

Second
Party
Opinion

Verification of the Sustainability Quality of
Green Bonds
issued by TenneT

10 March 2017

Aim and Scope of this Second Party Opinion

TenneT commissioned oekom research to assist with the issuance of its senior Green Debt and/or Green Perpetual Capital Securities (each a "**Green Bond**" collectively the "**Green Bonds**") which may be issued in 2017 by verifying the sustainable added value of the underlying assets using the criteria defined in TenneT's Green Bond Framework. The proceeds of the Green Bonds are used exclusively to finance a portfolio of projects with an environmental added value relating to the transmission of renewable electricity from offshore wind power plants into the onshore electricity grid using direct current technology or alternating current technology.

The 2017 Green Bond issuances will be used to finance further expenses of projects that have already been part of a portfolio consisting of eligible projects: DolWin1, DolWin2, DolWin3, BorWin3 and SylWin1. In March 2017, BorWin2 is added to this portfolio.

oekom research's mandate included the following services:

- Verification of the compliance of the projects included in the green project portfolio and financed through the proceeds of the bonds using the existing verification framework criteria. The framework contains clear descriptions of eligible project categories and social and environmental criteria assigned to each category for evaluating the sustainability-related performance of the projects included in the green project portfolio.
- Verification of the alignment of the projects included in the green project portfolio with the Green Bond Principles.
- Review and classification of TenneT's sustainability performance on the basis of the oekom Corporate Rating.

Overall Evaluation of the Green Bond

oekom's overall evaluation of the Green Bonds issued by TenneT is positive:

- The Green Bonds' formal concept, defined processes and (announced) disclosures are aligned with the Green Bond Principles (Part I of this Second Party Opinion).
- The overall sustainability quality of the bond and the sustainability performance of each of the funded projects in terms of sustainability benefits and risk avoidance and minimisation is good (Part II of this Second Party Opinion).
- The issuer itself shows a good sustainability performance (Part III of this Second Party Opinion).

Part I – Green Bond Principles

1) Use of Proceeds

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

- offshore converter platforms, converting wind power
- offshore cables (link generation site to shore) located in the German North Sea
- onshore cables (link shore to onshore converter stations), and
- onshore converter station located in Northern Germany

The project category for verifying the sustainability quality of the proceeds is defined as follows:

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

The project category is positive from a sustainability perspective because it is a prerequisite for increasing the share of wind energy in the overall European energy mix. Nevertheless, certain risks are related to the projects: Working conditions at construction sites, negative impacts on local communities as well as adverse impacts on biodiversity and the environment are the most important factors when assessing the overall sustainability performance of power transmission projects. Therefore, all projects are verified against and meet demanding sustainability standards (see part II of this document). These standards assure that possible risks are managed well and do not impair the projects' positive impact.

Currently the following six projects are included in the green project portfolio and financed through TenneT's Green Bonds:

	DolWin1	DolWin2	DolWin3	BorWin3	SylWin1	BorWin2
General description	High voltage direct current transmission cable connecting offshore wind power clusters in the German Bight with the German electricity grid. Alternating current from wind power plants is transformed into direct current on the offshore converter platform. Direct current is transformed back into alternating current to be fed into the grid at the onshore converter station/ feed-in point.					
Offshore converter platform	DolWin alpha	DolWin beta	DolWin gamma	BorWin gamma	SylWin alpha	BorWin beta
Onshore converter station/ Feed-in point	Dörpen West, Germany	Dörpen West, Germany	Dörpen West, Germany	Emden Ost, Germany	Büttel, Germany	Diele, Germany
Transmission power	800 MW	916 MW	900 MW	900 MW	864 MW	800 MW
Cable length	165 km (75 km submarine, 90 km onshore)	135 km (45 km submarine, 90 km onshore)	160 km (80 km submarine, 80 km onshore)	160 km (130 km submarine, 30 km onshore)	205 km (160 km submarine, 45 km onshore)	200 km (125 km submarine, 75 km onshore)
Start of construction	2011	2012	2014	2015	2012	2010
Start of operation	2015	2016 ¹	2018	2019	2015	2015

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

¹ Initial date for being operational, connection was put back into operation again on 8 January 2017.

2) Process for Project Evaluation and Selection

Eligible green projects are assessed and approved by the CSR Board. The CSR Board oversees the continuing integration of CSR into TenneT's operational management and has a direct senior level link to the firm's Executive Board, since the Chief Financial Officer is the chair of the CSR Board. The CSR Policy Advisor and Group Treasurer bring the selection of a new project to the CSR Board, supported by input from the offshore department. The CSR Board decides based on the Green Bond Framework whether a project fits the criteria and will oversee the quality of impact reporting. In addition, oekom research has defined a framework of criteria allowing for a detailed evaluation of the selected projects. This verification framework is presented in Part II and Annex I of this document.

3) Management of Proceeds

Pending allocation of the net proceeds of the Green Bonds to the eligible projects, TenneT has committed to moving proceeds to a sub portfolio with the special purpose of financing, refinancing and/or investing in eligible projects. The net proceeds will be held, at TenneT's discretion, in cash or other liquid marketable instruments. The balance of the portfolio will be reduced by the amounts invested in the eligible projects until the amount is fully used. TenneT commits to establish a system to monitor and account for the net proceeds for investment in eligible projects.

TenneT states that the total current budget for the six projects included in the green project portfolio amounts to approx. EUR 7 billion. About 15% of the current total budget have already been raised via other sources such as third party minority participations and bank funding. The net proceeds of the Green Bonds to be issued in 2017 will make an additional contribution to the overall financing of the aforementioned six projects included in the green project portfolio.

4) Reporting

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

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

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

- Project-related safety performance (accident rate, fatal accidents)
- SF₆ emissions related to the projects
- Average interruption time related to the projects
- Transmission losses due to transport of wind energy generated offshore to the converter stations onshore
- Significant controversies (major leaks, heavy accidents, etc.)

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

This reporting will be carried out once a year until the redemption of the allocated bonds. It will be reviewed by a second party consultant or by an independent auditor with limited assurance. The reporting will be provided by TenneT on its website (www.tennet.eu), with the first Green Bond Report already being available. The second Green Finance Report will be published on 8 March 2017.²

² Green Finance Reports: <http://www.tennet.eu/company/investor-relations/green-financing/>

Part II – Sustainability Quality of the Green Bond

1) Green Bond Verification Framework

The Green Bond Verification Framework helps to illustrate the sustainability quality and thus the social and environmental added value of TenneT's Green Bond issuances. The verification framework clearly defines the eligible categories and encloses specific sustainability criteria in order to verify the sustainability performance of the Green Bond. Using quantitative impact indicators allows measurement of the sustainability performance of the bonds, to set targets and to report on progress. In addition, quantitative impact indicators provide investors with concrete information on environmental added value.

Details on the individual criteria and indicators for the project category can be found in Annex 1 „Green Bond Verification Framework“.

2) Verification of the Projects Refinanced by the Green Bond

Methods

oekom research has verified whether the projects to be funded through the Green Bonds match the project categories and criteria listed in the Green Bond Verification Framework.

The verification was carried out using information and documents provided to oekom research, partly on a confidential basis, by TenneT (e.g. environmental impact assessments, health and safety standards for contractors and subcontractors, official planning approvals, petitions of affected parties).

Findings

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

- A.1. Consideration of environmental aspects in planning and installation of offshore converter platforms
 - ✓ For all offshore converter platforms, TenneT performed comprehensive environmental impact assessments and conducted research with respect to possibly affected animals such as marine mammals, birds, fish and bats.

- ✓ For all offshore converter platforms, TenneT and its contractors consider sensitive/reproduction periods and will use/have used low-impact construction methods (e.g. "soft-start" procedures, noise-reducing technology).
- ✓ TenneT requires its contractors to prove that their ships have "fit-for-purpose" certifications and prohibits the discharge of effluents to ocean.
- A.2. Consideration of environmental aspects in operation of offshore and onshore converter stations
 - ✓ Solid and hazardous waste from all of the offshore converter platforms is or will be appropriately treated onshore in Germany.
 - Regarding the converter platforms on steel jackets, no information is available on environmentally friendly antirust protection of those steel jackets.
 - ✓ TenneT's SF₆ policy applies to all converter stations. It contains clear responsibilities and targets for SF₆ management, such as the ambition to reduce the SF₆ leakage rate by 20% by 2020 compared to the 2015 level. Regarding Germany, TenneT aims to achieve a SF₆ leakage rate below 0.15% by 2020.
- A.3. Consideration of environmental aspects in cable-laying (onshore and offshore)
 - ✓ For all offshore cable-laying projects, TenneT has considered alternative routes during planning and discussed the final route planning in detail in order to minimise the environmental impact of construction work.
 - ✓ All cable-laying projects fulfil high environmental standards. For example, TenneT has performed comprehensive environmental impact and biodiversity assessments and conducted research with respect to affected flora, fauna, water and soil. All connections are sub-soil (offshore) and underground (onshore) and soil-warming is limited.
 - ✓ During cable-laying, low impact methods are applied. For example, breeding periods of birds are taken into account and protected areas (European Flora-Fauna-Habitat areas) are tunnelled completely.
- A.4. Standards for decommissioning and rehabilitation of cable-laying construction sites
 - ✓ For all construction sites, TenneT ensures the rehabilitation of the landscape and the removal of construction equipment after cable-laying.
 - ✓ For all projects, TenneT is required to make compensation payments for rehabilitation measures in affected and/or circumjacent conservation areas (in consultation with state authorities).
- A.5. Standards for decommissioning and recycling of offshore converter platforms at end-of-life
 - ✓ For all projects and in accordance with German law, TenneT is required to remove offshore converter platforms and ensure safe disposal of maritime installations on land after decommissioning. If required, TenneT has provided financial securities to ensure removal costs are covered after decommissioning.
 - ✓ All offshore converter platforms are to be disassembled in qualified locations at their end-of-life and materials to be recycled.

- A.6. Community dialogue
 - ✓ Regarding all projects, TenneT takes comprehensive measures to inform affected communities at an early stage and has feedback mechanisms for public consultation in place.
 - ✓ For all projects, TenneT compensates landowners whose property is crossed by the cable routes.
- A.7. Working conditions during construction and maintenance work
 - ✓ For all projects, TenneT requires high safety standards from its contractors and subcontractors regarding construction sites as well as for operation and maintenance work. Comprehensive health and safety management systems have to be implemented, comprising e.g. clear responsibilities, emergency plans, data compilation, appropriate training and audits.
 - ✓ For all projects, high labour standards regarding e.g. working time, periods of rest, minimum wages, freedom of association, collective bargaining and non-discrimination are in place (in accordance with national legislation).
 - ✓ No fatal accidents occurred in the context of the projects so far.
 - ✓ Accident rates are available for the past three years for all projects. The overall accident rate is at a common industry level in regard to an industry wide benchmark (LTIFR: 2014: 7.1, 2015: 3.7 and 2016: 3.6)³.
- A.8. Social standards in the supply chain
 - ✓ For all projects, good and binding health and safety standards are applied within the supply chain.
 - For all projects, TenneT's supplier standards cover labour rights and working conditions (e.g. forced labour, freedom of association, wages) to some extent. However, these are not detailed and not binding.
 - ✓ For all projects, good and binding environmental standards are applied within the supply chain (e.g. wastewater treatment, hazardous substances management).
 - TenneT conducts off-site audits and excludes suppliers in case of non-compliance with the standard. However, no information is available on further compliance measures for supplier standards (e.g. procedures other than exclusion of suppliers in case of non-compliance, facilitation of non-compliance reporting, on-site audits).

³ LTIFR: Lost time injury frequency rate (lost workday case/million hours worked).

Controversy assessment

- A controversy assessment on the included projects did not reveal any controversial activities or practices that could be attributed to TenneT.
- For the sake of completeness it is to be mentioned that the German Nature and Biodiversity Conservation Union (NABU – Naturschutzbund Deutschland e.V.) has criticised the operator of a wind farm connected via SylWin1 (Butendiek) for insufficient protection of porpoises, a protected species, during construction works. The criticism was directed at the wind farm operator and cannot be attributed to TenneT.

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

All six transmission lines together would allow about 6.3 million households in Germany (about 15.4% of all German households) to switch to 100% renewable energy. This calculation is based on the average electricity consumption of one German household in 2014 and the assumption that a) full capacity of the new transmission lines is used, b) connected wind power plants reach 4,000 full load hours per year and c) around 6.4% of electricity produced is lost during transmission and distribution.

Impact Indicator 2: Potential avoidance of CO₂ emissions

If the full capacity of the six transmission lines is used, wind parks connected to the electricity grid through the transmission lines would provide about 19.4 TWh of renewable energy per year and annually avoid about 15.7 million tons of CO₂ emissions. This calculation is based on the average *carbon intensity of fossil fuel-based electricity generation in Germany in 2015* (ENTSO-E-Mix) and the assumption that a) full capacity of the new transmission lines is used, b) connected wind power plants reach 4,000 full load hours per year and c) around 6.4% of electricity produced is lost during transmission and distribution.

Part III – Assessment of TenneT's Sustainability Performance

In the oekom Corporate Rating with a rating scale from A+ (excellent) to D- (poor), TenneT was awarded a score of B- and classified as "Prime". This means that the company performed well in terms of sustainability, both compared against others in the industry and in terms of the industry-specific requirements defined by oekom research. In oekom research's view, the securities issued by the company thus all meet the basic requirements for sustainable investments.

As at 3 March 2017, this rating puts TenneT Holding B.V. in place 23 out of 175 companies rated by oekom research in the utilities sector.

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

- Climate protection, renewables and resource efficiency
- Safe operation of plants and infrastructure
- Reliable energy and water supply for the entire population
- Business ethics
- Worker safety and accident prevention

In four out of these five key issues, TenneT Holding B.V. achieved a rating that was above the average for the utilities sector.

As at 3 March 2017, external research did not reveal any controversies related to TenneT's business practices.

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



oekom research AG

Munich, 3 March 2017

Disclaimer

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 2. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of oekom research AG in connection with the use of these SPO, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.
 3. All statements of opinion and value judgements given by us do not in any way constitute purchase or investment recommendations. In particular, the SPO is no assessment of the economic profitability and credit worthiness of a bond, but refers exclusively to the social and environmental criteria mentioned above.
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About oekom research

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

As part of our Green Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria. We verify the compliance with the criteria in the selection of projects and draw up an independent second party opinion so that investors are as well informed as possible about the quality of the loan from a sustainability point of view.

Contact: oekom research AG, Goethestraße 28, 80336 Munich, Germany, tel: +49 / (0) 89 / 54 41 84-90, e-mail: info@oekom-research.com

Annexes

- Annex 1: oekom Green Bond Verification Framework
- Annex 2: oekom Corporate Rating TenneT Holding B.V.

Annex 1: Green Bond Verification Framework

Green Bond Verification Framework

The Green Bond Verification Framework helps to illustrate the sustainability quality and thus the social and environmental added value of TenneT's Green Bond issuances. The verification framework clearly defines the eligible categories and encloses specific sustainability criteria in order to verify the sustainability performance of the Green Bonds. With the use of quantitative indicators the sustainability performance of the bonds can be measured, ambitious targets set and progress reported. In addition, impact indicators provide investors with concrete information on environmental added value.

Use of Proceeds

The proceeds of the Green Bonds issued by TenneT will be exclusively used for the following project category:

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

Sustainability Criteria and Quantitative Indicators for Use of Proceeds

In order to ensure that the environmental and social risks linked to the financed projects are prevented and the opportunities clearly fostered, a set of sustainability criteria has been established for each project category. Possible quantitative indicators, allowing for measurement of progress and regular reporting, complete each criterion.

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

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

Quantitative indicators:

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

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

Quantitative indicators:

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

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

Quantitative indicators:

- Percentage of offshore cables in biodiversity hotspots for which alternative route planning has been considered and/or route planning has been optimised in consultation with experts.
- Percentage of onshore and offshore cables that fulfil high environmental standards and requirements (environmental impact assessment, biodiversity assessment, research on impacts on flora and fauna, relocation of endangered species if applicable, research and mitigation with regard to soil warming).
- Percentage of onshore cables for which low-impact methods are applied during cable-laying (horizontal drilling, consideration of breeding periods of affected animals).

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

Quantitative indicator:

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

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

Quantitative indicator:

- Percentage of projects for which environmental and social impacts at end-of-life (after at least 20 years of operation) will be minimised (recycling and reuse of parts, sound treatment of waste, financial provisions, high safety standards for workers).

A.6. Community dialogue

Quantitative indicator:

- Percentage of projects where community dialogue is conducted as an integrated part of the planning process and during operation (sound information of communities, community advisory panels and committees, surveys and dialogue platforms, grievance mechanisms and compensation schemes).

A.7. Working conditions during construction and maintenance work

Quantitative indicators:

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

A.8. Social standards in the supply chain

Quantitative indicators:

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

Controversy assessment

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

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

- For the initial verification of a project:
Total number of households per transmission line that would be able to switch to 100% renewable energy through the new transmission line (based on the average electricity consumption of one German household and if full capacity of new transmission lines was used).
- For annual reporting per project:
 1. Total number of households per transmission line that would be able to switch to 100% renewable energy through the new transmission line (based on the average electricity consumption of one German/Dutch household in the relevant year and if full capacity of new transmission lines was used).
 2. Total number of households that would be able to switch to 100% renewable energy through the new transmission line (based on the average electricity consumption of one German/Dutch household, and the amount of wind power installed and transmitted through the line in the relevant year).

Impact Indicator 2: Potential avoidance of CO₂ emissions

- For the initial verification of a project:

Potential avoidance of CO₂-emissions per year as soon as the project is in operation and if 100% of cable capacity is used (compared to the carbon intensity of fossil fuel-based electricity generation in Germany).

- For annual reporting per project:

1. Potential avoidance of CO₂-emissions per year as soon as the project is in operation and if 100% of cable capacity is used (compared to the carbon intensity of fossil fuel-based electricity generation in Germany/the Netherlands in the relevant year).
2. CO₂ emissions avoided through the transmission of 100% wind power from offshore plants to the electricity grid (compared to the carbon intensity of fossil fuel-based electricity generation in Germany/the Netherlands, and based on the amount of wind power transmitted through the respective line in the relevant year).

oekom Corporate Rating

TenneT Holding BV

Industry: Utilities
 Country: Netherlands
 ISIN: XS0513509959

Status

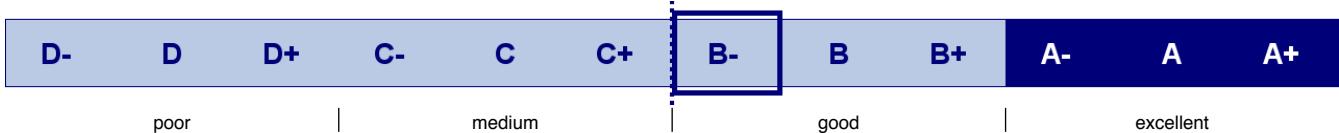
Prime

Rating

B-

Prime Threshold

B-



Company Profile

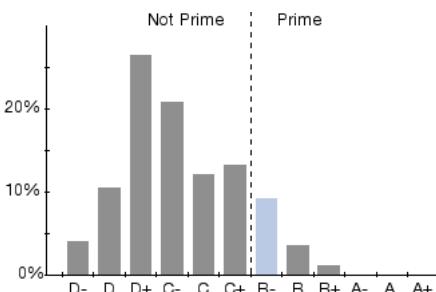
TenneT is the electricity transmission system operator in the Netherlands and in parts of Germany. The company's activities consist of providing transmission and system services; constructing, operating and managing transmission grids; and continually monitoring and maintaining the balance between electricity supply and demand. It is also responsible for maintaining and developing the extra high-voltage grid. Additionally, TenneT rents out telecommunications infrastructure, organises auctions of cross-border transmission capacity, and builds and manages interconnectors.

Competitive Position

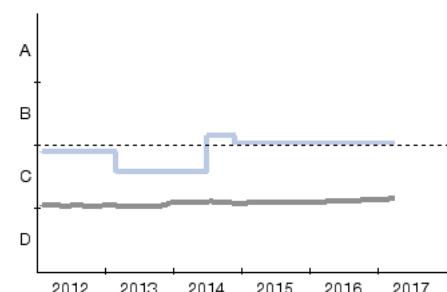
Industry Leaders (in alphabetical order)

- REN - Redes Energeticas Nacionais SGPS SA (PT) B+
- Terna Rete Elettrica Nazionale SpA (IT) B+
- Verbund AG (AT) B

Distribution of Ratings (175 companies in the industry)

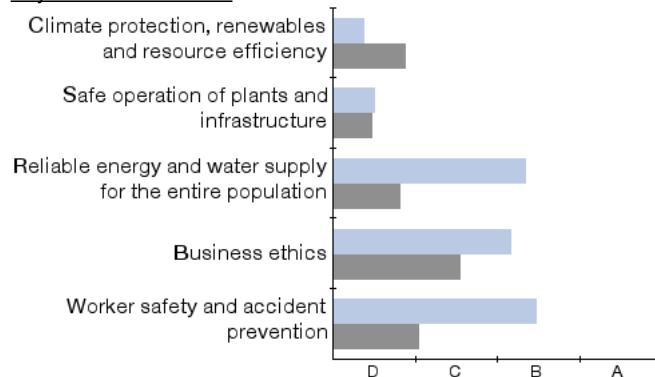


Rating History



Key Issues

Key Issue Performance



Strengths and Weaknesses

- + low average interruption time of the network
- + comprehensive initiatives to enhance community awareness and outreach
- + adequate measures to minimise environmental impacts of electricity transmission systems
- + various activities to integrate renewable energy sources in the electricity grid
- increasing greenhouse gas emissions intensity in recent years
- lack of transparency on participation in public policy making and lobbying activities

Controversy Monitor

Company

Controversy Score 0

Controversy Level Minor

Minor	Moderate	Significant	Severe
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Industry

Maximum Controversy Score -46

Controversy Risk Severe

Minor	Moderate	Significant	Severe
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TenneT Holding BV

Methodology - Overview

oekom Corporate Rating	<p>The oekom Universe comprises more than 3,800 companies (mostly companies in important national and international indices, but also small & mid caps drawn from sectors with links to sustainability as well as significant non-listed bond issuers).</p> <p>The assessment of the social and environmental performance of a company is generally carried out with the aid of approx. 100 social and environmental criteria, selected specifically for each industry. All criteria are individually weighted, evaluated and aggregated to yield an overall score (Rating). In case there is no relevant or up-to-date company information available on a certain criterion, it is graded with a D-.</p> <p>In order to generate a comprehensive picture of each company, our analysts collect information relevant to the rating both from the company itself and from independent sources. During the rating process, considerable importance is attached to cooperating extensively with the company under evaluation. Companies are regularly given the opportunity to comment on the results and provide additional information.</p> <p>An external rating committee assists the analysts at oekom research with the content-related design of industry-specific criteria and carries out a final plausibility check of the rating results at the end of the rating process.</p>																																																
Controversial Activities	<p>In addition to the rating, oekom research undertakes a comprehensive analysis of controversies with respect to numerous business areas and practices for each company. Thereby, our clients have the possibility to consider, either separately or in addition to the best-in-class rating, the behaviour of a company in areas they view especially critical.</p> <p>If relevant cases are identified, they are highlighted by a blue frame. A Risk Industry indicates that the industry is frequently active in controversial business areas or prone to controversial business practices. An overview of all exclusion criteria and how they are applied in practice can be found at www.oekom-research.com.</p>																																																
Controversy Monitor	<p>The oekom Controversy Monitor is a tool for assessing and managing reputational and financial risks associated with companies' negative environmental and social impacts.</p> <p>The controversy score is a measure of the number and extent of the controversies in which a company is currently involved: all controversial business areas and business practices are assigned a negative score, which varies depending on the significance and severity of the controversy. Both the score of the portrayed company and the maximum score obtained in the industry are displayed.</p> <p>For better classification, the scores are assigned to different levels: minor, moderate, significant and severe. The industry level relates to the average controversy score.</p> <p>Only controversies, for which reliable information from trustworthy sources is available, are recorded. It should be noted that large international companies are more often the focus of public and media attention and available information is often more comprehensive than for less prominent companies.</p>																																																
Distribution of Ratings	Overview of the distribution of all company ratings of an industry from the oekom Universe (company portrayed in this report: light blue). The industry-specific Prime threshold (vertical dotted line) is also shown.																																																
Industry Classification	<p>The social and environmental impacts of industries differ. Therefore, subject to its relevance, each industry analysed is classified in a Sustainability Matrix.</p> <p>Depending on this classification, the two dimensions of the oekom Corporate Rating, i.e. the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the oekom Prime Status (Prime threshold) are defined (absolute best-in-class approach).</p> <table border="1"> <thead> <tr> <th colspan="2"></th> <th colspan="3">Environmental Impact</th> <th></th> </tr> <tr> <th colspan="2"></th> <th>low</th> <th>moderate</th> <th>high</th> <th></th> </tr> <tr> <th colspan="2"></th> <th colspan="3"></th> <th>Minimum rating for the oekom Prime Status</th> </tr> </thead> <tbody> <tr> <td colspan="2"></td> <td colspan="3"></td> <td>B-</td> </tr> <tr> <td colspan="2"></td> <td colspan="3"></td> <td>C+</td> </tr> <tr> <td colspan="2"></td> <td colspan="3"></td> <td>C</td> </tr> <tr> <td colspan="2"></td> <td colspan="3"></td> <td>C-</td> </tr> <tr> <td colspan="2"></td> <td>low</td> <td>moderate</td> <td>high</td> <td>Social Impact</td> </tr> </tbody> </table>			Environmental Impact						low	moderate	high							Minimum rating for the oekom Prime Status						B-						C+						C						C-			low	moderate	high	Social Impact
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		low	moderate	high	Social Impact																																												
Industry Leaders	List (in alphabetical order) of the top three companies in an industry from the oekom Universe at the time of generation of this report.																																																
Key Issue Performance	Overview of the company's performance with regard to important social and environmental issues that are key to the industry, compared to the industry average.																																																
Rating History	Trend in the company's rating over time and comparison to the average rating in the industry.																																																
Rating Scale	<p>Companies are rated on a twelve-point scale from A+ to D-:</p> <ul style="list-style-type: none"> A+: the company shows excellent performance. D-: the company shows poor performance. <p>Overview of the range of scores achieved in the industry (light blue) and display of the industry-specific Prime threshold (vertical dotted line).</p>																																																
Sources of Information	A selection of significant sources used for this report is illustrated on the last page.																																																
Status & Prime Threshold	Companies are categorised as Prime if they achieve/exceed the minimum sustainability performance requirements (Prime threshold) defined by oekom for a specific industry (absolute best-in-class approach) in the oekom Corporate Rating. Prime companies rank among the leaders in that industry.																																																
Strengths & Weaknesses	Overview of selected strengths and weaknesses of a company with regard to relevant social and environmental criteria.																																																

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