be publicly distributed or otherwise made publicly available in Switzerland.

## **Canada**

No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offer and sale of the Securities. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this document or on the merits of the Securities and any representation to the contrary is an offence. The offer and sale of the Securities in Canada is being made on a private placement basis only in Ontario and is exempt from the requirement that the Issuer prepare and file a prospectus under applicable Canadian securities laws. Any resale of Securities acquired by a Canadian investor in this offering must be made in accordance with applicable Canadian securities laws, which resale restrictions may under certain circumstances apply to resales of the Securities outside of Canada.

As applicable, each Canadian investor who purchases the Securities will be deemed to have represented to the Issuer, the Managers and to each dealer from whom a purchase confirmation is received, as applicable, that the investor (i) is purchasing as principal, or is deemed to be purchasing as principal in accordance with applicable Canadian securities laws, for investment only and not with a view to resale or redistribution; (ii) is an “accredited investor” as such term is defined in section 1.1 of National Instrument 45-106 *Prospectus Exemptions* or, in Ontario, as such term is defined in section 73.3(1) of the *Securities Act* (Ontario); and (iii) is a “permitted client” as such term is defined in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (“NI 33-105”) (or section 3A.4 in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction), this offering is conducted pursuant to an exemption from the requirement that Canadian investors be provided with certain underwriter conflicts of interest disclosure that would otherwise be required pursuant to subsection 2.1(1) of NI 33-105.

In addition to the foregoing, by purchasing the Securities, investors in Canada will also be deemed to have acknowledged and consented to certain prescribed disclosure regarding the investors and their purchase of the Securities which may be required to be provided to the applicable Canadian securities regulators.

## General Information

1. Application has been made to Euronext Amsterdam for each Series of Securities to be listed and admitted to trading on the regulated market of Euronext Amsterdam. References in this Prospectus to Securities being "listed" (and all related references) shall mean that such Securities have been listed and admitted to trading on the regulated market of Euronext Amsterdam. Euronext Amsterdam is a regulated market for the purposes of MiFID II. The expenses related to the admission to trading are estimated to amount to approximately €40,000.
2. The Issuer has obtained all necessary consents, approvals and authorisations in the Netherlands in connection with the issue and performance of the Securities. The issue of the Securities was authorised by resolutions of the management board of the Issuer passed on 20 December 2023.
3. There has been no significant change in the financial performance or financial position of the Issuer or of the Group and no material adverse change in the prospects of the Issuer or of the Group since 31 December 2023.
4. Except as disclosed under *"Risk Factors — Factors that may affect the Issuer's ability to fulfil its obligations under or in connection with the Securities — Impact of Dutch and German regulatory frameworks and tax rules on the Issuer's business financial conditions and net income"* under the headings *"Dutch regulatory and administrative decisions and proceedings"*, *"German grid tariffs"*, *"Connection of offshore wind farms"* and under *"Business Description of the Issuer"* under the headings *"Tariff regulation for the current regulatory period (2022-2026)"* and *"Legal and arbitration proceedings"* above, there have not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during a period covering at least the previous 12 months preceding the date of this Prospectus which may have or have had in the recent past significant effects on the financial position or profitability of the Issuer or the Group.
5. Each Security (other than each Temporary Global Security) and each Coupon will bear the following legend: *"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code"*.
6. The Securities are expected to be rated BB+ by S&P and Baa3 by Moody's.
  - (a) In accordance with S&P's rating definitions available at the date of this Prospectus on [https://www.standardandpoors.com/en\\_US/web/guest/article/-/view/sourceId/504352](https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/504352), an obligation rated BB is less vulnerable to non-payment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions that could lead to the obligor's inadequate capacity to meet its financial commitments on the obligation. Ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or a minus (-) sign to show relative standing within rating categories.
  - (b) In accordance with Moody's rating definitions available as at the date of this Prospectus on <https://www.moody's.com/ratings-process/Ratings-Definitions/002002>, an obligation rated Baa is judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from "Aa" through "Caa". The modifier 3 indicates that the obligation ranks in the lower end of its generic rating category.

7. The Securities have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records).

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg.

8. There are no material contracts entered into other than in the ordinary course of the Issuer's business, which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Holders in respect of the Securities being issued.
9. Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third-party information is identified where used.
10. Save for the commissions and any fees payable to the Managers, no person involved in the issue of the Securities has an interest, including conflicting ones, material to the offer. If an Independent Advisor is appointed by the Issuer pursuant to the applicable fallback provisions contained in the applicable Condition 5(f), this may lead to a conflict of interests of the Issuer (being responsible for the compensation of the Independent Advisor), the Independent Advisor and Holders including with respect to certain determinations and judgments that the Independent Advisor may make pursuant to the applicable Condition 5(f) that may influence the amount receivable under the Securities.
11. Copies of the following documents will be available free of charge during normal business hours from the registered office of the Issuer and from the specified office of the Paying Agent for the time being upon prior written request and provision of proof of holding and identity in a form satisfactory to the Paying Agent, and from the Issuer's website (for the articles of association: <https://www.tennet.eu/nl/over-tennet/our-organisation/governance-en-regulering>, for the annual reports and financial statements: <https://www.tennet.eu/company/investor-relations/financial-reports/>, and for this Prospectus: <https://www.tennet.eu/company/investor-relations/hybrid/>), as long as any of the Securities remains outstanding:
- (a) the articles of association (*statuten*) of the Issuer;
  - (b) the annual reports of the Issuer for the years ended 31 December 2022 and 31 December 2023 (containing the audited financial statements of the Issuer, which include the consolidated financial statements), in each case together with the audit reports prepared in connection therewith; and
  - (c) a copy of this Prospectus, together with any supplement to this Prospectus.

Information on the Issuer's website does not form part of this Prospectus, unless that information is incorporated by reference into the Prospectus, and has not been scrutinised or approved by the AFM and may not be relied upon in connection with any decision to invest in the Securities.

12. A copy of the Agency Agreement will be available free of charge during normal business hours from the registered office of the Issuer and from the specified office of the Paying Agent for the time being upon prior written request and provision of proof of holding and identity in a form satisfactory to the Paying Agent, or in electronic form upon email request at [treasury@tennet.eu](mailto:treasury@tennet.eu) or [corpsov1@bnymellon.com](mailto:corpsov1@bnymellon.com), as long as any of the Securities remains outstanding.
13. The auditor of Deloitte Accountants B.V. has (i) audited and issued an unqualified auditor's report on the consolidated financial statements of the Issuer for the year ended on 31 December 2023 and for the year ended on 31 December 2022.

14. The auditor of Deloitte Accountants B.V. is a member of the NBA ("*Koninklijke Nederlandse Beroepsorganisatie van Accountants*" - Royal Netherlands Institute of Chartered Accountants), the professional body for accountants in the Netherlands.
15. The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer, the information contained in this Prospectus is in accordance with the facts and makes no omission likely to affect its import.
16. The Issuer's Legal entity identifier (LEI) is 724500LTUWK3JQG63903.
17. This Prospectus has been approved by the AFM, as the competent authority under the Prospectus Regulation. The AFM only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the issuer that is the subject of this Prospectus or of the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Securities.
18. Certain of the Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and/or its affiliates in the ordinary course of business.
19. Certain of the Managers and their affiliates may have positions, deal or make markets in the Securities, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.
20. In addition, in the ordinary course of their business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. Certain of the Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Securities. Any such positions could adversely affect future trading prices of the Securities. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

**Registered Office of the Issuer**

**TenneT Holding B.V.**

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6812 AR Arnhem  
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**Joint Structuring Advisers to the Issuer and Joint Lead Managers**

**ABN AMRO Bank N.V.**

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1082 PP Amsterdam  
The Netherlands

**Deutsche Bank Aktiengesellschaft**

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Germany

**Joint Lead Managers**

**BNP Paribas**

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75009 Paris  
France

**ING Bank N.V.**

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The Netherlands

**Passive Bookrunners**

**Banco Santander, S.A.**

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**Commerzbank Aktiengesellschaft**

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**Coöperatieve Rabobank U.A.**

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**SMBC Bank EU AG**

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**UniCredit Bank GmbH**

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Germany

**Fiscal Agent, Paying Agent and Calculation Agent**

**The Bank of New York Mellon, London Branch**

160 Queen Victoria Street  
London EC4V 4LA  
United Kingdom



**Legal Advisers**

*To the Issuer*

**De Brauw Blackstone Westbroek N.V.**

Claude Debussylaan 80  
1082 MD Amsterdam  
The Netherlands

*To the Managers*

**Linklaters LLP**

WTC Amsterdam  
Zuidplein 180  
1077 XV Amsterdam  
The Netherlands

**Auditors of the Issuer**

**Deloitte Accountants B.V.**

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3072 AP Rotterdam  
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