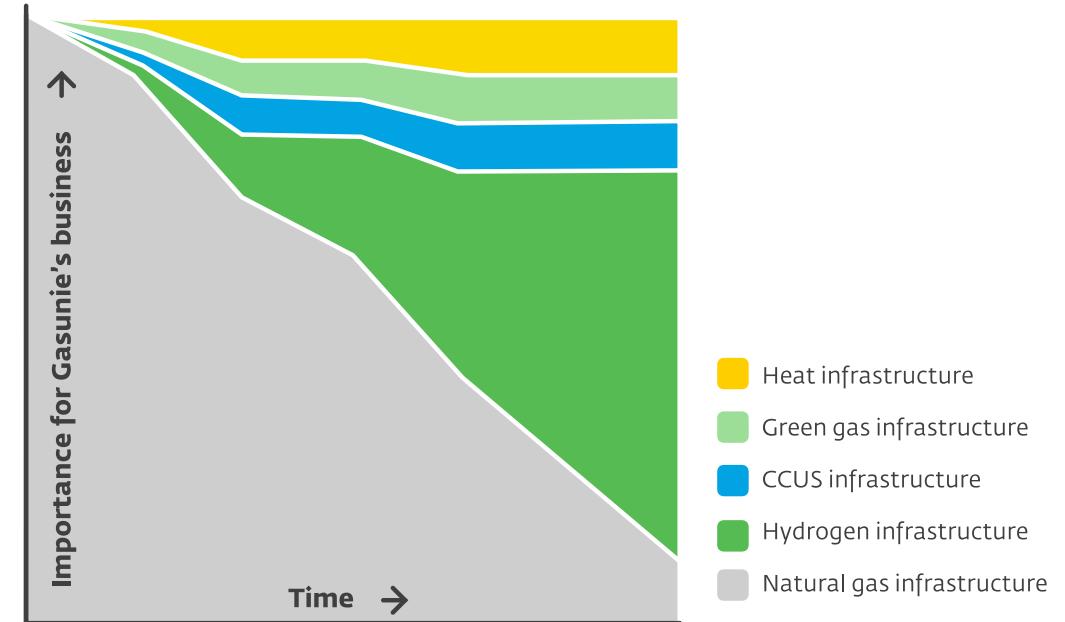


# Gasunie fires up the bond market with its inaugural Sustainability-Linked Bond

Aligning financing strategy and sustainability strategy

*DACT Treasury Award nomination, November 2021*

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.



### 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

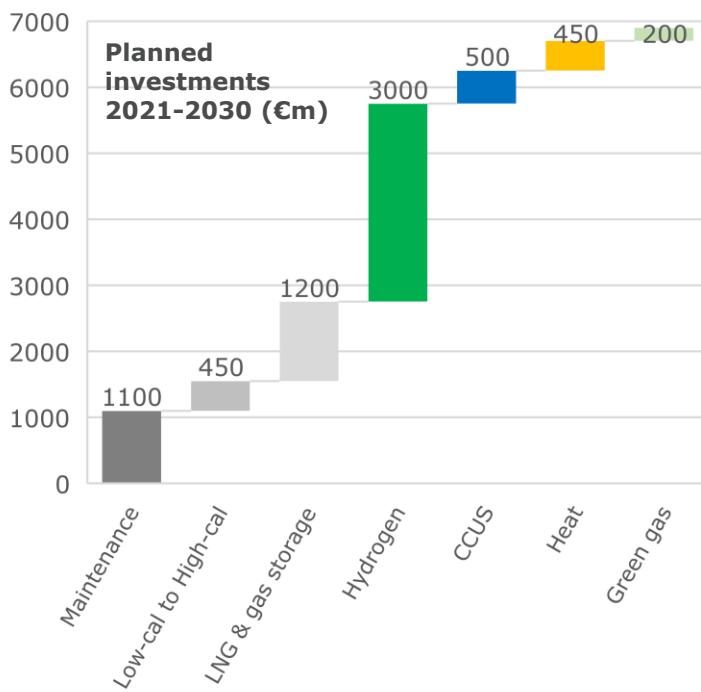


### Contributing to the energy transition

Accelerating the transition to a carbon-neutral energy supply

- **In 2030** Gasunie will be transformed from a gas transmission company into an energy infrastructure company
- **In 2050** our network will mainly transport hydrogen, green gas, heat and CO<sub>2</sub>, without compromising on reliability and safety
- **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

- Our investment portfolio for this decade contains large-scale energy transition projects, **but also significant investments in our existing gas transmission and storage infrastructure.**



- We will execute the largest part of our energy transition investments in the second half of this decade. Our 'grey' investments will largely be needed in the first half of the decade. **This makes it too early to launch green bonds now.**

- Meanwhile, we have rolled out a ten-year programme to contribute to the UN Sustainable Development Goals. Our *Gasunie Green Deals*. **We want our financial stakeholders to know we are deeply committed to these Green Deals. But how?**

Gasunie Green Deal	Gasunie KPI
1 Cut CO <sub>2</sub> emissions in construction projects	Projects awarded to least CO <sub>2</sub> emitting tenderer
2 Circular and CO <sub>2</sub> -neutral procurement	Purchased kg auditable circular procurement
3 Redeployment of existing assets	FID % of Dutch Hydrogen Backbone
4 Take social responsibility	Contracts that include a Social Return component
5 Build a diverse and inclusive organization	Women in leadership positions
6 Contribute to biodiversity	Large sites (installations) contributing to biodiversity
7 Reduce gas transport energy use	Absolute amount of energy used (base year 2021)
8 Develop strategy for energy procurement	North Sea wind power purchase contracts
9 Cut CO <sub>2</sub> equivalent emissions in daily operations	Absolute reduction of CH <sub>4</sub> (base year 2020)

- Sustainability-linked financial instruments would be a solution to put our money where our mouth is.** 'Grey' financing combined with 'green' targets.

## Aligning financing strategy and sustainability strategy

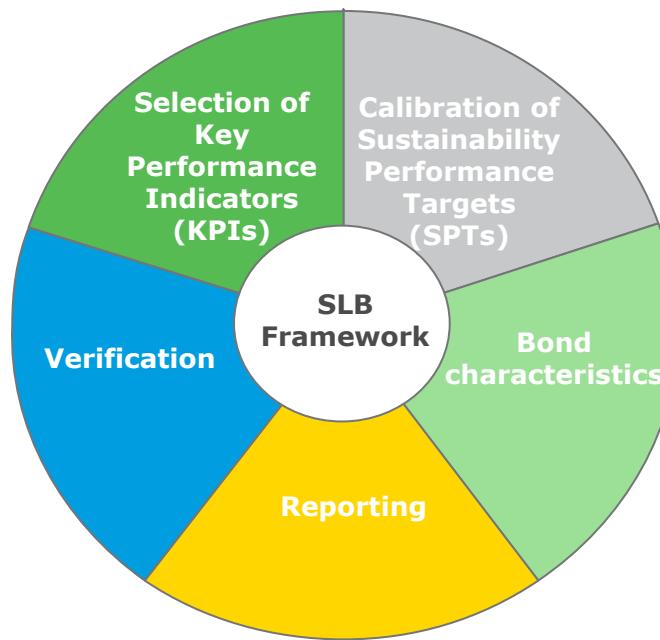


## 1. Selection of Key Performance Indicators (KPIs)

- Our KPIs need to be relevant to our business
- Our KPIs need to be relevant to society

Gasunie's transport and storage activities require significant amounts of electricity and gas, mainly for compression purposes. Daily operations and maintenance cause methane emissions

- **KPI #1: Methane emissions (CH<sub>4</sub>)**
- **KPI #2: Scope 1+2 GHG emissions (CO<sub>2</sub>)**



## 5. Verification

A Second Party Opinion (SPO) on the framework is provided by ISS ESG. Its key findings are that the **KPI selection is material to our business model** and that our SPT calibration is

- ✓ **Ambitious** vs issuer's past performance
- ✓ **Ambitious** vs issuer's sectorial peer group
- ✓ **Ambitious** vs national and EU emission targets

## 4. Reporting

Gasunie commits to report at least on an annual basis on both KPIs within its **annual report**

## 2. Calibration of Sustainability Performance Targets (SPTs)

The need for a SLBF **sparked and accelerated the discussions** between our grid subsidiaries in the Netherlands and Germany to come up with **corporate emission targets**.

Two targets are considered to demonstrate an **advanced level of ambition**:

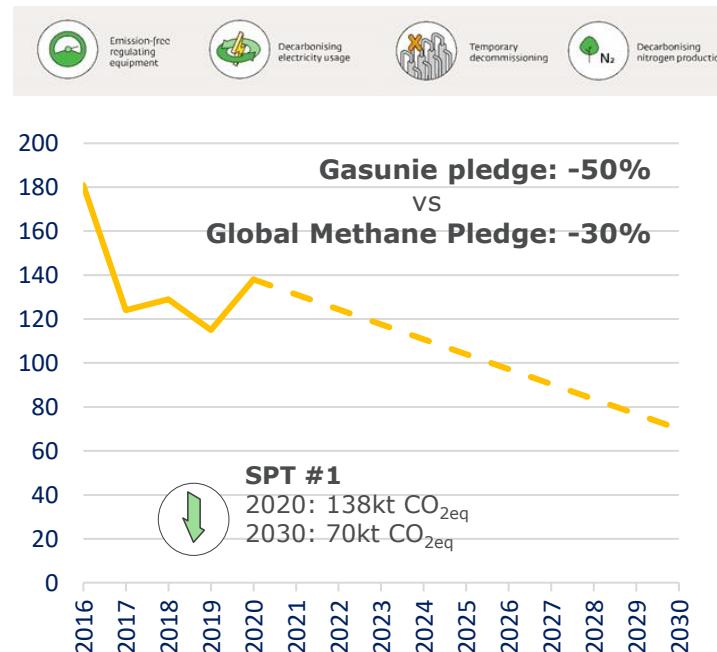
- **KPI #1: 70kt CO<sub>2eq</sub> in 2030 (2020: 138kt)**
- **KPI #2: 70kt CO<sub>2eq</sub> + (0,137\*transported volume in TWh) in 2030**

## 3. Bond characteristics

Impact on the financial characteristics of Sustainability-Linked Bonds:

- 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

- **SPT #1: Methane emission target for 2030 almost 50% below 2020 level**
- 1kg of methane contributes 25 times as much to climate change as 1kg of CO<sub>2</sub>
- The low hanging fruit in methane reduction tied to regular maintenance and replacement has already been collected
- This makes the target ambitious, with required measures that go 'beyond business as usual'



- **SPT #2: Total scope 1+2 emission reduction of almost 30% in 2030 (base year 2020)**
- Gasunie is a provider of capacity and has no influence on the volumes flowing through its network. Therefore, we cannot fully control our scope 1+2 emissions
- Comparing the target with 1990 levels, the reduction will amount to 70%, exceeding Dutch, German and EU 2030 targets

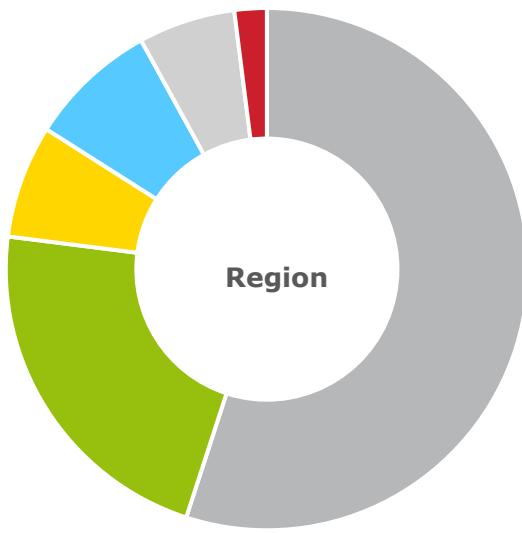


- For its inaugural SLB, Gasunie selected ING, ABN AMRO and Crédit Agricole as active bookrunners and NatWest and ABN AMRO as Sustainability Structuring Advisors
- **In the evolving sustainable bond market with lots of uncharted territory, Gasunie and its banking consortium faced several challenges:**
  - 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
  - With a market-standard annual penalty of 25bps for each KPI that is not met, the potential impact of not reaching a target would be too high...

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).

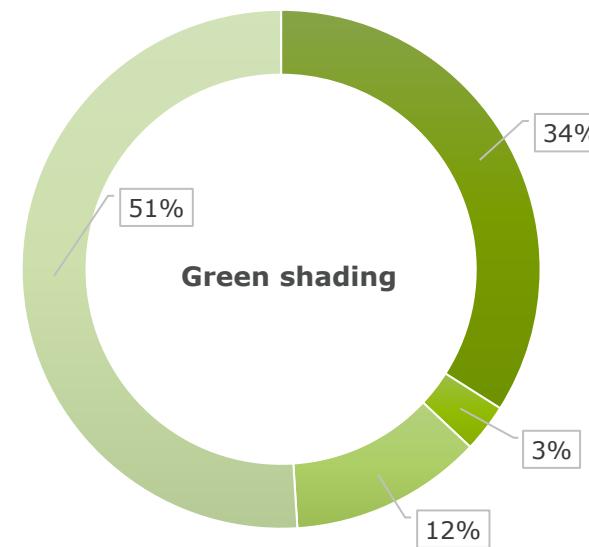
# Final spread of mid-swap + 38 bps and a Greenium of 2-3 bps

- After active 1-on-1 discussions with multiple investors and a GIC, Gasunie aimed for a **15yr SLB linked to both KPIs with 10bps penalty for each KPI** which would not be met on the observation date of 31 December 2030
- This resulted in a total **maximum penalty of 100bps** (in line with market practice) thereby aiming to find the sweet spot between issuer and investor friendly terms



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

- With an order volume of over €1bln **this strategy proved to be successful**. It allowed to tighten the pricing, with Gasunie setting the coupon at 0,750%. The final spread of mid-swap + 38bps **represented a Greenium of 2-3bps**
- With the methane emissions target Gasunie introduced **a new KPI in the market**, which represents a key environmental focus area for gas TSOs.



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

Gasunie plaatst succesvol haar eerste Sustainability-Linked Bond  
Geplaatst op 2 oktober 2021

N.V. Nederlandse Gasunie heeft met succes haar eerste Sustainability-Linked Bond (SLB) uitgegeven. De obligatielening heeft een waarde van € 300 miljoen met een looptijd van 15 jaar, aflopend op 13 oktober 2036. Gasunie is het eerste bedrijf in de Europese gastransportsector dat een [...] lees meer

= fd. Mijn nieuws Net binnen Beurs Krant

FINANCIËLE MARKTEN

## Gasunie aast op groen krediet om uitstoot broeikasgassen tegen te gaan

Rémy Baurichter 21 sept 15:42

Gasunie, Southern Housing show versatility of ESG bonds

By Jon Hay October 04, 2021 04:17 PM



Energieia Archief Trilemma Columns Meer

David Duijnhoven • Energieia

NIEWS

## Gasunie koppelt reductiedoelen voor 2030 aan obligatielening van €300 mln

Netwerkbedrijf Gasunie heeft €300 mln opgehaald met de uitgifte van obligaties waaraan specifieke duurzaamheidsdoelen zijn gekoppeld. Haalt het bedrijf deze doelen niet, dan krijgen de investeerders meer rente uitbetaald.