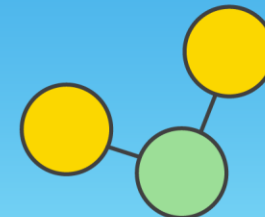
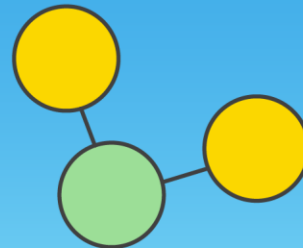


# Creating a grid for SLB's

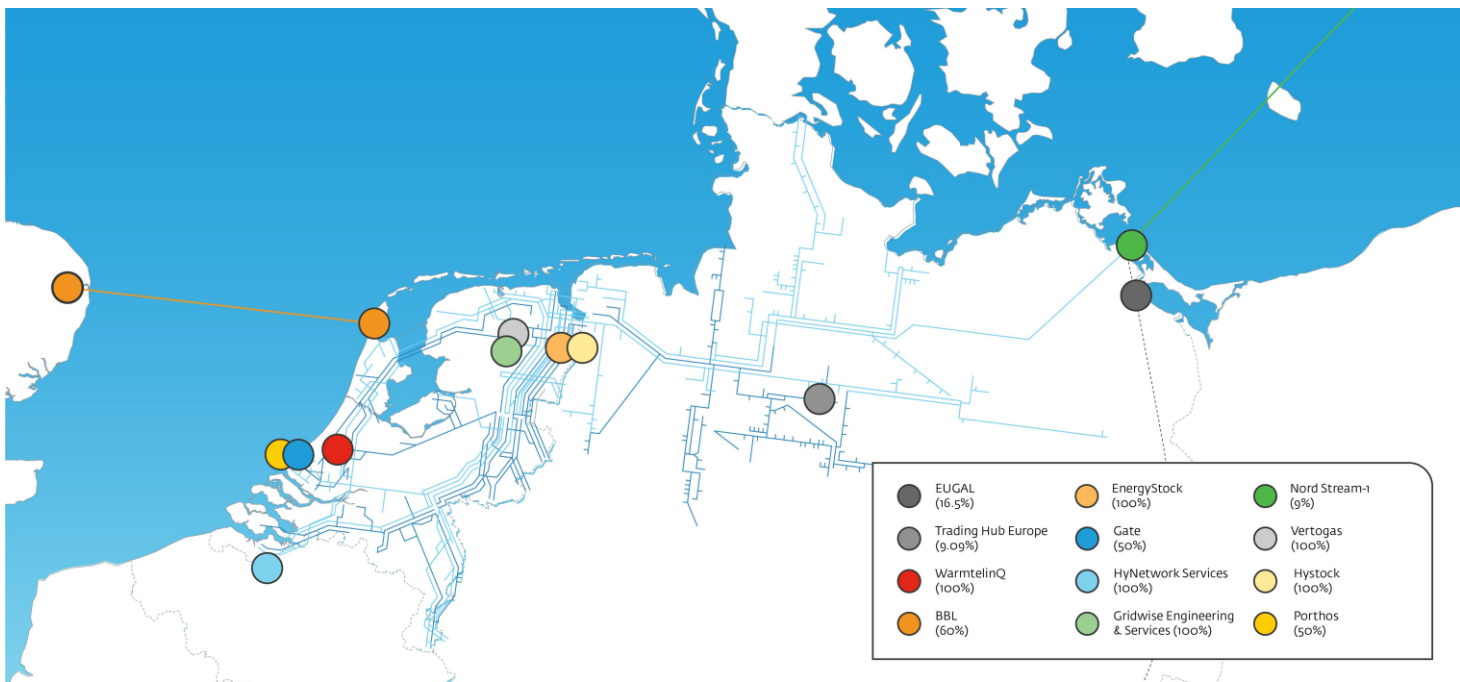
Lessons learned at N.V. Nederlandse Gasunie - G. Paas Broekman

*DZ Bank Sustainable Finance Day, 10 May 2022*

This presentation is not an offer or solicitation of an offer to buy or sell securities. It does not contain all information that is material to investors.



## Gasunie: crossing borders in energy



### Optimising value of existing infrastructure

Ensuring a safe, reliable, affordable and sustainable gas infrastructure in core area



### Facilitating the EU gas market

Contributing to an efficient gas infrastructure and services for a properly functioning European natural gas and LNG market



### Contributing to the energy transition

Accelerating the transition to a carbon-neutral energy supply



#### Gasunie Transport Services (GTS) (fully regulated)

- Asset value at the end of 2021 € 6,592 million
- Revenue for 2021 financial year € 969 million

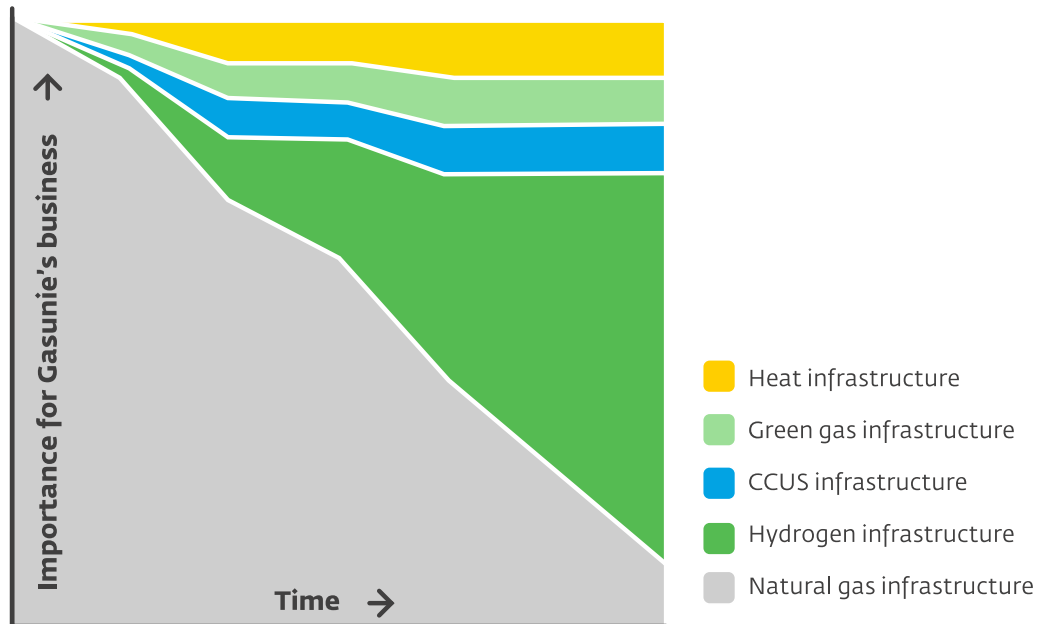
#### Gasunie Deutschland (GUD) (fully regulated)

- Asset value at the end of 2021 € 1,644 million
- Revenue for 2021 financial year € 299 million

#### Participations (partly regulated/ long-term contracts)

- Asset value at the end of 2021 € 1,646 million
- Revenue for 2021 financial year € 168 million

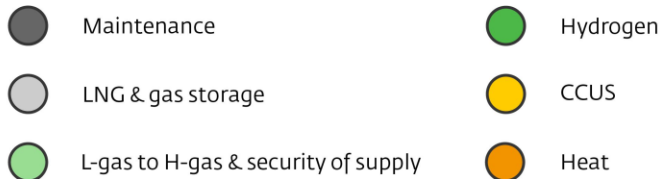
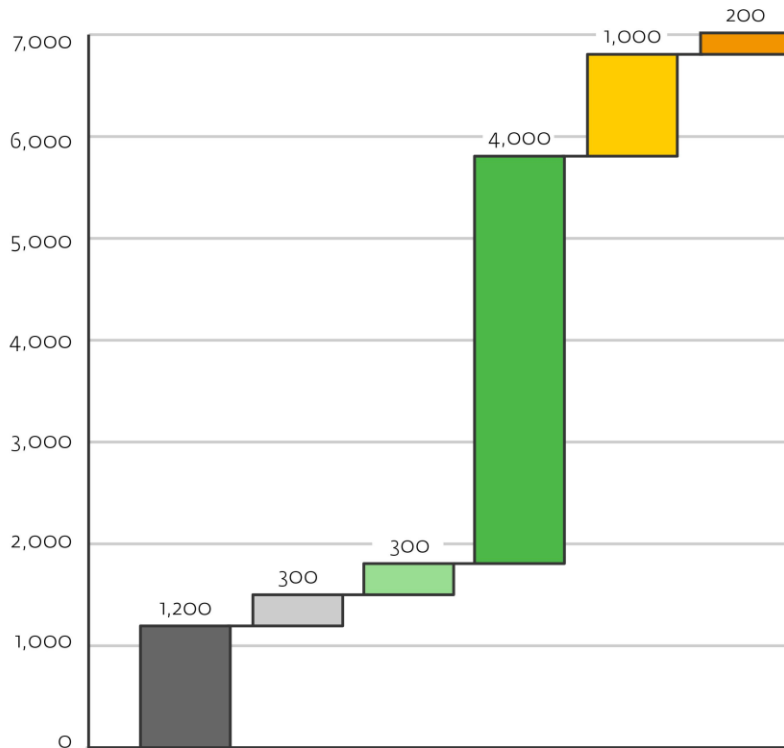
## Clear strategy in response to a decarbonised future



- **In 2030** Gasunie will be transformed into an energy infrastructure company
- **In 2050** our network will mainly transport hydrogen, green gas, heat and CO<sub>2</sub>
- **In 2030** Natural gas consumption in the Netherlands will be approximately 75% compared to 2020, in Germany unchanged or rising
- **In 2050** at least half of society's energy will continue to come from molecules

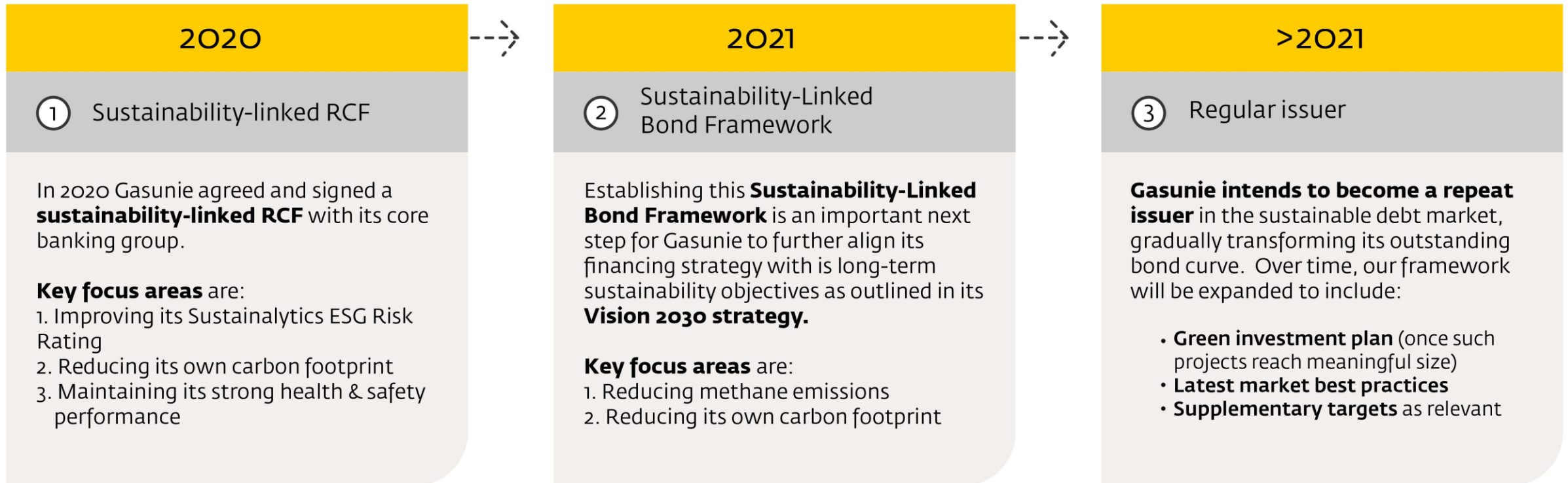
## Gasunie's has a €7bn carbon/non-carbon capex need until 2030

LNG & gas storage capex forecast is without additional investment plans in reaction to the Russian invasion of Ukraine



- **Significant investments** in both carbon and non-carbon infrastructure
- It is **too early** to launch green bonds now
- We have rolled out a ten-year programme to contribute to the **UN Sustainable Development Goals**
- We want to **show our SDG commitment** to investors
- **Sustainability-linked** financial instruments would be a solution

## Gasunie's sustainable finance strategy



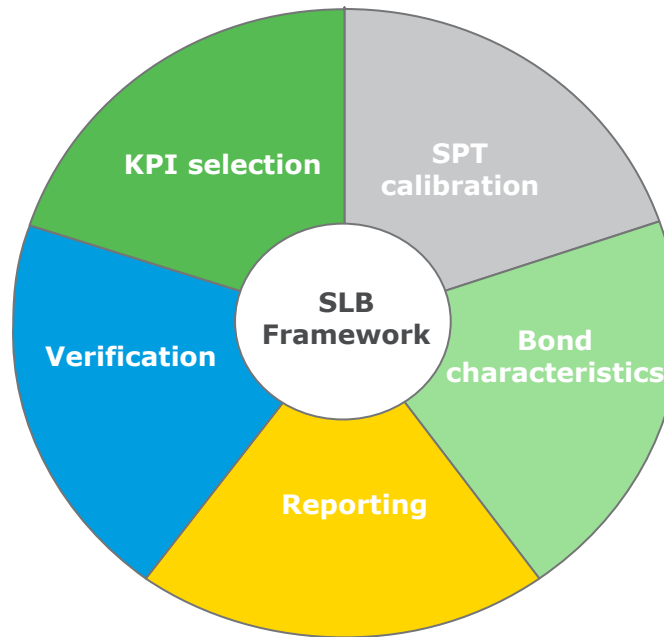
## 1. KPI selection

- KPIs need to be relevant to our business
- KPIs need to be relevant to society
- **KPI #1: Methane emissions (CH<sub>4</sub>)**
- **KPI #2: Scope 1+2 GHG emissions (CO<sub>2</sub>)**

## 5. Verification

**ISS ESG:** KPI selection needs to be:

- ✓ **Material** to business model
- ✓ **Ambitious** vs issuer's past performance
- ✓ **Ambitious** vs issuer's sectorial peer group
- ✓ **Ambitious** vs EU emission targets



## 4. Reporting

Gasunie **annual report**

## 2. SPT calibration

Calibration of Sustainability Performance Targets:

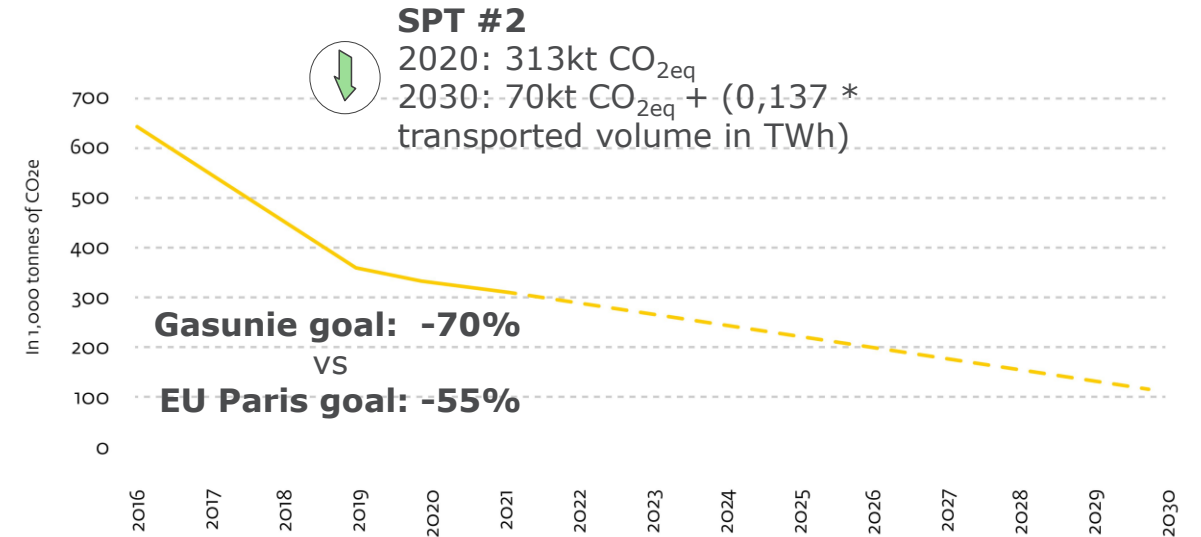
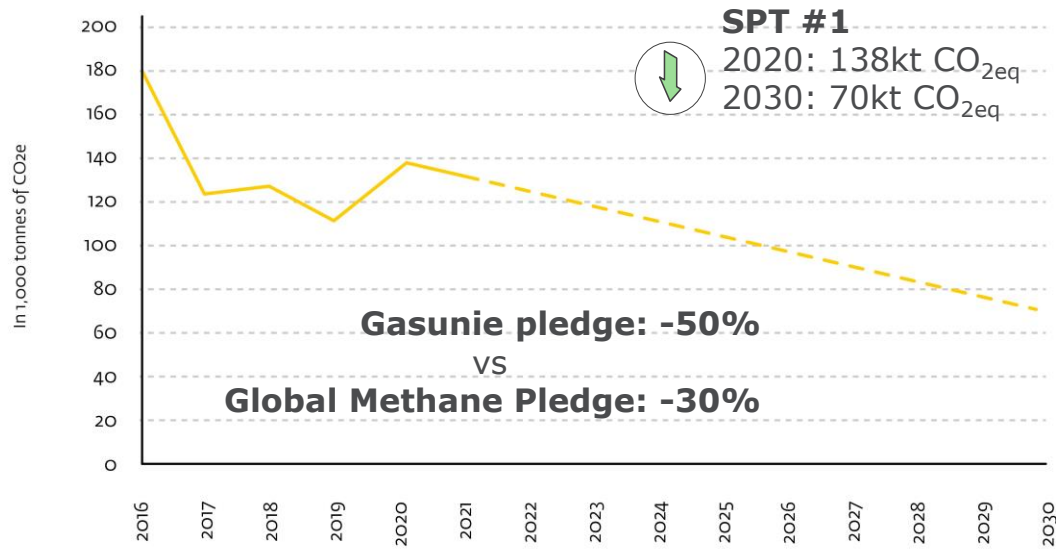
- **KPI #1: 70kt CO<sub>2eq</sub> in 2030 (2020: 138kt)**
- **KPI #2: 70kt CO<sub>2eq</sub> + (0,137\*transported volume in TWh) in 2030**

## 3. Bond characteristics

Characteristics of a Sustainability-Linked Bond:

- A **coupon step-up** or upward margin adjustment during the lifetime of the bond
- A **coupon step-down** or downward margin adjustment during the lifetime of the bond
- A **cash-premium payment** at maturity of the bond

## Ambitious SPTs...



Forecasts 2021-2029 are included for illustrative purposes and do not represent actual targets.  
SPT #2 2030 target assuming transported volume of natural gas equal to 2020 (1,085 TWh).

## ...but can our SLB convince the bond market?

**In the evolving sustainable bond market with lots of uncharted territory, Gasunie and its banking consortium faced several challenges:**

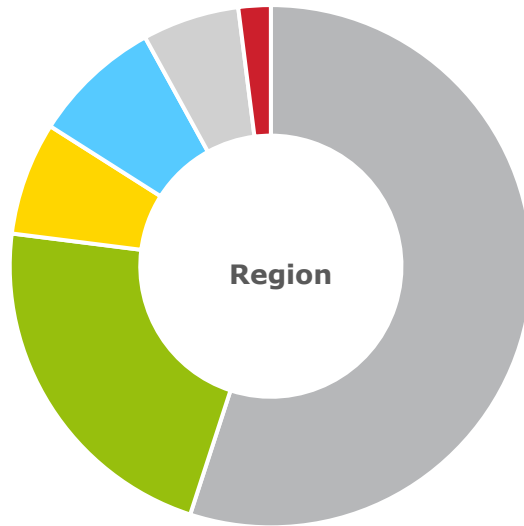
- Would markets and stakeholders accept a relative scope 1+2 target where an absolute target is common?
- Would potential buyers show appetite for a sub-benchmark volume of EUR 300m?
- Additional complexity was Gasunie's aim for a long-term tenor of 15-20 years - benefitting from the low-interest environment
- With the observation date in the Framework of 31 December 2030, the potential gap between observation date and maturity date would be 6-11 years



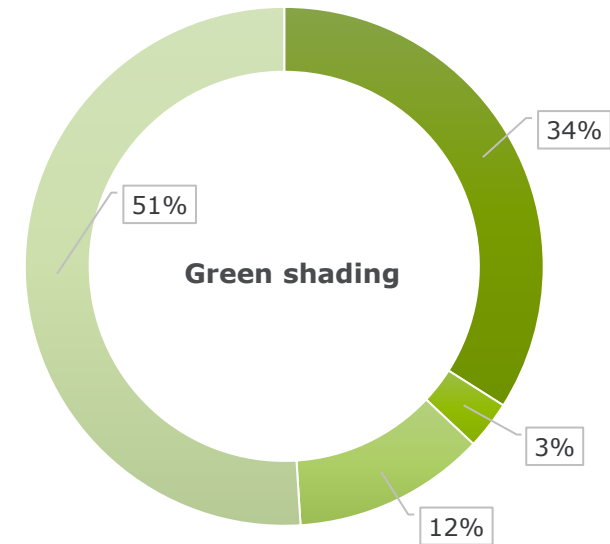
## Final spread of mid-swap + 38 bps and a greenium of 2-3 bps

- 15yr SLB linked to **both KPIs**
- 10bps penalty for **each KPI** not be met on 31 Dec 2030
- Maximum penalty of 100bps (in line with market practice)
- Order volume of **over €1bln**, allowing to tighten the pricing

- Gasunie setting the coupon at **0,750%**
- Final spread of **mid-swap + 38bps**
- **Greenium** of 2-3bps
- **First** European gas TSO
- Methane emissions target is **new benchmark** for TSO's



■ DACH ■ France ■ Netherlands ■ Norway ■ Spain ■ UK



■ Dark Green ■ Medium Green ■ Light Green ■ Not Green