



alliander



Green Finance
Report 2023

June 2024

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Introduction

In 2023 Alliander made most of its investments in the expansion of the electricity network. As a result, the weighted eligible net asset portfolio increased in size by € 679 million. An important part of this grid expansion was financed by the issuance of a € 500 million green bond in June 2023. In 2023, an additional 1.5GW of PV capacity was connected, delivering approximately 1.4GWh of sustainably generated power to the grid. As a result an additional 360 kilotons of CO2 emissions was avoided. By the end of 2023, approximately 50% of the total electricity produced in the Netherlands originated from renewable source.

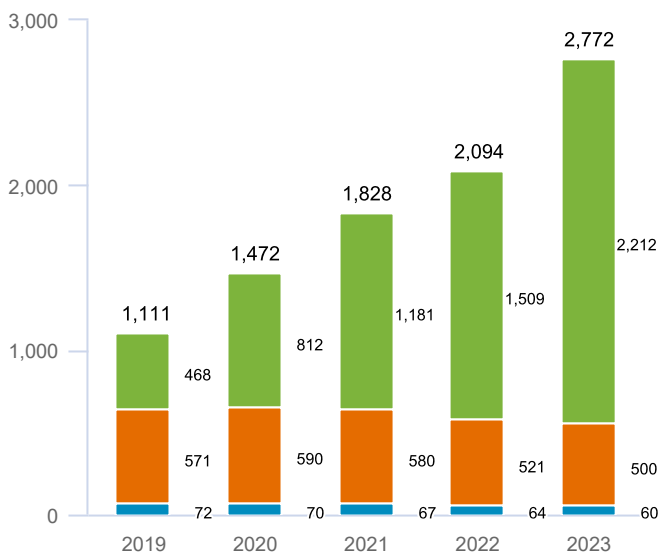
At the end of 2023 Alliander N.V. has issued six Green Finance Instruments. These instruments include five Green Bond issues with a total amount of € 2,100 million and a € 100 million private placement. All issues were arranged under the Euro Medium-Term Notes Programme (EMTN).

As set out in Alliander’s Green Finance Framework, the net proceeds of the Green Finance Instruments have been exclusively used to wholly or partly finance or refinance eligible assets (“Eligible Green Assets”) in the following categories, together forming the “Eligible Green Asset Portfolio”:

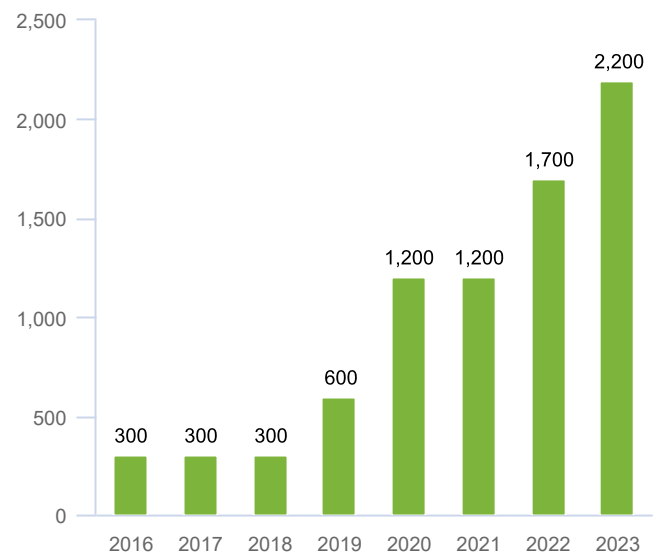
1. Renewable Energy (integration of renewable electricity in existing electricity grids);
2. Energy Efficiency (smart technology including smart meters and communication technology);
3. Green Buildings.

The 3 selected activities are eligible within EU Taxonomy boundaries. The Green Finance Framework sets the basis for the identification, selection, verification and reporting of the Eligible Green Assets as well as the management of the proceeds from Green Finance Instruments. Within the framework, the categories relating to Eligible Green Assets are aligned with the United Nations Sustainable Development Goals (UN SDGs), in particular Goals 7, 9, 11 and 13.

Eligible Green Asset Portfolio (€ million)



Funding Green Bonds (€ million)



- Renewable Energy
- Energy Efficiency
- Green Buildings

Alliander’s Green Finance Framework is verified against the International Capital Market Association’s (ICMA) Green Bond Principles (GBPs) and the Green Loan Principles (GLPs) for each of the Green Bond issues. This information can be found in the corresponding Second Party Opinions (SPO) prepared by ISS-ESG (formerly ISS-oekom and oekom research), which are available on the [corporate website](#). These SPOs also contain an assessment of the asset pool and whether projects are aligned with ISS ESG’s issue-specific key performance indicators, as well as Alliander’s sustainability performance according to the ISS-ESG rating.

This report contains information on the use of proceeds, allocation and impact reporting of all Green Finance Instruments issued to date. Deloitte has provided limited assurance on specific elements of the allocation of each Green Finance Instrument's proceeds. Please refer to the [assurance report](#).

Allocation report

This allocation report is as of 31 December 2023.

Allocation table: use of funds available from green finance facilities

€ million	Taxonomy	Net asset value	Weighting factor	Weighted sum
Renewable Energy	EU TSC 4.9	4,423	50%	2,212
Smart meters		457	100%	457
Fibre optic network		43	100%	43
Total Energy Efficiency	EU TSC 7.5	500	100%	500
Green Buildings	EU TSC 7.1, 7.2, 7.7	60	100%	60
Total Green Asset Portfolio				2,772

€ million	Instrument (ISIN)	Date of issue	Maturity date	Principal sum
Green bond loan	XS1400167133	22-04-2016	22-04-2026	300
Green bond loan	XS2014382845	24-06-2019	24-06-2032	300
Green, privately placed bond loan	XS2152901315	08-04-2020	08-04-2035	100
Green bond loan	XS2187525949	10-06-2020	10-06-2030	500
Green bond loan	XS2531420730	09-09-2022	09-09-2027	500
Green bond loan	XS2635647154	13-06-2023	13-06-2028	500
Total green financing				2,200

Use of proceeds

Percentage of Eligible Green Asset Portfolio allocated to Green Finance Instruments net proceeds	79%
Percentage of Eligible Green Asset Portfolio unallocated	21%
Percentage of Net Proceeds of Green Finance allocated to Eligible Green Loan Portfolio	100%
Increase in net asset value of the Renewable Energy, Energy Efficiency and Green Buildings categories in € million since Dec 2022	679
Available Green Finance Budget	572
Net asset value consists of book value as recorded in Property, Plant and Equipment, net of the related deferred income. These balance sheet items are measured in accordance with the International Financial Reporting Standards (IFRS) as at 31 December 2023, as adopted by the European Union (EU).	

Allocation of Green ECP in 2023

In 2023 Alliander issued € 150 million Euro Commercial Paper in total (2 issues: € 100 million and € 50 million).

- Value date: 26/4/2023
- Maturity date: 26/5/2023
- ISIN codes: XS2618684661 and XS2618686104

Proceeds were used to pre-finance the investments that were eventually refinanced by the Green Bond. Share of green ECP in the € 500 million as of 31-12-2023 was 0%.

Notes to the Allocation report

Proceeds from all Green Finance Instruments have been fully allocated to the Eligible Green Asset Portfolio.

The weighting factor is defined as the share of renewable electricity produced in the Netherlands. In 2023, the renewable power generation ratio in the Netherlands corresponds is 50%. Source: [Energieopwek](#). The percentage may vary each year.

Alliander currently takes a conservative approach to defining the electricity grid eligible amount; however, going forward Alliander may decide not to include a weighting factor when full EU Taxonomy is obtained. The Green Buildings have an outstanding Energy performance certificate. EPC: > A (per EOY 2023).

Impact report

This impact report¹ is as of 31 December 2023.

The impact table reports the impact of the total green asset portfolio.

ICMA / LMA Green Eligible category ²	Signed amount in € million ³	Share of total portfolio financing in % ⁴	Eligibility for Green Finance Instruments in % ⁵	Capacity of Renewable Energy production connected to the grid in MW ⁶	Renewable Energy production feed into grid by total solar, wind capacity in MWh ⁶	Energy consumption savings in GJ per year ⁶	Estimated avoided CO ₂ emissions (GHG Scope 1+2) in tonnes ⁶	Estimated avoided CO ₂ emissions (GHG Scope 3) in tonnes ⁶	Contribution to specific UN SDG
Renewable Energy	2,212	80%	100%	9,216	10,829,033			3,649,384	7, 13
Energy Efficiency	500	18%	100%			1,094,399		78,938	9, 11
Green Buildings	60	2%	100%			696 ⁷	1,100		11
Total	2,772	100%	100%	9,216	10,829,033	1,095,095	1,100	3,728,322	

1 Impact report table aligned with the portfolio approach impact reporting described in [Handbook - Harmonised Framework for Impact Reporting](#) (June 2022).

2 Eligible category.

3 Signed amount represents the amount legally committed by the issuer for the portfolio or portfolio components eligible for Green Finance Instruments.

4 This is the share of the total portfolio per eligible category.

5 This is the share of the total portfolio costs that is eligible for Green Finance Instruments.

6 Impact report indicators.

7 Average primary energy consumption saving compared to the Dutch average is 750 MJ/m². Calculation on behalf of several sources: [Milieubarometer](#), [benchmark](#) and [emissiefactoren](#).

Notes to the Impact report

Renewable Energy

The avoided CO₂ emissions have been estimated by taking the annual expected electricity production from connected wind and solar capacity and calculating the amount of CO₂ that would have been emitted if the average production mix (including coal and gas) had been applied.

Energy Efficiency

The avoided CO₂ emissions have been estimated by applying a 1% saving on the annual consumption of gas and electricity households. This represents the effect of improved insight into actual energy consumption savings.



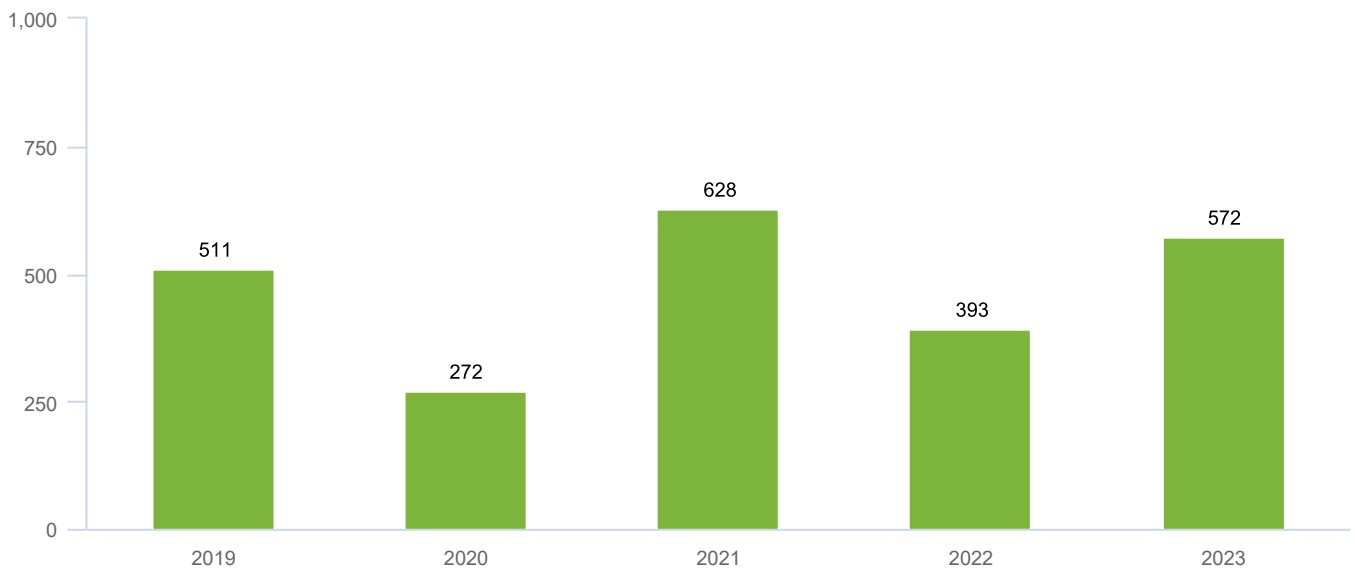
Several studies have been conducted into expected savings in electricity and gas consumption following the installation of smart meters. The results typically range from 1% to 6% in total savings. In the next few years more studies may be published that perhaps will provide a narrower estimate of the energy saved by the smart meter, but attribution will be difficult to prove and therefore remain a matter of discussion. Although no assurance can be provided with respect to the percentage of energy savings, we have been conservative in our estimates by using 1% energy savings per year for both gas and electricity consumption. This percentage represents the change of energy consumption before the smart meter was installed against a comparable period after the installation. We have estimated the avoided CO₂ emissions in relation to the expected savings. As inputs we used the number of installed smart meters financed with the Green Bonds and the average electricity and gas consumption per household in our service areas. We find it is important to give insight into the potential impact of the smart meter in terms of energy savings and avoided CO₂ emissions.

Green Buildings

Avoided CO₂ emissions are calculated on the basis of 22,118 m² of office space for the Duiven location, comparing the energy consumption of this location per m² with the average Dutch office building (taken from [Milieubarometer](#)).

All projects contribute to EU Environmental Objective Climate Change Mitigation. Avoided CO₂ emissions reflect the scopes of the Greenhouse Gas Protocols. Greenhouse gas-related emissions of our activities are disclosed in our annual report. Customer-related scope 3 emissions, as part of the energy use within the supply chain, are not included in our annual report.

Available green finance budget (€ million)¹



¹ The available green finance budget is calculated as the total green asset portfolio minus the total green financing.

Reporting history and changes

Alliander’s first Green Bond Report was published in 2017 and related to our inaugural Green Bond issued in April 2016. All net proceeds of these Green Finance Instruments have been fully allocated.

Since our second report, we have made some important changes:

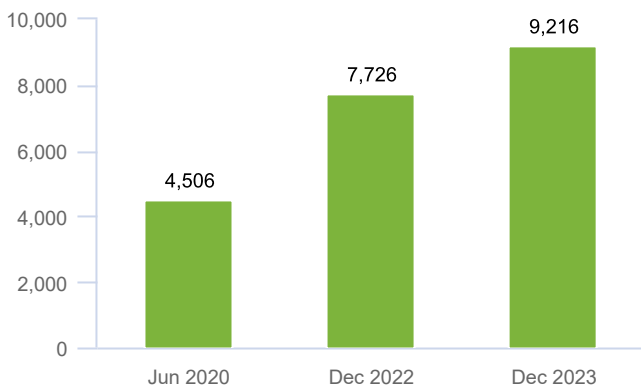
- **Portfolio-based reporting.** Going forward we will report on the portfolio of Eligible Assets and the amounts of Green Finance outstanding instead of on an instrument-by-instrument basis. The impact of each instrument can still be derived by using a pro-rata approach.
- **Net asset value reporting.** In light of the recommendations of the EU Green Bond Standard and its position towards refinancing long dated green assets, we have moved from CAPEX reporting to net asset value. This approach better fits the nature of our network activities. While our whole network is used to distribute renewable electricity to our customers, only part of the electricity we distribute is of renewable origin. We therefore apply a weight to the net asset value of our network assets based on the share of renewable production out of the total electricity production in the Netherlands.

As our reporting on the second Green Bond issued in June 2019 was due in June 2020, and we were already in position to report on the Green Bond issued in June 2020, we have combined the two reports into one. This report also covered the € 100 million private placement issued in April. All net proceeds of these Green Finance Instruments have been fully allocated.

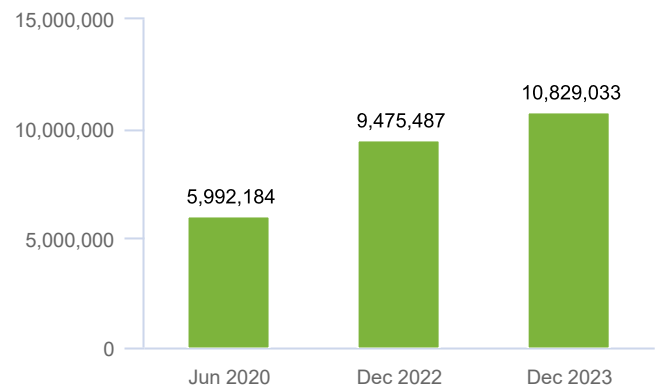
Our third report over 2022 was issued in September 2023. The Green Bond issued in June 2023 is incorporated. The name has evolved from ‘Green Bond Report’ to ‘Green Finance Report’ to allow for future diversification of instruments allocated. All net proceeds of these Green Finance Instruments have been fully allocated.

This is our fourth Green Finance Report. The Green Bond issued in June 2023 is included. All net proceeds of these Green Finance Instruments have been fully allocated.

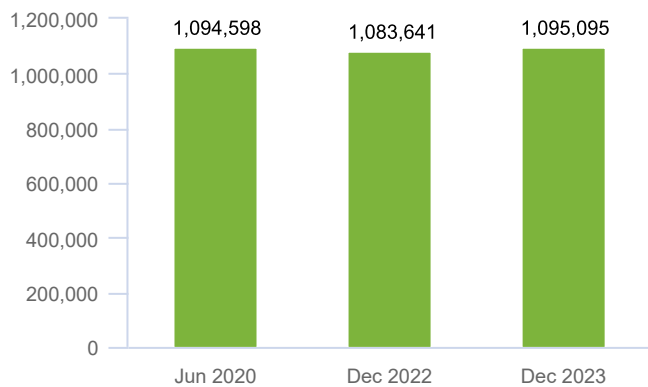
Capacity of renewable electricity production connected to the grid (MW)



Renewable electricity production feed into grid by total solar, wind capacity (MWh)



Energy consumption savings (GJ per year)



Use of proceeds

Renewable Energy

Assets aimed at integrating and enhancing the transmission capacity for Renewable Energy in the Dutch electricity grid. This includes investments in the electricity grid such as cables, medium-voltage stations and substations, as well as connections to renewable sources like wind and solar, and connections to household and business consumers.

Energy Efficiency

Installation, maintenance and repair of smart meters recording customer's gas and electricity consumption for demand management, including:

- Sensor and technology deployment in mid/high voltage grid;
- Wireless networks and fibre optic cable and network for transmitting and receiving.

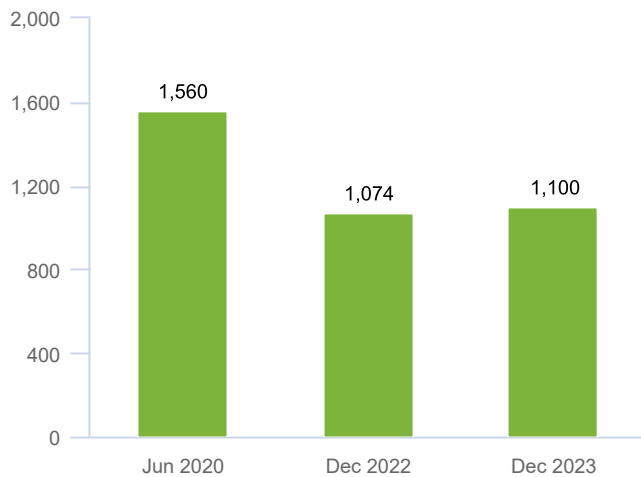
Green Buildings

- New or refurbished buildings that meet any of the following criteria:
 - EPC rating > A; or
 - The Primary Energy Demand is at least 10% lower than the threshold set for the nearly zero energy building (NZEB) requirements.

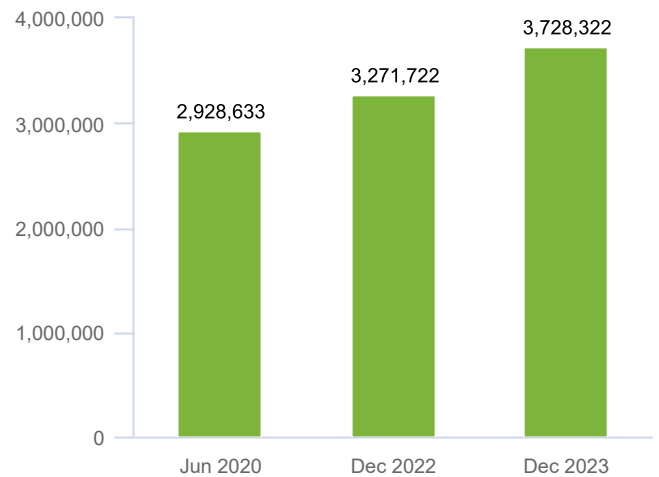
This includes investment in our energy-neutral office building in Duiven.

Energy Efficiency projects in buildings that result in a reduction of primary energy demand (PED) of at least 30% or complies with the applicable requirements for major renovations (Directive 2010/31/EU).

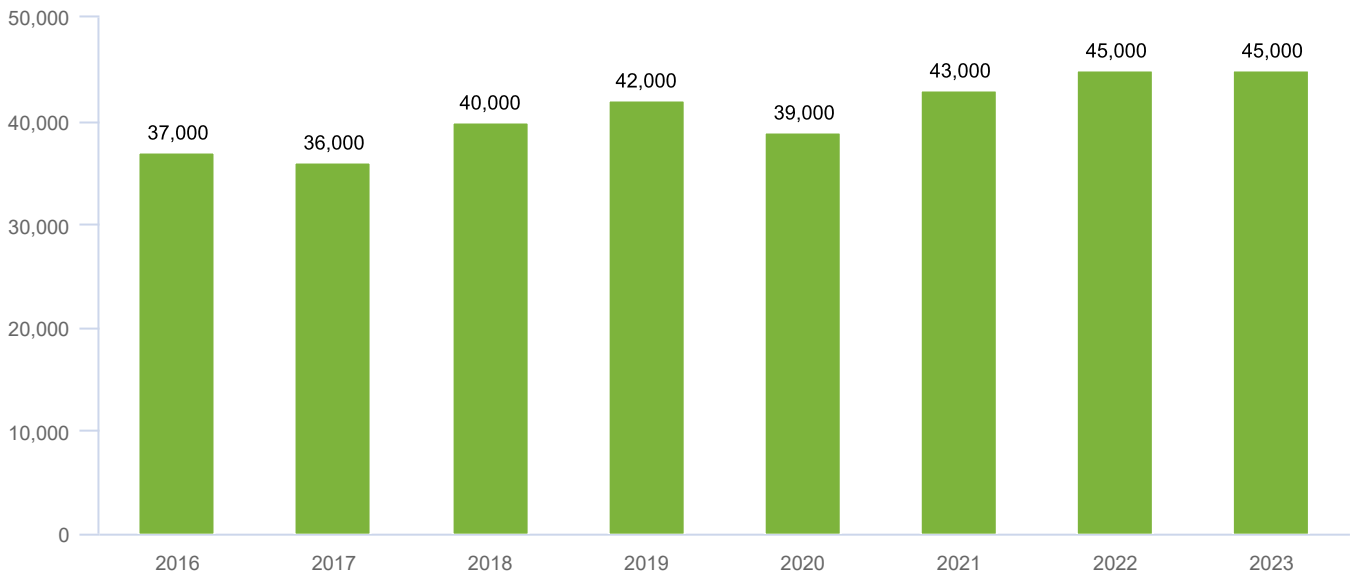
Estimated avoided CO₂ emissions GHG scope 1 + 2 (tonnes)



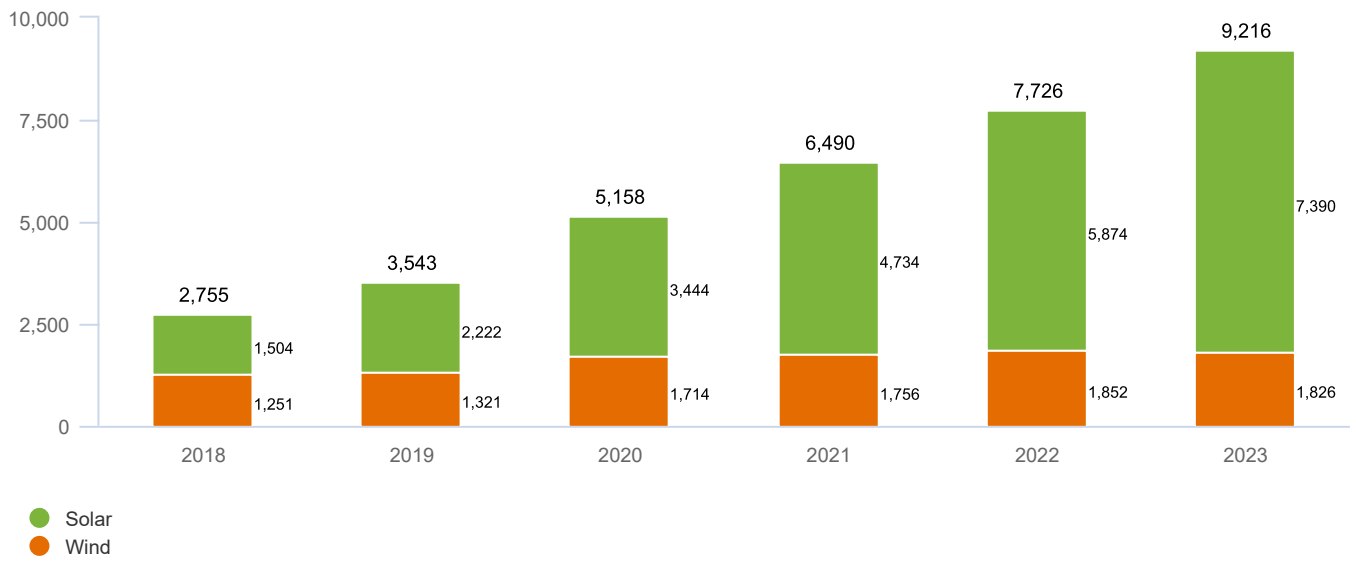
Estimated avoided CO₂ emissions GHG scope 3 (tonnes)



Number of new electricity connections



Connected Renewable Energy (MW)



- Solar
- Wind



Assurance report of the independent accountant

To: the Management Board of Alliander N.V.

Our conclusion

We have examined the Net Asset Value as per December 31, 2023 as included in the Allocation Report section (page 5) of the Green Finance Report of Alliander N.V. based in Arnhem for 2023.

Based on the procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the Net Asset Value as per December 31, 2023 as included in the Allocation Report section (page 5) of the Green Finance Report of Alliander N.V. is not prepared in all material respects, in accordance with the applicable criteria.

Basis for our conclusion

We have performed our examination in accordance with Dutch law, including Dutch Standard 3000A 'Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten)' (assurance engagements other than audits or reviews of historical financial information (attestation engagements)). This engagement is aimed to obtain limited assurance. Our responsibilities in this regard are further described in the 'Our responsibilities for the examination of the Net Asset Value as per December 31, 2023 as included in the Allocation Report section (page 5) of the Green Finance Report' section of our report.

We are independent of Alliander N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics for Professional Accountants).

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Applicable criteria

The Allocation Report needs to be read and understood together with the reporting criteria. Alliander N.V. is solely responsible for selecting and applying these reporting criteria, taking into account applicable laws and regulation.

For this engagement, the following criteria apply:

- Alliander Green Finance Framework May 2024.
- The paragraph "Notes to the Allocation Report" as included on page 5 of the Green Finance Report 2023.

The absence of an established practice on which to draw, to evaluation and measure the information in the Allocation Report allow for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Responsibilities of management Board for the Net Asset Value as per December 31, 2023 as included in the Allocation Report section (page 5) of the Green Finance Report

Management board is responsible for the preparation of the Net Asset Value as per December 31, 2023 as included in the Allocation Report section (page 5) of the Green Finance Report in accordance with the applicable criteria, including the identification of the intended users and the criteria being applicable for their purposes.

In this context, Management board is responsible for such internal control as it determines is necessary to enable the preparation, measurement or evaluation of the Net Asset Value as per December 31, 2023 as included in the Allocation Report section (page 5) of the Green Finance Report that are free from material misstatement, whether due to error or fraud.

Our responsibilities for the examination of the Net Asset Value as per December 31, 2023 as included in the Allocation Report section (page 5) of the Green Finance Report

Our objective is to plan and perform our examination in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The procedures performed in this context differ in nature and timing and are less extent as compared to reasonable assurance engagements. The level of assurance obtained in a limited assurance engagement is therefore substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS, Regulations for quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our examination included amongst others:

- Identifying areas of the Net Asset Value as per December 31, 2023 as included in the Allocation Report section (page 5) of the Green Finance Report where a material misstatement, whether due to errors or fraud, is likely to occur, designing and performing assurance procedures to address these areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion.
- Considering the internal control related to the preparation, measurement or evaluation of the Net Asset Value as per December 31, 2023 as included in the Allocation Report section (page 5) of the Green Finance Report in order to select assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion on the effectiveness of the company's internal control.
- Making inquiries of management and others within the company.
- Determining the plausibility of the information included in the Net Asset Value as per December 31, 2023 as included in the Allocation Report section (page 5) of the Green Finance Report.

Amsterdam, June 4, 2024

Deloitte Accountants B.V.

M. Lamers

June 2024

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Explanatory note

“We”, “Alliander”, “the company” and similar expressions used in this report mean Alliander N.V. and its subsidiaries.

