



# FOCUSING ON FACILITATING **THE ENERGY TRANSITION**

**ANNUAL REPORT 2021**



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## STRUCTURE OF THIS REPORT

In our annual report, we take you on a tour of the most important developments in 2021 that illustrate how we fulfil our role in society as a regional grid operator. What did we do to help customers, what dilemmas did we face, and which choices have we made?

It is our ambition to make our annual report more and more relevant. This is why we place the emphasis on material topics that are relevant for stakeholders and have an impact on Enexis. These material topics were reviewed in 2021 and form the basis for this report. We also show what our contribution is to the Sustainable Development Goals (SDGs). By means of the SDG icon, we indicate in the text to which goal or sub-goal our work delivers a contribution.







# “ FOCUSING ON FACILITATING THE ENERGY TRANSITION ”

FOREWORD BY THE EXECUTIVE BOARD

The Dutch economy is growing, undergoing a digital transformation, and becoming increasingly sustainable. We invested nearly one billion euros in 2021 to support this progress. In this manner, we are helping to build the energy system of the future and to ensure that customers can rely on energy every day. As this is the value that we contribute to society as a grid operator.

How strongly we are embedded in society as a grid operator became clearly visible in 2021 during the floods in Limburg. The impact of climate change suddenly came very close for our customers and employees. During the flood, our employees were on site day and night to help customers and to safely restore the energy supply. This dedication is part of our DNA. Right from the very beginning, we have been working hard to ensure lights keep burning and gas continues to flow. We continued to do so in 2021, also when the country was in lockdown due to COVID-19. Under these extraordinary circumstances, our employees - from home, in the field and behind the front door at customers - demonstrated their resilience again and again. Everyone made a huge effort for healthcare institutions, businesses and the thousands of people who were working from home for whom energy is indispensable. The average outage time in 2021 was 17.6 minutes for electricity (2020: 13 minutes) and 75 seconds for gas (2020: 81 seconds).





We are proud that we have still been able to maintain the level of reliability and safety now that the energy transition is increasingly demanding more from us. In all circumstances, safety is a number one priority for Enexis: for consumers and businesses in our environment, our employees and for the contractors with whom we work.

### **MAKING THE IMPOSSIBLE POSSIBLE**

Our work is dynamic and complex in this phase of the energy transition. In order to realise the climate goals, we are preparing our infrastructure for more renewable energy. In the meantime, the public debate regarding the exact route to 2050 is still being waged. This poses several structural challenges for us. How can we keep up with the pace of the energy transition? How can we build an infrastructure if we do not know exactly what the energy system will ultimately look like? And how do we ensure that the energy transition remains financeable and affordable? Over 670,000 customers fed renewable energy back into our grid in the past year; an increase of more than 25% in one year. One and a half up to two times as much capacity is required to be able to continue to facilitate this. Therefore, we have to upgrade and expand our grids in many areas.

We built a record number of new power stations and realised more transmission capacity than ever in 2021. We installed more than a thousand kilometres of cable. Nevertheless, the number of congestion points increased in the electricity grid. We were not always able to meet the demand for power and that has a large impact on customers. For instance, they did not always get a new connection or extra capacity on time. There was a shortage of capacity for feeding energy back into the grid in 2021. It may also occur in the coming years that there is too little grid capacity to meet the demand for power in some areas.

This could have major consequences for high-volume customers who wish to, for example, expand their businesses or need a new connection for a new to be built care centre. There is simply not enough capacity in the electricity grid. We are doing everything in our power to help our customers deal with this situation and to see whether there are possibilities in their area; however, unfortunately, expanding our grids takes a lot of time. Moreover, the capacity of TenneT's high-voltage grid will also have to be expanded. Despite the longer waiting times, customers appreciate it that we are transparent about processing times. In order to be able to work faster and more efficiently, we advocate planning and prioritising of activities by the government. This is necessary to be able to make clear choices regarding what the grid operators should give priority to, what can still wait a bit longer, and what does not have to be installed. At present, there is no prioritising framework and, as a result, we do not have any statutory possibilities to give priority to projects that have a high added value for society. We do not consider this desirable in this stage of the energy transition.

To ensure that energy remains accessible for everyone, we will have to start making more efficient use of the existing electricity grid in addition to a rapid and effective expansion of the grid. With energy regions, provinces, municipalities, project developers and customers, we are discussing what is possible in which areas and what is feasible in which timeframe. In addition, we are looking for and finding ways to transmit more electricity via the existing grid. For example in Emmen, where a solar farm could be connected safely by making structural use of the spare capacity of the grid. With this solution, we can realise around 1,000 MW in transmission capacity in our whole service area for interested initiators.

### **EXECUTION: FEASIBILITY AND AFFORDABILITY**

This workload in connection with the energy transition is so large that the all the work cannot be carried out at the same time. Creativity is required to find smart, pragmatic solutions together with our stakeholders. We are constantly looking for new employees to help us get the job done. A challenge, as there is already a huge shortage of experienced technicians, IT specialists, and data analysts on the labour market and this will probably not change in the coming years. We succeeded in hiring over 525 new employees in 2021 and we invested no less than € 38 million in training and education. In the coming year as well, we will do everything in our power to increase our workload capacity and make maximum use of the capacity of contractors.

To ensure that the energy transition remains feasible and affordable, we are also examining our approach and processes critically. How can data, digitalisation and innovation help us get more work done? What can we do more efficiently and faster? We have set ourselves the goal to take another step in working efficiently and thus reducing costs. To remain financially sound, it is also important that our revenues increase. Unfortunately, the new method decision of the Netherlands Authority for Consumers & Markets (ACM), which determines the revenues of grid operators for the coming years, is not sufficient to cover the strong increase in investments in the electricity grid. Together with two other large grid operators, we asked the government in 2021 if they could help us with the large funding requirement that we are facing as a result of the energy transition. Enexis was able to successfully issue a green bond loan of € 500 million again in April 2021.

### **FOCUS ON CORE ACTIVITIES**

The energy transition is one of this generation's biggest challenges. We are doing what we can, and we are carrying out more work year after year. However, we are aware that this is still not enough, and our customers are also experiencing this. At the same time, we see this as a unique opportunity to help the Netherlands become more sustainable. Approximately 50% of the national climate goals for renewable electricity generation onshore will have to be achieved in our service area in 2030. To be able to succeed in this task, we will have to focus on our core activities as a grid operator. This is the point of departure in our new strategy, which we will present in April 2022.

We are a co-facilitator of the energy transition in our service area. Therefore, it is our ambition to play an active role in designing the energy system of the future. We continue to develop plans, together with our stakeholders, for renewable energy generation onshore, the heat transition and electric mobility. In doing so, we will communicate our vision clearly and always aim for the most optimal choices for society. We continue to emphasise how important it is that we set priorities together in the Netherlands as it is simply not possible to do everything at the same time. In the meantime, we will continue to focus on getting the work done and we will concentrate our innovation capability on our core activities. We set the first concrete steps in 2021 in this area, with the intention to sell Fudura and by downscaling the activities of Enpuls. Our organisation has been restructured and is ready for the future.



Our contribution to the Sustainable Development Goals (SDGs) of the United Nations will remain equally substantial in the future. On the one hand, via our core business by connecting as many sustainable projects as possible. But also, by making conscious choices as an organisation in the area of sustainability. For instance, we have opted to remain CO<sub>2</sub> neutral.

### **LOOKING AHEAD**

Our company will continue to grow in the coming period, in investments, infrastructure, and relevance as well as in workforce. Fortunately, we can count on our dedicated and skilled employees to help us fulfil our task within society as a grid operator. Together, we are working on a historical transition that will have a lasting impact for generations to come. We are proud to be part of a community that is building a new, sustainable energy system and that is thus helping to mitigate climate change. With energy and a strong focus, Enexis is confident that it will be able to deal with the challenges that it will be facing in the future.

### **Executive Board Enexis Holding N.V.,**

Evert den Boer, CEO

Mariëlle Vogt, CFO

Rutger van der Leeuw, COO

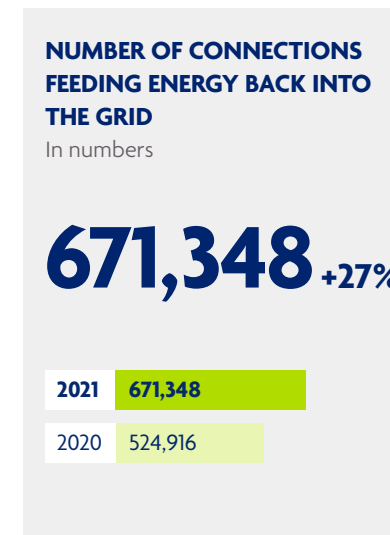
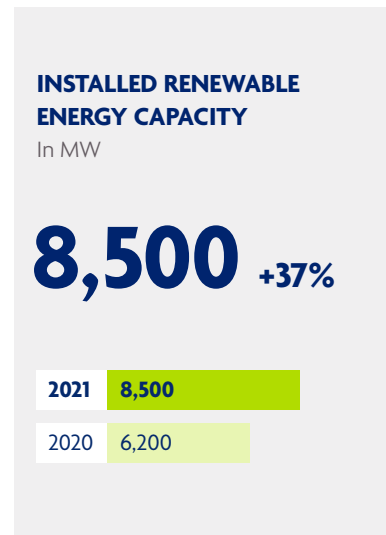
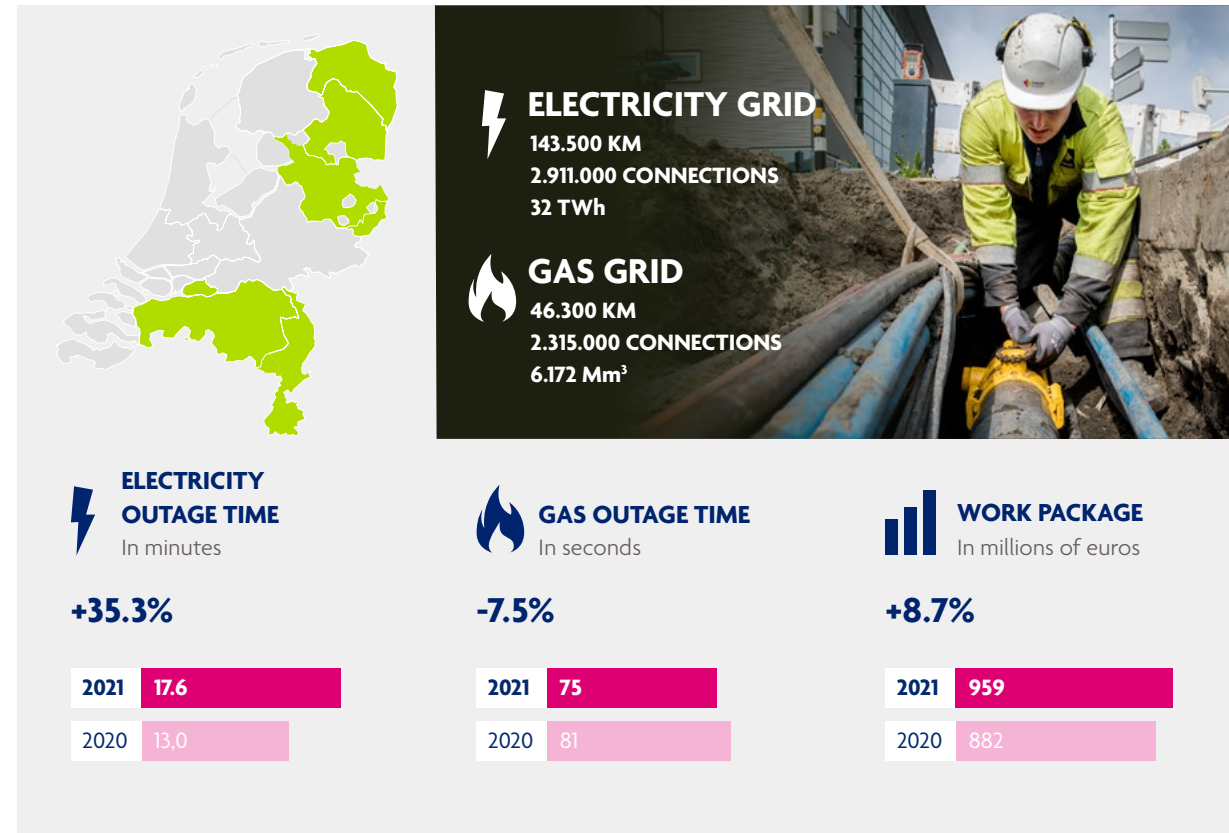
Jeroen Sanders, CTO



# KEY FIGURES

A larger work package (+8.7%), strong growth of the installed renewable capacity (+37%), and working completely CO<sub>2</sub> neutral with nearly 5,000 employees.

The energy transition produced a lot of work in 2021. We made a huge effort to ensure that the energy grid remained safe and reliable and to prepare the grid for more renewable energy. These key figures illustrate Enexis's development in 2021.





# ABOUT ENEXIS



Enexis<sup>1</sup> is a grid operator. We ensure that millions of customers in five provinces in the Netherlands have access to electricity and gas every day.

Beside a safe and reliable energy supply, we are working on increasing the sustainability of the energy system in the Netherlands. On the one hand, by connecting wind farms, solar farms, district heating and charging points for electric mobility and, on the other hand, by working on building the energy system of the future together with our stakeholders.

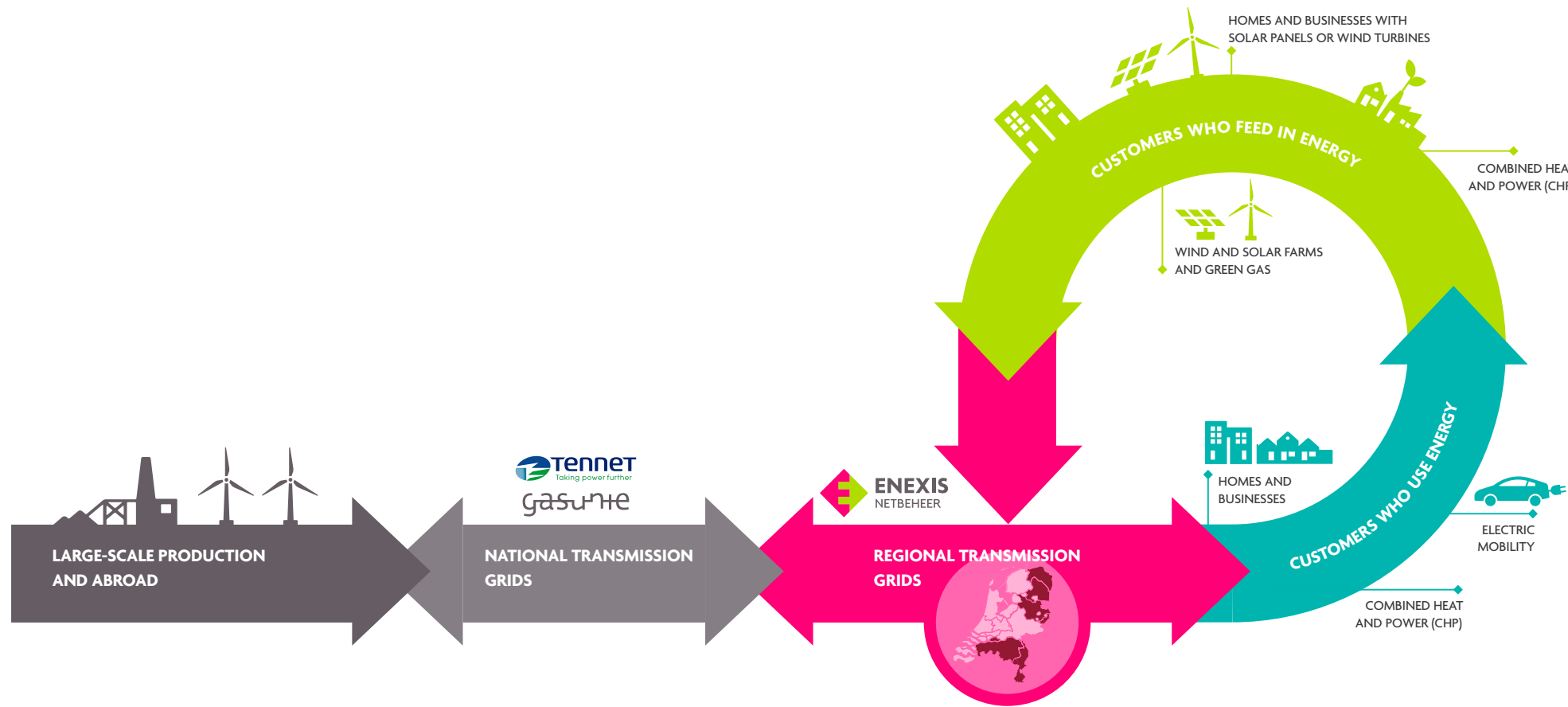
## OUR ROLE IN THE ENERGY CHAIN

The energy chain has changed significantly in recent years. Most of our energy (around 75%) comes from power plants, offshore wind farms and from other countries. TenneT and Gasunie transmit this energy to our regional grid via the national energy grids. In addition, end-users have become important players in the energy chain. Together, they now produce around 25% of all the energy via wind energy, solar energy, waste-to-energy, and CHP systems. More than 670,000 connections feed renewable energy back into the regional grid and this number is growing every day.

<sup>1</sup> In this report, wherever 'Enexis' is used, it can be taken to refer to the entirety of Enexis Groep companies, unless otherwise specifically noted.



Enexis Netbeheer plays a central role in the energy chain. As all types of energy come together in our regional grids: fossil energy and renewable energy, produced on a large and a small scale. We balance supply and demand and distribute energy safely to customers in Groningen, Drenthe, Overijssel, Noord-Brabant and Limburg. We roll up our sleeves every day for the construction, maintenance, development and operation of the electricity and gas grids. We work together with many parties on innovations to make the energy supply more efficient and sustainable. Besides technological innovations, such as energy storage or congestion management, data also plays an important role. We facilitate a free electricity market by making energy data available to suppliers and market parties in a safe manner. As a result, administrative processes, such as switching energy supplier, can take place seamlessly for customers.





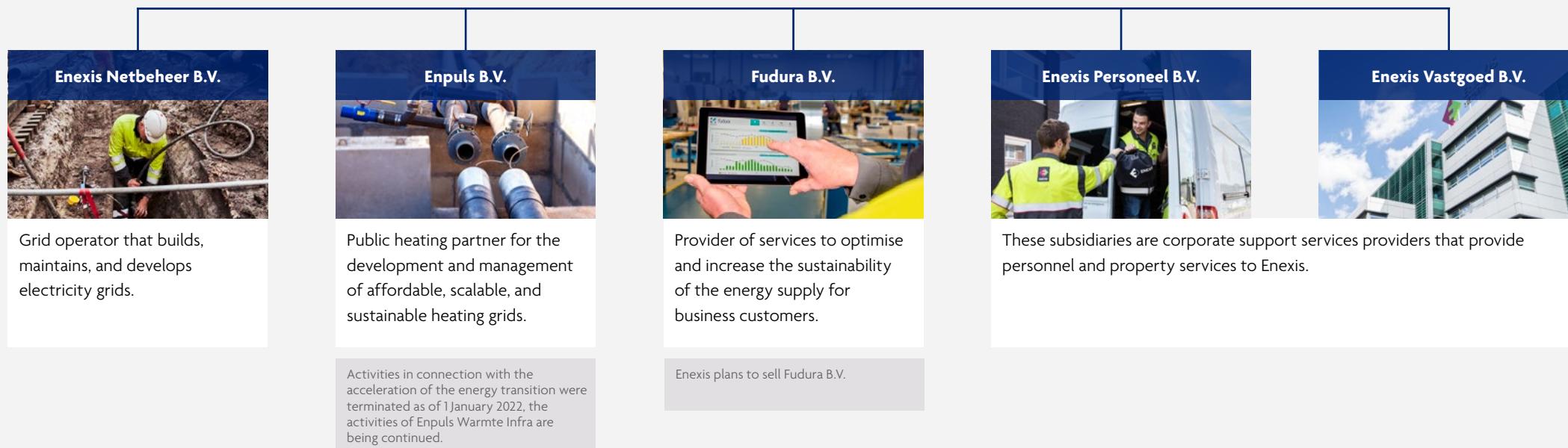


# OUR ORGANISATION

Enexis Holding N.V. has various subsidiaries, each with its own specific focus area. All our activities are combined within Enexis Groep. The organisation is led by an Executive Board. Our shareholders are provinces and municipalities within our service area.

## ORGANISATIONAL CHART ENEXIS HOLDING NV AS OF 31 DECEMBER 2021

### ENEXIS HOLDING N.V.





# MISSION, VISION, AND STRATEGY

Traditionally, it has been our task as a grid operator to provide a reliable and safe energy supply. We are experts at doing this. We ensure that the quality of the energy distribution system remains high. We continue to innovate and invest to make our grids future proof. As a socially responsible company, we also make use of our knowledge and expertise to make an active contribution to achieving the Dutch climate goals.

## MISSION

We realise a sustainable energy supply by offering state-of-the-art services and grids and by taking the lead in innovative solutions.

## VISION

- Everybody wants easy access to energy, at any time and anywhere.
- The drive towards change in the energy landscape is gathering pace. New solutions are necessary to accommodate the rise of renewable generation and energy saving devices.

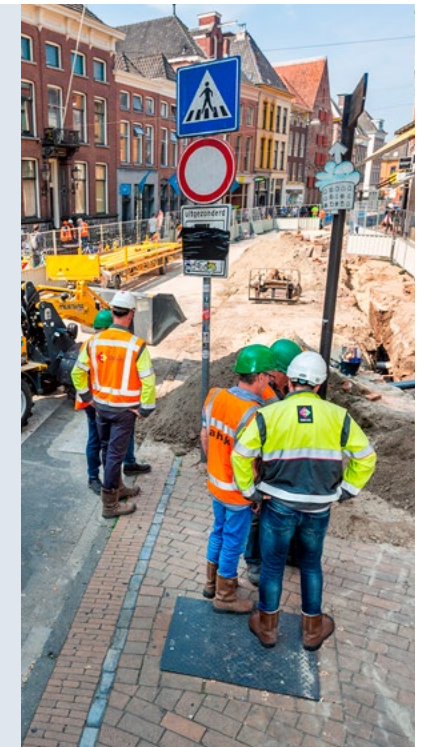
## STRATEGY

In the period 2017-2021, we focused on excellent grid management and accelerating the energy transition. And successfully, as the energy transition proceeded full speed ahead in that period. National climate goals were set, regional energy strategies were formulated, and the changes are now clearly visible in towns and cities. Wind and solar farms were built, substantial investments were made in electric mobility and homes were gradually made more sustainable. The energy transition has come into a new phase, and this has led to a huge increase in Enexis's workload. This demands a different approach from us as a grid operator. We are shifting our focus from accelerating the energy transition to focusing on our core business. To be able to take on the challenges of the future, we worked on defining a new strategy for Enexis Groep in 2021, which will be adopted in April 2022.

## DEVELOPMENT OF OUR NEW STRATEGY FOCUS ON CORE ACTIVITIES

Facilitating the energy transition demands our full attention. Everything must be aimed at ensuring that the energy supply remains safe and reliable, that we connect customers on time, and that we realise the energy system of the future. Therefore, Enexis Groep is going to focus on its core activities in the new strategy. We are future-oriented, reliable and transparent in our work. In the first place, we do this by helping to determine the most optimal choices for society for a sustainable, reliable, and affordable energy system and a feasible route to realising the future energy system. At the same time, we offer everyone access to energy via a safe energy infrastructure, while maintaining a high delivery reliability, and at the lowest possible costs.

Customers and market parties can count on transparent, reliable and efficient services. As preparation for the adoption of the new strategy in April 2022, the first steps were set in the organisation to increase our focus on our core activities. We are focussing all our innovative capacity on our core activities. In the sector, we are seeking to collaborate more often with other grid operators to increase our effectiveness. For example, with regard to important issues in the energy sector such as facilitating the energy market and promoting innovations such as hydrogen. In this manner, we are helping to realise the Dutch climate goals for 2030.







# HOW WE ADD VALUE

As a public-private company, we aim to serve the public interests. We employ our grid, employees, and financial resources to benefit society in a sustainable manner. This comprises more than the daily energy supply. We assume responsibility and contribute directly to achieving the Sustainable Development Goals.

## TRENDS AND DEVELOPMENTS



### CLIMATE CHANGE AND THE ENERGY TRANSITION

Internationally, we are seeking to limit climate change by reducing greenhouse gas emissions and we are working on realising a CO<sub>2</sub> neutral energy supply by 2050. In this process, more renewable energy is being produced and more electricity is being consumed. The demand for electricity will be at least twice as high in 2050. Renewable gases, such as green gas and hydrogen, will take over the role of natural gas.



### HIGHER ENERGY COSTS

Increasing the sustainability of the energy supply demands huge investments on the part of governments, businesses, and consumers, for example, in insulation, heat pumps, and solar panels. In addition, in the Netherlands, we are becoming increasingly dependent on foreign natural gas, of which the price fluctuates strongly. Growing inequality of opportunity means that not everyone is able to participate and this influences the base of support for the energy transition.



### PERSONNEL SHORTAGE

The Dutch population is ageing and fewer young people are opting for a technical education, such as electro-technician. Tens of thousands skilled technicians are required to carry out the energy transition in the Netherlands. It is an enormous challenge for the construction sector, the installation sector, and grid operators to fill these job vacancies. There is also a huge shortage of ICT specialists.



### INCREASING INFLUENCE OF CITIZENS

Governments are faced with complex societal issues, such as the energy transition. They are looking for legitimacy and support for their decisions. For citizens, it is the case that they want to have more influence on what is happening in their immediate living environment. More and more forms of participatory democracy are arising. At the same time, confidence in institutions appears to be decreasing.



### GROWING DEPENDENCE ON DATA AND SYSTEMS

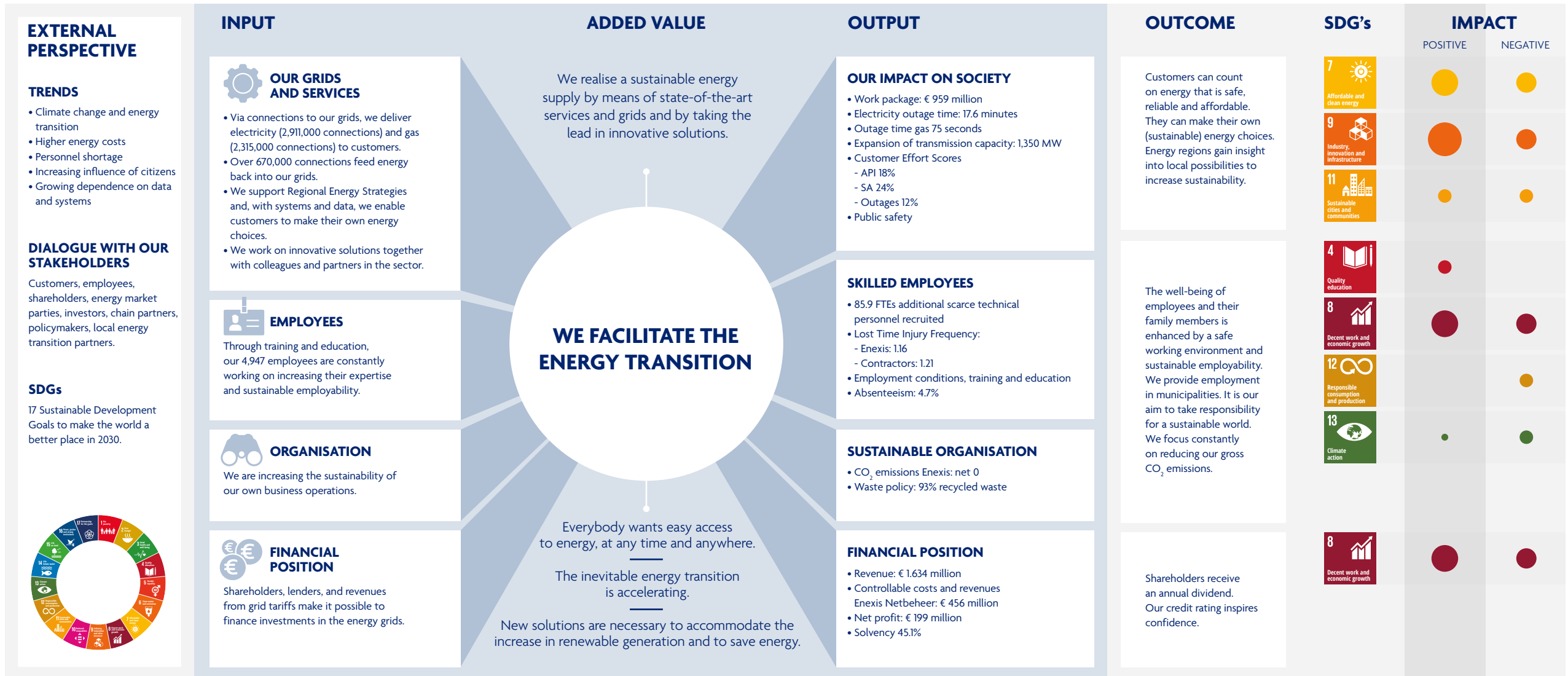
Digitalisation leads to new opportunities and convenience for businesses and consumers; but it also makes society increasingly dependent on data and systems. The threat of cyber attacks is growing worldwide. It is becoming increasingly complex to protect vital infrastructure, ICT systems, and data against cyber attacks.

We are actively anticipating the trends and developments outlined below and we are discussing this with our stakeholders. In addition, the Sustainable Development Goals are an important point of departure for how we can create added value for society. Agreements are being concluded on various levels to limit global warming and reduce CO<sub>2</sub> emissions. Enexis is actively working on contributing to the realisation of international and national climate agreements, for example, the UN Climate Change Conference COP26 in Glasgow in 2021, the Paris Climate Agreement in 2015, the European Green Deal in 2020 and the Dutch Climate Agreement in 2019. Initiatives are being launched everywhere in the Netherlands to realise these climate goals.

The Regional Energy Strategies were submitted in 2021 with specific plans to increase sustainability. Our greatest challenge is to ensure that the energy infrastructure is ready on time to facilitate all these initiatives. We are pleased with the investments of the new Dutch government in the expansion of the energy infrastructure and other measures, such as subsidies for hybrid heat pumps and the green gas blending obligation. The structural approach to resolving shortages of technical and other scarce personnel is also very positive.



Our value creation model shows which resources we use, which strategic choices we have made and the result that this produces in the short and the long term. We also provide an estimate, by means of a qualitative analysis, of the positive and negative impact of our activities on the global goals.







# SUSTAINABLE DEVELOPMENT GOALS

With our work, we make a direct contribution to the Sustainable Development Goals (SDGs) of the United Nations.

We make the largest sustainable impact in the energy transition with our core activities. For example, by means of renewable wind and solar energy generation onshore and by connecting charging points for electric mobility. That is why our primary focus in 2021 was on affordable and clean energy (SDG7), industry, innovation, and infrastructure (SDG9), and sustainable cities and communities (SDG11).

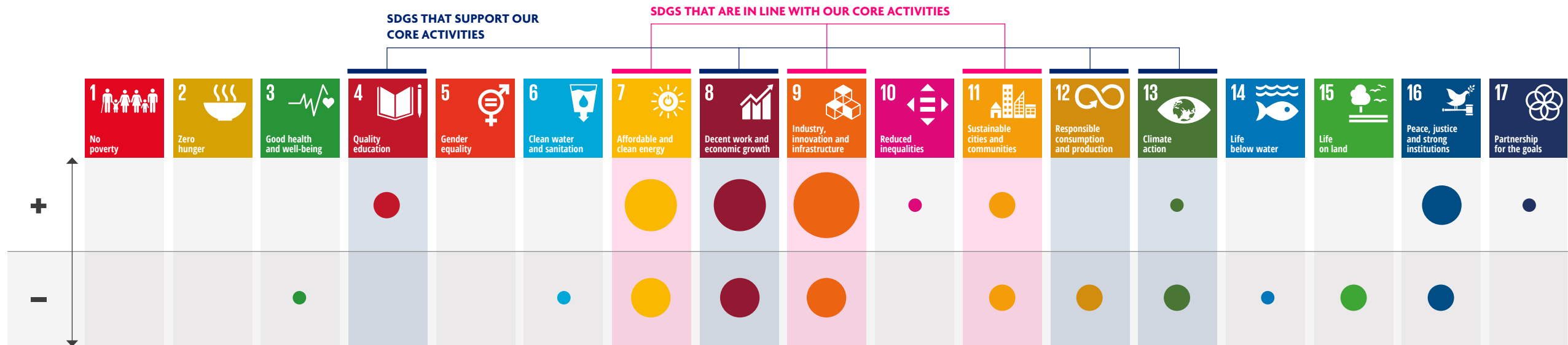
In addition, we distinguish four SDGs that support our core activities: quality education (SDG4), decent work and economic growth (SDG8), responsible consumption and production (SDG12), and climate action (SDG13). We strive to contribute directly towards these goals in our business operations. Regarding the other SDGs, we adhere to a no-harm principle, we aim to cause no harm.

## WE MEASURE OUR IMPACT

We are able to establish how large our contribution is to the SDGs more and more accurately. Because when we understand the impact that we have, we are better able to improve our impact. Unfortunately, our contribution is not always positive.

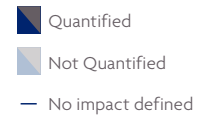
For instance, our work entails safety risks for our employees, we make use of scarce raw materials and energy is also lost in the transmission of electricity. We aim to reduce our negative impact and increase our positive impact in all areas.

We took new steps in 2021, together with other companies in the energy sector, to measure our impact. Together, we are learning how we can apply and develop a method to measure our impact. In the impact model on the next page, we express our impact in euros. We are thus able to produce, as it were, a social annual report that provides an integrated impression of our value creation. We drew up an inventory of our relevant impacts and calculated the effects that our activities have on society. Pricing enables us to obtain more insight into the size of our impact and to compare our impact with that of other companies in the sector. Our impact measurement model and methods are laid down in the manual 'Impact measurement for grid operators' and are based on the six capitals of the Value Reporting Foundation. Over 2021, we show our impact on financial, manufactured, natural, and human capital. We aim to expand this further in the coming years and to also start quantifying the impact on social and intellectual capital. We use the Framework for Impact Statements (FIS) and the Integrated Profit & Loss Assessment Methodology (IAM Core) of the Impact Institute as a scientific framework for the impact measurements.





| SDGs | DECREASE IN CAPITAL VALUE  | (In € million)              | INCREASE IN CAPITAL VALUE  |
|------|--|-----------------------------|--|
|      | Other income   | 2   -                       |  |
|      | Changes in cash balances   | 60   -                      |  |
|      | Third party contributions  | 120   154                   |  |
|      | Financial expenses customers (high volume)                       | 502   548                   | Taxes  |
|      | Capital raised, repayments and interest received                 | 866   605                   | Payments to employees  |
|      | Financial expenses customers (low volume)                        | 1,132   1,178               | Dividends, repayments and interest                                 |
|      |  | <b>Financial capital</b>    | Payments to suppliers  |
|      | Value of purchased goods for electricity transmission            | 1,100   2,250               | Changes in the value of assets                                     |
|      | Value of purchased goods for gas transmission                    | 550   2,400                 | Value of energy transmission for business customers                |
|      |  |                             | Contribution of energy transmission to the well-being of consumers |
|      |  | <b>Manufactured capital</b> | Contribution of gas transmission to the well-being of consumers    |
|      | No impact defined  | -   -                       | Changes in the value of intangible assets                          |
|      |  | <b>Intellectual capital</b> | Technological developments   |
|      | Use of scarce materials  | -   -                       |  |
|      | Use of scarce water  | -   -                       |  |
|      | Soil contamination   | -   -                       |  |
|      | Air pollution  | -   -                       |  |
|      | Exhausting fossil fuels  | -   -                       |  |
|      | Land use and land transformation                                 | -   -                       |  |
|      | Contribution to climate change                                   | 300   50                    | Limiting climate change <sup>2</sup>                               |
|      |  | <b>Natural capital</b>      |  |
|      | Digital security: privacy violations                             | -   -                       | Changes in reputation and trust                                    |
|      |  | <b>Social capital</b>       | Contribution to better institutions and regulations                |
|      | Economic value of labour   | -   -                       | Development of employees   |
|      | Safety incidents and loss of well-being in the local environment | -   -                       | Well-being effects of having a job                                 |
|      | Accidents and absenteeism of employees                           | 1   50                      |  |
|      |  | <b>Human capital</b>        |  |



1 Amounts are rounded off to € 50 million with the exception of 'Accidents and absenteeism of employees'. The rounding off does not concern the impacts within Financial capital.  
 2 This concerns Guarantees of Origin.

**NOTES AND METHOD** >



# OBJECTIVES AND PERFORMANCE

| CRITICAL SUCCESS FACTOR                        | KPI   | TARGET 2021  | REALISATION 2021 | TARGET 2022   | NOTES                   |
|--|---|--|------------------|---|-------------------------|
| Reliable energy grid                           | Annual outage time  | ≤ 17.5 min   | 17.6 min         | ≤ 17.5 min  | <a href="#">Page 18</a> |
| Smart and efficient expansion of grid capacity | Expansion of transmission capacity                        | ≥ 1,000 MW   | 1.350 MW         | ≥ 1,000 MW  | <a href="#">Page 19</a> |
| Smarter and better every day                   | Quantitative progress year order book <sup>1</sup>        | ≥ € 941 million  | € 959 million    | ≥ € 1,044 million   | <a href="#">Page 23</a> |
| Transparent customer information               | Customer Effect Scores <sup>2</sup> :<br>1. CES chain API | Q4 score Installation of Primary Infrastructure ≤ 20%  | 18%              | Q4 score Installation of Primary Infrastructure ≤ 19%   | <a href="#">Page 21</a> |
|  | 2. CES chain Standard Connections                         | Q4 score Standard Connections ≤ 24%  | 24%              | Q4 score Standard Connections ≤ 22%   | <a href="#">Page 21</a> |
| Always working safely                          | Lost Time Injury Frequency Enexis                         | Every accident is one too many   | 1.16             | ≤ 1   | <a href="#">Page 28</a> |
|  | Lost Time Injury Frequency contractors                    |  | 1.21             | ≤ 2.5   | <a href="#">Page 28</a> |
| Sufficient qualified personnel                 | Increase/decrease # FTE scarce technical personnel        | # FTE technical personnel additionally in the employment of Enexis ≥ 145 FTEs (balance of increase inflow and outflow) | 85,9 FTE         | # FTE technical personnel additionally in the employment of Enexis ≥ 169 FTEs (balance growth inflow and outflow) | <a href="#">Page 26</a> |
| Transparent inclusive organisation             | Employee Net Promoter Score <sup>3</sup>                  | -  | 34.0             | ≥ 30  | <a href="#">Page 26</a> |
| Every euro well spent                          | Controllable costs and revenues <sup>4</sup>              | ≤ € 492 million  | € 456 million    | ≤ € 525 million   | <a href="#">Page 34</a> |

<sup>1</sup> Based on standard costs.

<sup>2</sup> A CES year runs from December up to and including November, each quarterly score is calculated for the period Q1: Dec., Jan., Feb.; Q2: March., Apr., May; Q3: June, July, Aug.; Q4: Sept., Oct., Nov. For the Score, it is the case that 'the lower the score the better'.

<sup>3</sup> The Employee Net Promoter score is a target as of 2022 and indicates the degree in which employees recommend Enexis as an employer to others. The score is determined by: % promoters - % critics.

<sup>4</sup> Enexis Netbeheer (including staff departments).

## RECORD WORK PACKAGE REALISED

Despite the COVID-19 pandemic, we succeeded in getting more work done again in 2021. We exceeded our target for the expansion of the transmission capacity. Due to all the investments in our grids and the costs of maintenance and outages, our year order book grew up to € 959 million. Moreover, it is important to note that the reliability of the energy supply for our customers remained at a high level. In spite of our efforts, we did not always succeed in connecting customers within the desired timeframe. That is disappointing. Unfortunately, due to the growing work package and the persistent shortages in the labour market, we cannot promise that this issue will be resolved. We succeeded in achieving the Customer Effort Score target with transparent customer information. Customers have to make less of an effort to be helped adequately by us.

When looking ahead towards 2022, it is clear that our targets are ambitious. Our work package is growing to over one billion euros, and we will also continue to expand the transmission capacity structurally in the coming years by at least 1,000 Megawatt. When carrying out this work, we will not make any concessions regarding reliability and safety. We quantified our objectives for working safely in order to set concrete targets for improvements. We have set a higher target for customer satisfaction for 2022. In order to enter into realistic agreements, we will discuss their wishes and the waiting time with customers. In this process, we will make every possible effort to recruit and retain sufficient technical personnel so that we will be able to carry out the growing work package. In alignment with our strategic choices, it is our aim to be a transparent, inclusive organisation in 2022. Diversity makes us stronger as an organisation and together we can be more productive and perform better. To ensure that our services remain affordable, we plan to realise expenditure reductions of in total at least € 220 million up to 2026.



# CORRELATION BETWEEN STRATEGY, OPPORTUNITIES, AND RISKS

| SECTION                                       | MATERIAL TOPICS <sup>1</sup>                 | STRATEGIC OPPORTUNITIES AND RISKS   | TARGET AND RESULT 2021 <sup>2</sup>   | CONTRIBUTION TO SDGs |
|---|--|---|---|----------------------|
| <b>OUR IMPACT ON SOCIETY</b>                  | <b>Reliable and accessible energy supply</b> | <b>Opportunity:</b> Uninterrupted delivery of energy for customers, access to an energy grid with sufficient capacity, and a well-functioning energy market.<br><b>Risk:</b> Prolonged outages of the grid due to natural disasters, internal failures or intentional wrongdoing.   | <b>Annual outage Electricity</b><br>Target: ≤ 17.5 minutes    Realisation: 17.6 minutes<br><b>Quantitative progress year order book</b><br>Target: ≥ €941 million    Realisation: €959 million  | 7.1 11a              |
|   | <b>Safe energy grid</b>                      | <b>Opportunity:</b> Limiting risks for people and society.<br><b>Risk:</b> Accidents suffered by employees and/or bystanders due to unsafe situations and/or asset failures.  |   | 11.5                 |
|   | <b>Sustainable energy supply</b>             | <b>Opportunity:</b> Reducing the environmental impact by means of developing the energy supply independently and in consultation with stakeholders.<br><b>Risk:</b> An active role of Enexis in the energy transition is hampered by new laws and regulations..   | <b>Expansion of transmission capacity</b><br>Target: ≥ 1,000 MW    Realisation: 1,350 MW  | 7.2 9.1 9.4          |
|   | <b>Affordable energy supply</b>              | <b>Opportunity:</b> Expanding and managing the energy grid at costs that are acceptable for society.  | <b>Controllable costs and revenues</b><br>Target: ≤ €492 million    Realisation: €456 million   | 7.1                  |
|   | <b>Customer-oriented services</b>            | <b>Opportunity:</b> Customer needs and customer satisfaction as the basis for the development of our services and performance.<br><b>Risks:</b> Customer demand cannot be met sufficiently timely due to a shortage of personnel, material and/or grid capacity. Our reputation is damaged due to not fulfilling the expectations of stakeholders with regard to the energy transition. | <b>Customer Effort Scores (CES)</b><br>• Q4 score Installation of Primary Infrastructure<br>Target: ≤ 20%    Realisation: 18%<br>• Q4 score Standaard aansluitingen<br>Target: ≤ 24%    Realisation: 24%<br>• Q4 score Storingen<br>Target: ≤ 15%    Realisation: 12%   | 7.1                  |
| <b>PRECONDITIONS FOR A SUSTAINABLE RESULT</b> | <b>Effective market facilitation</b>         | <b>Opportunity:</b> A free energy market in which administrative processes are carried out smoothly for customers.  |   | 9.1                  |
|   | <b>Safe and healthy working environment</b>  | <b>Opportunity:</b> Limiting risks for employees and partners.  | <b>Lost Time Injury Frequency</b><br>Target: Every accident is one too many<br>Realisation Enexis 1.16, Contractors 1.21<br><b>Absenteeism short, medium-long and long term</b><br>Target: moving average ≤ 5%<br>Realisation: 4.7%                                     | 4.3 4.4 4.7 8.3      |
|   | <b>Employment and skilled employees</b>      | <b>Opportunity:</b> Providing work for employees, suppliers, and contractors and being able to respond timely to issues in the organisation and energy transition.<br><b>Risk:</b> Customer demand cannot be met sufficiently timely due to a shortage of personnel, material and/or grid capacity.   | <b>Employee satisfaction: engagement</b><br>Target: ≥ 7.8    Realisation: 7.8<br><b>Employee satisfaction: teamwork</b><br>Target: ≥ 6.6    Realisation: 6.8<br><b>Increase/decrease # FTE scarce technical personnel</b><br>Target: ≥ 145 FTEs    Realisation: 85.9 FT | 8.3 8.8              |
|   | <b>Efficient business operations</b>         | <b>Opportunity:</b> Development of processes to respond timely to issues in the organisation and energy transition.<br><b>Risk:</b> Complex change projects exceed the budget and/or do not provide sufficient or timely business value.  |   | 9.1 9.4              |
|   | <b>Influencing policy</b>                    | <b>Opportunity:</b> Adjusting to a changing world with relevant regulations.  |   | 7.1 7.2              |
|   | <b>Information security</b>                  | <b>Opportunity:</b> Development of processes and grids through innovations and digital technologies.<br><b>Risk:</b> Unauthorised use of data and/or systems due to inadequate security measures.   |   | 9.1                  |
|   | <b>Sustainable organisation</b>              | <b>Opportunity:</b> Improving the (chain) footprint on society and the environment.   |   | 12.2 12.4 12.6 13.2  |
| <b>FINANCIAL POSITION</b>                     | <b>Financially sound</b>                     | <b>Opportunity:</b> Create financial value for shareholders.<br><b>Risk:</b> Deterioration of our financial position due to the effects of the energy transition and regulation method.   |   | 8.1                  |

**WE FACILITATE THE ENERGY TRANSITION**

1 The material topics are the outcomes of the stakeholder dialogue in 2021, presented on page 112.

2 As reported in the annual report of Enexis Holding N.V. 2020; objectives and performance 2021.





# OUR IMPACT ON SOCIETY

## IN THIS SECTION:

|   |   |   |
|---|---|---|
| <p>7</p>  <p>Affordable and clean energy</p> | <p>9</p>  <p>Industry, innovation and infrastructure</p> | <p>11</p>  <p>Sustainable cities and communities</p> |
|---|---|---|

- Reliable and accessible energy grid
- Safe energy grid
- Sustainable energy supply
- Affordable energy supply
- Customer-oriented services

### + Positive impact

Our reliable and safe energy grids form the basis for increasing sustainability and for the economic development in our service area. By advocating making the optimal choices for society, we help to keep the energy transition feasible and affordable for our stakeholders.

### — Negative impact

An interruption or a safety or digital security incident can have consequences for the well-being of our customers or their businesses. We are investing substantially in order to enable an increase in energy production and consumption. Our work also has an impact on the environment because energy is lost during the distribution of energy.



# OUR IMPACT ON SOCIETY

The energy system in the Netherlands is going through a historical transition. Customers are opting en masse for generating renewable energy and feeding it back into the grid. We are breaking ground and building the infrastructure to make this transition possible. We modified over 145,000 connections at customers in 2021 for feeding energy back into the grid themselves - a record number - and 1,350 Megawatt in transmission capacity was added.

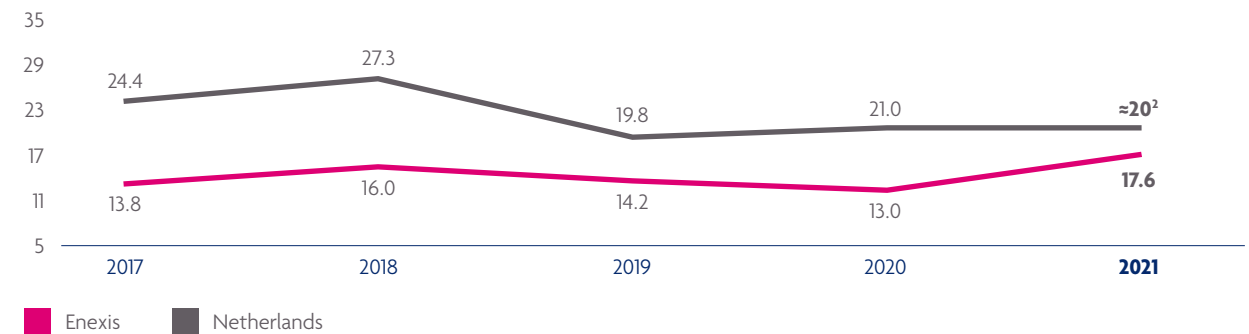
**7.1** Energy is of essential importance in the lives of our customers; whether it is for a warm house, charging an electric car or running a business. Everyone relies on electricity and gas always being available safely via a reliable and accessible energy grid. We offer millions of households and businesses access to energy via our infrastructure, and we are proud that our grids are among the most reliable in Europe. On average, customers were without electricity in 2021 for 17.6 minutes (2020: 13 minutes) and without gas for 75 seconds (2020: 81 seconds). That the electricity outage time was higher than the previous year was caused by several above-average large outages in 2021. One of these outages was caused by the floods in Limburg. A number of power stations were out of order due to the floods, and we were only able to repair them after water levels had gone down. Our technicians were on site day and night and worked together closely with the safety regions to ensure that evacuated inhabitants could return to their homes safely. Despite the unfortunate circumstances, it did feel good to put our shoulders to the wheel and offer help. These drastic events show that natural disasters can also form a risk for a prolonged outage of our grid.

**11.5** We have high safety standards at Enexis, and we take measures proactively to protect our employees and the environment. No serious accidents occurred in 2021. We have an intensive, risk-based replacement programme that further limits the risk of unsafe situations and accidents. For instance, for a number of years now already, we have been working on replacing switchgear installations (COQ installations) and brittle gas pipelines. With such replacement programmes, we ensure that the energy grid remains safe. We invested in total € 787 million in our grids in 2021. This is how we ensure a high level of reliability and safety.

|                           | Electricity (in minutes) | Gas (in seconds) |
|---------------------------|--------------------------|------------------|
| <b>Outage duration</b>    |                          |                  |
| Groningen/Drenthe         | 22.4                     | 85               |
| Overijssel                | 13.3                     | 56               |
| Noord-Brabant Oost        | 13.5                     | 51               |
| Noord-Brabant West        | 13.6                     | 41               |
| Limburg                   | 24.1                     | 136              |
| High voltage <sup>1</sup> | 0.7                      | -                |
| <b>Average</b>            | <b>17.6</b>              | <b>75</b>        |

<sup>1</sup> Unable to allocate geographically.

**ELECTRICITY OUTAGE TIME<sup>1</sup> COMPARED TO THE NATIONAL AVERAGE**



<sup>1</sup> Nestor electricity registration system.

<sup>2</sup> National average 2020 is a concept; the final outcome was not yet known when this annual report was published.



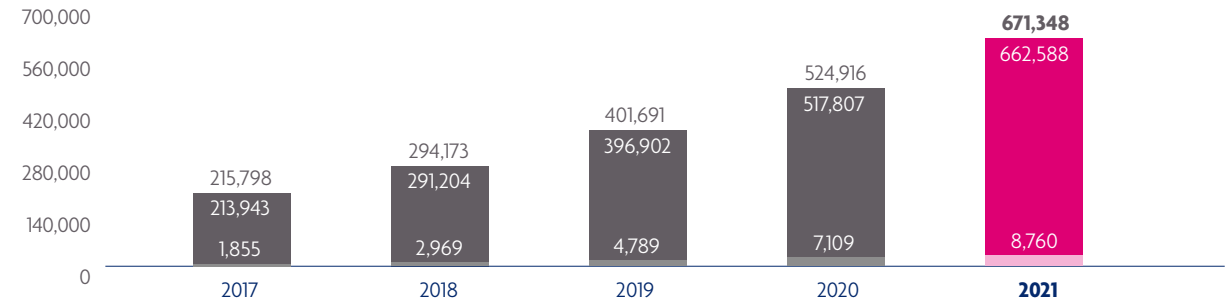
**HUGE GROWTH OF SUPPLY AND DEMAND**

We are doing everything we can to make a sustainable energy supply possible. In recent years, we have seen a huge increase in the number of customers who wish to feed renewable electricity back into the electricity grid. The sustainable installed capacity increased in just one year by nearly 35%. In addition, the share of green gas that customers fed back into the grid rose by more than 20%. On the other hand, electricity consumption is also higher. Customers are opting more often for a heat pump to heat their homes and for electric mobility. There were 5,000 public charging points in our service area at the end of 2021. The economy is also growing. Consequently, more and more transmission capacity is required, for example, for data centres and for businesses that electrify production process in order to increase their sustainability. The electricity grid is being used more and more intensively; however, the electricity grid was not originally designed to handle this. Therefore, the capacity of the electricity grid has to be increased more often. In some areas, the existing capacity has to be doubled. We removed more gas connections in 2021 and upgraded existing electricity connections at customers. We expanded the transmission capacity of our grids to the TenneT high-voltage grid by 1,350 Megawatt in 2021, which is more than we ever realised in one year. This is comparable to the capacity of around 2,000 soccer fields full of solar panels.

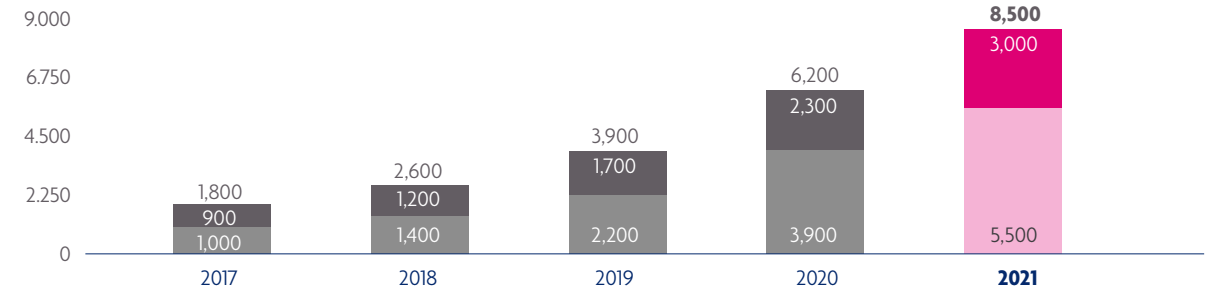
We are doing everything in our power to adapt our energy grids to connect customers and to facilitate the energy transition. And still this is not sufficient to facilitate all the sustainable initiatives of our customers and stakeholders. In 2021, for 76% of the applications of the SDE++ subsidy scheme, there was room to connect the project to the electricity grid and we were able to give a transmission indication; this was possible in 2020 for 95% of the projects. In addition to the scarcity of capacity for feeding energy back into the grid, a scarcity of supply has also started to arise in the Netherlands since the second half of 2021. This is not yet the case in Enexis's service area; however, the situation could arise in the near future that there is temporarily no extra capacity in the grid for a new connection or an expansion of an existing connection for high-volume electricity customers. We are doing everything in our power to prevent a supply shortage as long as possible by investing proactively in our electricity grid. Together with the government, we are looking into where the demand for electricity is growing the fastest and where expansion is required first. But the demand for electricity is growing faster in some areas than the speed with which, in particular, the high-voltage grid can be expanded. We are coordinating this intensively with TenneT, the owner of these high-voltage grids.

That we are not always able to meet the customer demand has, unfortunately, become a reality and this forms a risk for Enexis. This is also due to a shortage of technical personnel and extremely long zoning procedures in connection with expansions of the grid. Obtaining a permit to build a transformer station can take up to eight or ten years. In 2021, we succeed in realising a standard connection for customers on time in 61% of the cases. We find it disappointing that waiting times for customers are rising. We want to accelerate the energy transition, but for customers we are sometimes the factor that is slowing down the process. Therefore, we are doing everything in our power to reduce this backlog.

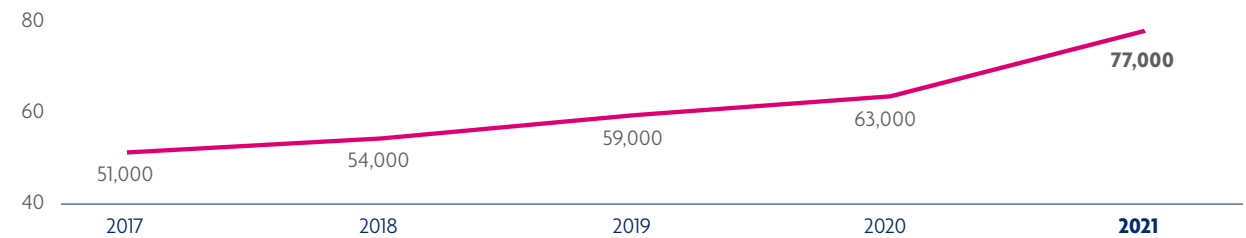
**NUMBER OF CONNECTIONS THAT FEED ENERGY BACK INTO THE GRID<sup>1</sup>**



**RENEWABLE INSTALLED CAPACITY (In megawatt)<sup>2</sup>**



**GREEN GAS (Transmitted volumes in Mm<sup>3</sup>)**



High-volume consumers Low-volume consumers

<sup>1</sup> As of 2021, the number of connections that feed back into the grid are reported excluding bio and water; the numbers concern solar and wind. The years 2017 - 2022 were adjusted for this (High-volume).  
<sup>2</sup> As of 2021, the renewable installed capacity is reported excluding bio and water; the renewable installed capacity concerns solar and wind. The years 2017 - 2022 were adjusted for this (High-volume).





### NECESSITY: MAKE USE OF THE POSSIBILITIES OF THE EXISTING INFRASTRUCTURE

Unfortunately, the capacity in our grids is becoming increasingly scarce. Smart choices have to be made in the existing electricity grid to avoid uncontrolled expansion of the grids. This contributes to an affordable energy supply. It starts with the demand for grid capacity. We inform energy regions, municipalities, project developers and customers about what is possible in which area and what is feasible in which timeframe. In this manner, customers are not confronted with unpleasant surprises. We also try to combine sustainable initiatives, such as solar and wind farms, in one connection in consultation with the initiators. We look for and find ways to transmit more electricity and to use the existing grid as efficiently as possible. For example in Emmen, where a solar farm and a combined wind and solar farm could be connected safely by making structural use of the spare capacity of the grid. With this solution, we can realise around 1,000 MW in transmission capacity in our whole service area for interested initiators. This is possible since 1 January 2021 due to new legislation. Congestion management is another option in the future to avoid overburdening the grid.

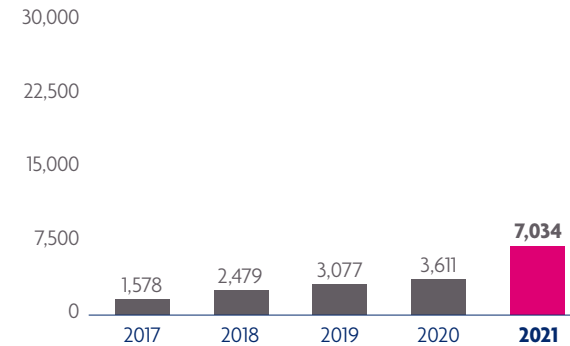
#### Dilemmas and insights

#### CONGESTION MANAGEMENT PROMISING OR DISPROPORTIONATE?

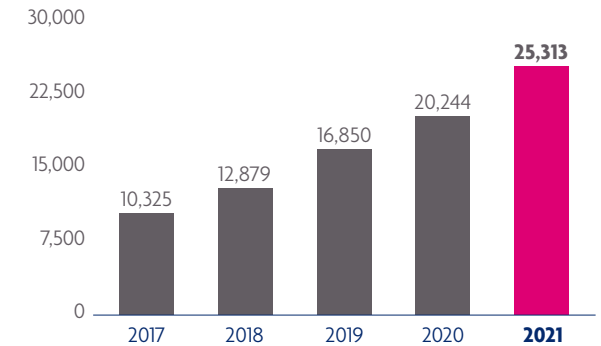
Congestion management can be a good instrument to open up transmission capacity in the grid and to be able to connect more customers to the grid. It is a temporary solution until the grid has been upgraded. Grid operators make agreements with high-volume consumers and producers to temporarily increase or decrease their energy consumption or the amount of energy they feed back into the grid - in exchange for financial compensation - to avoid overburdening the grid. For example, by delaying the charging of electric vehicles or temporarily storing solar energy in batteries. The GOPACS platform enables national and regional grid operators to coordinate congestion management in the Netherlands centrally.

Although Enexis Netbeheer regards congestion management as an interesting option, we did lodge an objection in 2021 to the draft code amendment decision of the ACM that would enable congestion management on a large scale. We consider the proposed approach to be unclear and insufficiently well-balanced, which impedes the practical application of the concept. It is questionable whether the current proposal will actually create extra transmission possibilities for the initiators. Moreover, the proposed approach could cost Enexis Netbeheer millions of euros in the coming five years. This would be at the expense of funds and resources that could be used to facilitate the energy transition. In the code amendment proposal that we submitted, we presented various proposals for improving the ground rules for congestion management with the aim of improving the application possibilities and the financial feasibility. A point of view was also submitted together with other companies in the energy sector.

NUMBER OF REMOVED GAS CONNECTIONS<sup>1</sup>



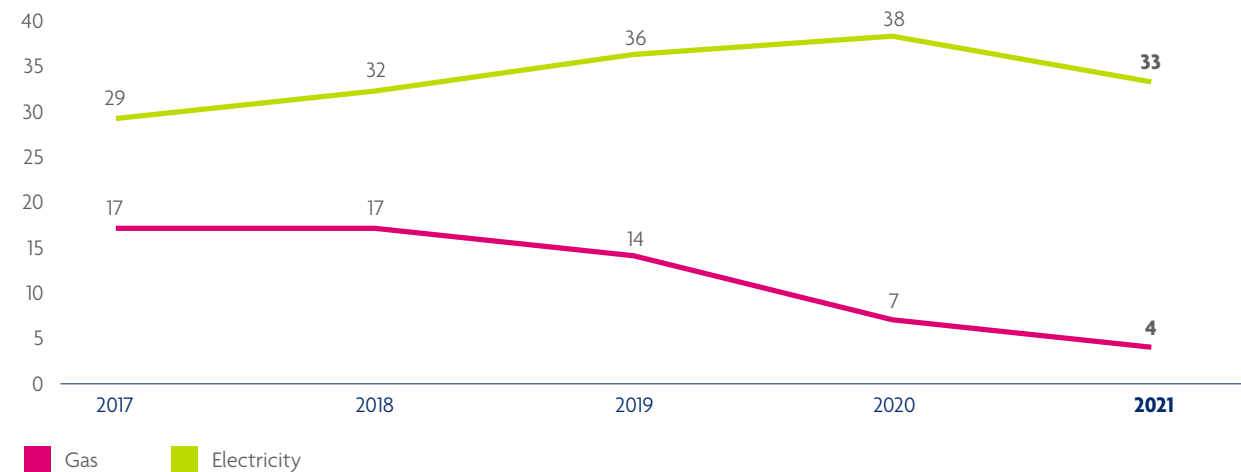
NUMBER OF UPGRADED ELECTRICITY CONNECTIONS<sup>2</sup>



1 Concerns low-volume connections, where the electricity connection is maintained.

2 Concerns low-volume connections.

DEVELOPMENT OF NEW CONNECTIONS (In thousands)





11.a

Besides the individual plans of customers, there are numerous national and regional initiatives to realise the climate goals. Ten Regional Energy Strategies were adopted in our service area this year. Together, these regions plan to realise over 26 TWH in renewable energy generation for 2030 via, in particular, solar energy on land and on roofs. We are discussing the feasibility of these large-scale 'renewable energy on land' plans with each region, as we also have to take into account the plans for the heat transition for the built-up environment, the charging infrastructure for electric mobility and increasing industrial sustainability.

9.1  
9.4

As we will not be able to solve everything with electricity in the future, Enexis also advocates an energy mix with more sustainable molecules such as green gas and hydrogen. Green gas can be transported via our existing gas grid and can thus provide a good contribution to increasing the sustainability of the energy supply in the short term. The ambition laid down in the Dutch Climate Agreement is to produce 2 billion m3 green gas in 2030. 77,000 Mm3 was produced in our service area in 2021; an encouraging growth of over 20% compared to 2020. However, the pace at which green gas is produced has to be increased in order to achieve the climate goals.

SMART INNOVATIONS WITH HUGE BENEFITS

In order to realise more transmission capacity, we invest in prefab solutions. We placed five e-houses in 2021. With these mobile mid-voltage stations, we can create extra capacity quickly. The prefab electric meter box is a promising innovation for connecting new housing projects, with which connections can already be realised before the walls of the house have been erected. This works more safely, faster and gives customers the certainty that they will have a warm and dry house immediately upon completion. Besides technology, the wishes of market parties and customers are paramount in our innovations. We are also working on innovative digitalisation of our grids and analysing data. With the DALI box, a sensor system, we are better able to predict, for example, where congestion will occur. And we look ahead: to prevent congestion, we work together with partners in innovative pilot projects to store renewable energy in batteries or to convert renewable energy into hydrogen.

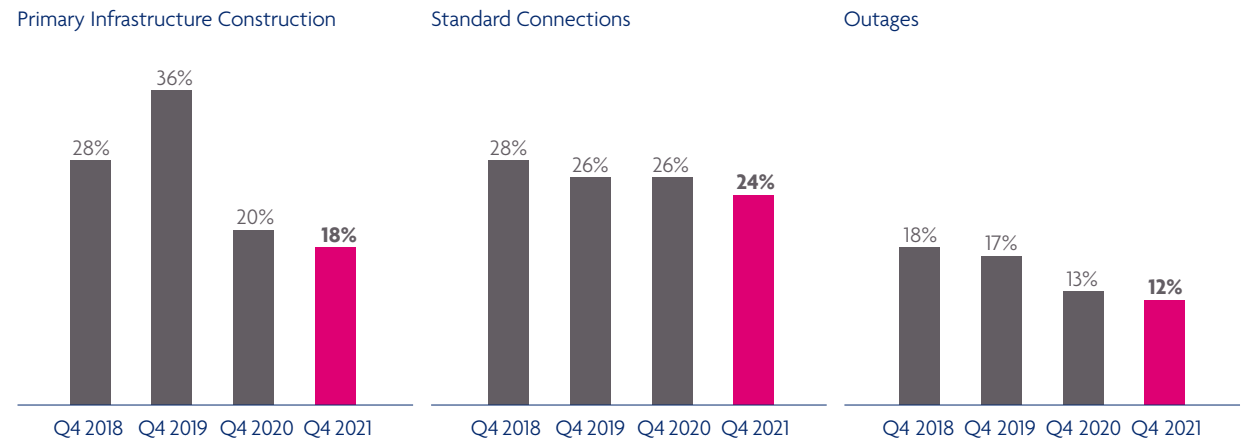


7.1

REALISTIC AGREEMENTS WITH CUSTOMERS

Structural expansions of the grid will remain necessary in the coming ten years, this is apparent from the investment plan 2022-2031 that we presented at the end of 2021. We aim to have expanded the grid by, on average, 1,000 megawatt a year by 2030. For the sake of comparison: this is twice as much as the average in the past ten years. And still, the demand from our customers is greater, resulting in queues for, in particular, companies, renewable energy projects and housing construction projects. Enexis's draft investment plan was submitted to the market for consultation at the end of 2021 and various views were received from industry associations, initiators, and local governments. The demand for capacity is increasing faster than Enexis can expand the grid which is having a negative impact on the economy and the energy transition. Customers are inclined to hold us responsible for this which obviously poses a risk for our reputation. However, working harder and expanding faster is not realistic as we are dependent on, for example, sufficient personnel, expansion of the capacity in high-voltage grids and processing times for permits. Up-to-date overviews of the capacity in our grids and areas where there is insufficient capacity for feeding electricity back into the grid are available on our website. In order to enter into realistic agreements with customers, we will discuss their wishes and the waiting times. Customers value this contact. In the past years, we have seen a positive trend in the Customer Effort Scores that indicate how much effort a customer has to exert to get an issue resolved or a request fulfilled. We are modernising our customer portals to be able to provide customer-focused services and to increase user-friendliness.

CUSTOMER EFFORT SCORE



Grid operators, including Enexis, received 45% more complaints from customers in 2021 about the quality of the voltage of the electricity grid. This can lead to, for example, blinking lights and solar panels switching off. Our low-voltage grids cannot always handle the increased demand for electricity in and around the home. The voltage increases in the summer when a lot of solar energy is generated and the voltage decreases in the winter when less electricity is generated and electricity

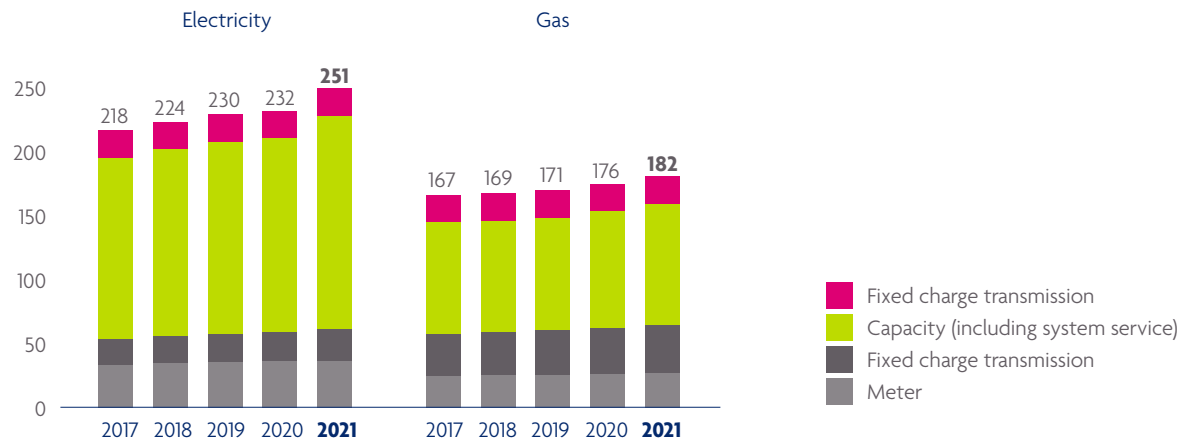


consumption is high. The local grid has to be upgraded in order to resolve the voltage complaints. We aim to combine the work that has to be carried out as much as possible so that roads only have to be dug up once. Obviously, we strive to resolve complaints as fast as possible if the cause lies in our grid. We take initiatives to monitor the quality and capacity in the low-voltage grid so that we are better able to predict where problems will occur in the future and to take action timely to resolve these issues.

**FAIR TARIFFS**

In line with the ACM's tariff decisions, we raised our tariffs for consumers in 2021 by 8% for electricity and 3% for gas. This is also necessary to pay for the higher procurement costs charged by TenneT. In the coming years, the costs for grid management will rise as a consequence of our work in the energy transition and this will also have an effect on the tariffs for our customers. To minimise this increase in costs, for years, Enexis has been advocating a new, fairer tariff model with a financial stimulus for customers to make more efficient use of the grid. This is not the case at present: all household low-volume consumers pay the same, irrespective of how much capacity the connection uses. We would like to see that customers pay a tariff in accordance with their consumption. For example, if a customer uses the grid intensively, for example, by charging a car fast, then the customer should pay more than someone who does that at a slower rate, for example at night. Grid operators discussed this idea for a new tariff model for low-volume consumers with various stakeholders, including the Dutch Consumers' Association, in 2021. The reactions were generally positive. This is fairer and stimulates customers to spread their energy consumption over the day. The grid operators intend to submit this proposal to the ACM in 2022.

**AVERAGE HOUSEHOLD BILL** (annual grid costs in euros)



**MAKING PLANS FOR THE ENERGY SYSTEM OF THE FUTURE**

It is becoming increasingly clear that this transition period, in which logically not everything is proceeding well-structured and according to plan, demands a different approach. It is essential in the execution that political choices are made now regarding the approach and the timing: what must be done first? Do we, in the Netherlands, wish to connect new homes to the electricity grid first or do we give priority to upgrading connections for solar panels? Restructuring and expanding the infrastructure takes time and demands a smart and integral prioritisation process. The existing gas and electricity laws and regulations do not allow grid operators to set priorities. We do not prioritise, we simply connect based on the principle 'first come, first served'. We urge the government to adopt a prioritising framework that can be used by provinces and municipalities to arrive at the most optimal choices for society. In this manner, projects with a lot of added value for society can be given priority. As it is in the interest of society that the energy transition is feasible and affordable, and that the necessary investments remain fundable.

**FOUR ROUTES TO A CLIMATE-NEUTRAL ENERGY SYSTEM**

The grid operators carried out a study in 2021 to explore the routes that lead to a completely climate-neutral energy system ('Integral Infrastructure Orientation 2030-2050'). Four detailed scenarios show large differences where infrastructure, costs, land use, and feasibility are concerned. However, in all cases, the infrastructure for electricity will have to be expanded substantially. A grid will also have to be built for hydrogen, heating, and CO<sub>2</sub>. Moreover, a faster pace is necessary. The current completion times for grid adaptations lead to bottlenecks.

[READ MORE IN THE REPORT OF NETBEHEER NEDERLAND](#)

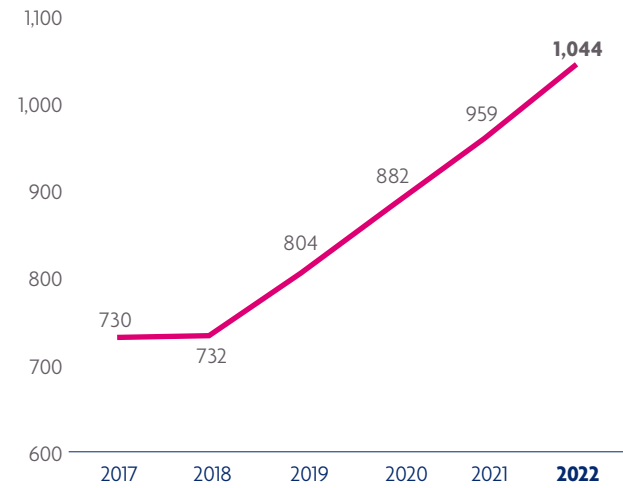
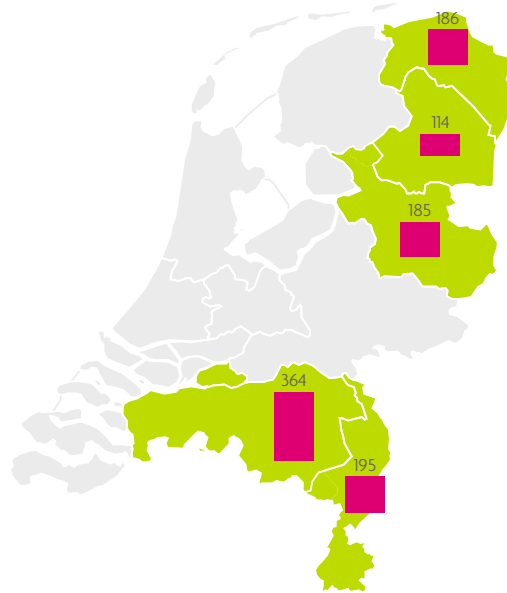


A new statutory and regulatory framework is essential to realise the energy system of the future. Existing laws are no longer geared to the future. Moreover, we see it as a risk that our role in the energy transition is being hampered by a too limited task description for grid operators in the new Dutch Energy Act. We discussed the legislative proposal in 2021 within the sector and, via the Dutch association of grid operators Netbeheer Netherlands, with the Dutch Ministry of Economic Affairs and Climate Policy. The new Dutch Heat Act also does not provide clarity about the conditions under which grid operators can play a role in the distribution of heat. As the realisation of a future-oriented statutory framework takes a lot of time, Enexis advocates interim steps to resolve existing bottlenecks to accelerate the energy transition.





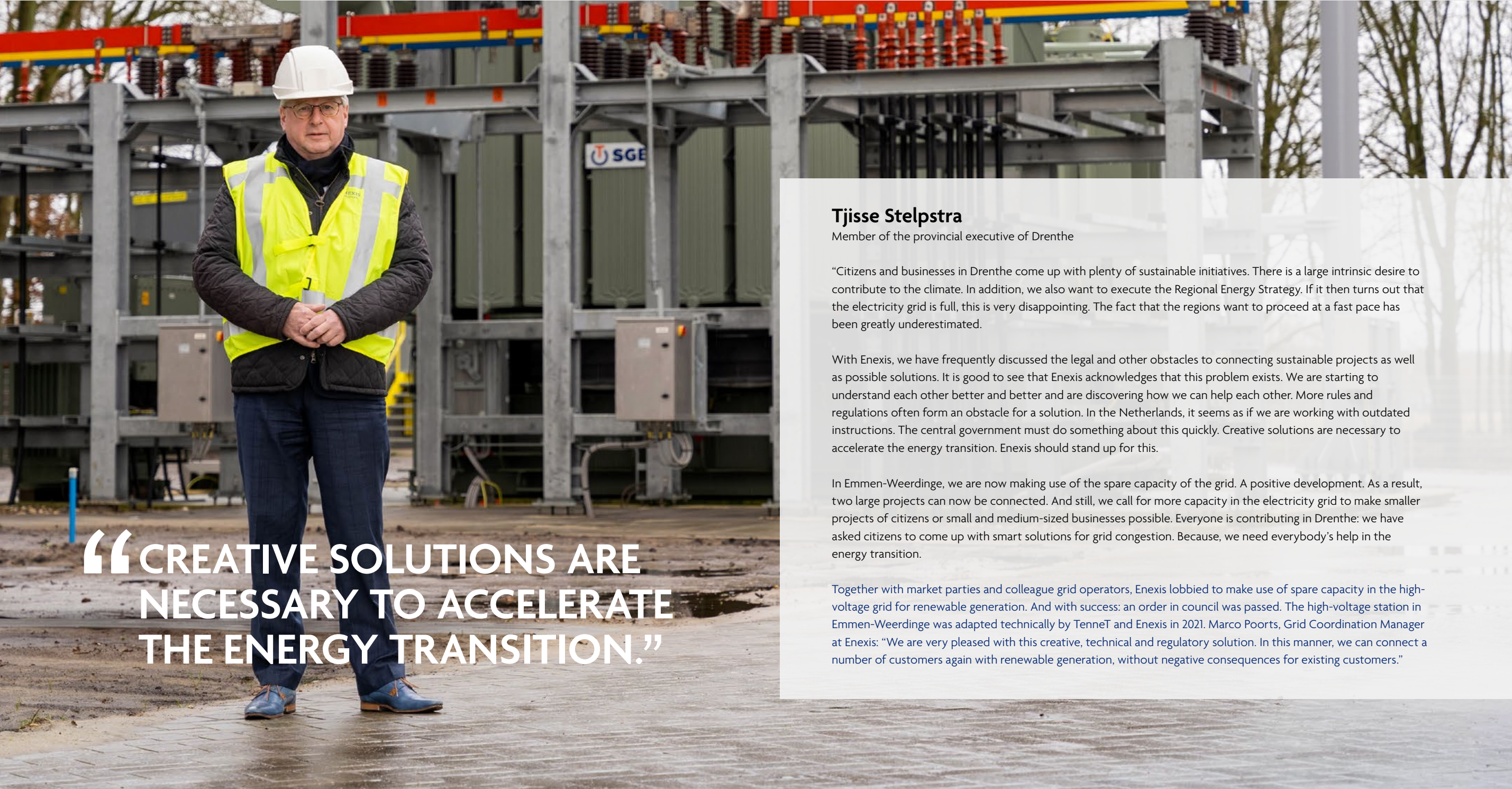
WORK PACKAGE 2022 PER PROVINCE (in millions of euros)



Work package 2017-2022 based on standard costs.







**“CREATIVE SOLUTIONS ARE NECESSARY TO ACCELERATE THE ENERGY TRANSITION.”**

### Tjisse Stelpstra

Member of the provincial executive of Drenthe

“Citizens and businesses in Drenthe come up with plenty of sustainable initiatives. There is a large intrinsic desire to contribute to the climate. In addition, we also want to execute the Regional Energy Strategy. If it then turns out that the electricity grid is full, this is very disappointing. The fact that the regions want to proceed at a fast pace has been greatly underestimated.

With Enexis, we have frequently discussed the legal and other obstacles to connecting sustainable projects as well as possible solutions. It is good to see that Enexis acknowledges that this problem exists. We are starting to understand each other better and better and are discovering how we can help each other. More rules and regulations often form an obstacle for a solution. In the Netherlands, it seems as if we are working with outdated instructions. The central government must do something about this quickly. Creative solutions are necessary to accelerate the energy transition. Enexis should stand up for this.

In Emmen-Weerdinge, we are now making use of the spare capacity of the grid. A positive development. As a result, two large projects can now be connected. And still, we call for more capacity in the electricity grid to make smaller projects of citizens or small and medium-sized businesses possible. Everyone is contributing in Drenthe: we have asked citizens to come up with smart solutions for grid congestion. Because, we need everybody's help in the energy transition.

Together with market parties and colleague grid operators, Enexis lobbied to make use of spare capacity in the high-voltage grid for renewable generation. And with success: an order in council was passed. The high-voltage station in Emmen-Weerdinge was adapted technically by TenneT and Enexis in 2021. Marco Poorts, Grid Coordination Manager at Enexis: “We are very pleased with this creative, technical and regulatory solution. In this manner, we can connect a number of customers again with renewable generation, without negative consequences for existing customers.”





# PRECONDITIONS FOR A SUSTAINABLE RESULT

## IN THIS SECTION:

|                        |                                      |  |                      |
|------------------------|--------------------------------------|--|----------------------|
| 4<br>Quality education | 8<br>Decent work and economic growth | 12<br>Responsible consumption and production | 13<br>Climate action |
|------------------------|--------------------------------------|--|----------------------|

- Effective market facilitation
- Safe and healthy working environment
- Employment and skilled employees
- Efficient business operations
- Influencing policy
- Information security
- Sustainable organisation

### + Positive impact

We provide jobs for 4,947 people, a safe working environment, personal development and sustainable employability. By working efficiently, effectively, and sustainably, we provide added value for customers and contribute to realising the climate goals.

### - Negative impact

Working on the energy grids exposes our employees to health risks. In addition, our work has a negative impact on the environment due to the purchase of materials, the production of waste, and grid losses.



# PRECONDITIONS FOR A SUSTAINABLE RESULT

Working in the energy sector has never been as challenging as now. We are making history by building the energy system of the future and thus helping to limit climate change. With a team of nearly 5,000 skilled employees, we are working and learning every day to fulfil our task within society. And we are looking for more talent!

**8.3** Enexis is facing a period of unprecedented growth. We will have to recruit a lot of employees to be able to facilitate the energy transition. A challenge, as there was a large shortage of experienced technicians, IT specialists, and data analysts on the labour market in 2021 and this will probably not change in the coming years. By means of targeted labour market communication, an attractive referral programme and our own training facilities, we still managed to hire 529 new colleagues in 2021. At the same time, colleagues also left the company or moved on to other jobs within the company. This is a matter of concern because it puts extra pressure on the training and coaching of new colleagues. It takes approximately two years to train new employees as technicians before they can work independently in the field. It is also of crucial importance that we value and retain skilled technical personnel. As a first step, nearly 2,000 employees at Enexis and Fudura with technical jobs for which there is a shortage of personnel, received an extra gross bonus of € 1,500 in 2021.

**4.3** Only by looking for creative solutions can we prevent the energy transition from stagnating. Therefore, we are doing everything in our power to increase our workload capacity and make maximum use of the capacity of contractors. This year, we organised a webinar for the first time for potential technicians, foremen and engineers to introduce them to Enexis. In this manner, we came into contact with hundreds of interested candidates. We also try to attract talented candidates with other backgrounds and expertise. We opened three large simulation halls in 2021, where we train as many specialists as possible, such as technicians and foremen. The Enexis Academies for technicians, engineers and foremen are also successful. Around 230 participants started in 2021. In addition, we hired several people with a temporary residence permit in 2021 whom we are training as technicians. Via the Training and Development Fund (O&O Nwb), we also launched the campaign 'Power up the Planet!' to stimulate young people to choose for a study programme in the energy technology field.

We motivate all employees to continue to develop in their careers in addition to the obligatory modules. Therefore, together with external parties, we offer hundreds of professional training and personal development programmes. Due to the COVID-19 measures and working from home, the number of participants in personal development programmes decreased in 2021 compared to previous years. Enexis monitors the number of training programmes that are followed and does not set targets for the number of hours that employees follow a training programme. Technical training programmes were continued in as far as possible, but then in smaller groups in order to comply with the COVID-19 measures. Safety training programmes are an

obligatory and essential part of training and education within Enexis. Besides Enexis' own employees, third parties, including contractors, follow safety and technical training programmes via Enexis. We share knowledge with other parties in the energy sector, as we all face the same challenges.

|   | 2021  | 2020  | 2019  | 2018  | 2017  |
|---|-------|-------|-------|-------|-------|
| <b>Personnel</b>                                |       |       |       |       |       |
| Number of employees at year-end (own personnel) | 4,947 | 4,767 | 4,488 | 4,324 | 4,332 |
| FTEs at year-end (own personnel)                | 4,772 | 4,591 | 4,317 | 4,167 | 4,175 |
| Female employees as a % of the total workforce  | 19.8  | 19.7  | 18.8  | 18.6  | 18.5  |
| Absence due to illness (%)                      | 4.7   | 4.9   | 5.4   | 5.6   | 4.8   |

|                     | Male         | Female     | Total        |
|---------------------|--------------|------------|--------------|
| <b>Age category</b> |              |            |              |
| under 30 years      | 431          | 89         | 520          |
| 30 - 50 years       | 1,841        | 465        | 2,306        |
| over 50 years       | 1,694        | 427        | 2,121        |
| <b>Total</b>        | <b>3,966</b> | <b>981</b> | <b>4,947</b> |
| Percentage          | 80.2%        | 19.8%      | 100%         |



|                             | Male                |                  |                  | Female     |                     |                  | Total    |                  |
|-----------------------------|---------------------|------------------|------------------|------------|---------------------|------------------|----------|------------------|
|                             | Wajong <sup>1</sup> | WAO <sup>2</sup> | WIA <sup>3</sup> | Total male | Wajong <sup>1</sup> | WAO <sup>2</sup> |          | WIA <sup>3</sup> |
| <b>Labour participation</b> |                     |                  |                  |            |                     |                  |          |                  |
| under 30 years              | 2                   | -                | -                | 2          | -                   | -                | -        | 2                |
| 30 - 50 years               | 3                   | -                | 3                | 6          | 1                   | -                | 1        | 8                |
| over 50 years               | -                   | 11               | 5                | 16         | -                   | 2                | 4        | 22               |
| <b>Total</b>                | <b>5</b>            | <b>11</b>        | <b>8</b>         | <b>24</b>  | <b>1</b>            | <b>2</b>         | <b>5</b> | <b>8</b>         |

<sup>1</sup> Disablement Assistance Act for Handicapped Young Persons.

<sup>2</sup> Invalidity Insurance Act.

<sup>3</sup> Work and Income according to Labour Capacity Act.

|                                    | Male       |            |            | Average term of employment <sup>1</sup> | Female     |           |              | Average term of employment <sup>1</sup> |
|------------------------------------|------------|------------|------------|---|------------|-----------|--------------|---|
|                                    | Inflow     | Outflow    | Total male |   | Inflow     | Outflow   | Total female |   |
| <b>In- en outflow<sup>2)</sup></b> |            |            |            |   |            |           |              |   |
| under 30 years                     | 113        | 23         | 90         | 1.30                                    | 33         | 10        | 23           | 1.20                                    |
| 30 - 50 years                      | 249        | 78         | 171        | 5.44                                    | 55         | 28        | 27           | 4.71                                    |
| over 50 years                      | 61         | 184        | -123       | 34.32                                   | 18         | 26        | -8           | 32.23                                   |
| <b>Total</b>                       | <b>423</b> | <b>285</b> | <b>138</b> | <b>23.75</b>                            | <b>106</b> | <b>64</b> | <b>42</b>    | <b>15.34</b>                            |

<sup>1</sup> Average term of employment in the event of outflow.

<sup>2</sup> Employee turnover rate 6,6%.

## WORKING MORE EFFICIENTLY AND SMARTER

In order to be able to handle the amount of work resulting from the energy transition, we are also looking at how we organise our work. We are doing everything we can to increase the efficiency of our business operations. First, we make sure that every employee knows what his or her personal contribution is to our goals. In addition, in 2021, we have become better and better at discussing our performance. Not to call each other to account, but to learn. Why were we not able to have the material at the project timely? What can one branch learn from the other? And how can we improve the collaboration with contractors? We analyse situations to remove the cause of waste in the process. Finally, we are working on improving our conduct and leadership. As we have to be able to apply our insights in practice. We give a lot of attention to complex change projects that form a risk in the execution of our strategy. For instance, we do our utmost to complete projects within the budget and with added value in our processes. Over 550 employees have now been certified in the LEAN method. They help teams to analyse their performance in a structured manner, to identify waste and to improve processes. ICT also helped by providing a new

software solution with which work preparators can calculate the impact that customer requests for new connections and additional capacity have on our grids. With this capacity test, work preparators can see directly whether there is sufficient grid capacity. This reduces the workload for our engineers.



## WORKING TOGETHER SAFELY AND HEALTHILY DURING THE COVID-19 PANDEMIC

8.8

Our work on the vital infrastructure can never come to a standstill; also not during a pandemic. With clear instructions regarding the applicable COVID-19 measures, the work on our grids continued as usual in 2021. Nevertheless, there were a few anxious moments when nationwide measures against COVID-19 were announced. Can we continue to work behind the front door at customers? How should team meetings be organised? When can we go back to the office? The doors of our offices opened little by little again in the summer and closed again unfortunately in the fall. That was difficult for many colleagues. Fortunately, there were no major COVID-19 outbreaks at work within Enexis. This gave confidence that our measures and protocols for a safe and healthy working environment are effective.

### Dilemmas and insights

#### IMPACT OF COVID-19 MEASURES ON THE WELL-BEING OF EMPLOYEES

The COVID-19 pandemic does not only effect our work, it also effects our employees. We received signals in the past year that the COVID-19 measures were beginning to take their toll. As working from home also has a downside. It can lead to loneliness and an imbalance in the work / private life situation. In particular, young colleagues and new employees missed meeting each other and learning from each other. In the teams, we stimulated colleagues to stay in contact with each other and to look for customised solutions for employees who needed to work on site or meet each other. The resilience that we demonstrated again this year as an organisation strengthens our confidence in our ability to deal with the challenges facing us in the future.

As an organisation, we also want to learn from this exceptional period and hold on to the positive aspects of our way of working in the future. For instance, a decrease in travel time, more efficient meetings, and the fact that we have become increasingly digital savvy. How we will work in the future is not yet clear exactly; however, we do know that we will continue to work in a flexible manner. With the team result as the point of departure, we will look for a new balance together in working from home and working in the office. Experimenting and learning together are important keywords in this context. In this manner, we will work step-by-step in the coming years on creating a working environment that enables colleagues to do their work optimally every day.





No matter how we work, safety will always remain our number one priority. Working with electricity and gas entails risks. The number of serious accidents remained limited in 2021 despite the heavy workload. This shows that colleagues know the safety instructions well and comply with these instructions; although, we do consider every accident one too many. Our LTIF score was higher this year than last year. This is mainly due to a higher number of minor accidents, such as tripping and stumbling. On the other hand, the LTIF score among contractors improved strongly in 2021. The reason for this is unknown and our contractors are looking into this.

|                                       | 2021 | 2020 | 2019 | 2018 | 2017 |
|---------------------------------------|------|------|------|------|------|
| <b>Accidents and LTIF<sup>1</sup></b> |      |      |      |      |      |
| Fatal accidents                       | -    | -    | -    | -    | 1    |
| Enexis                                | 1.16 | 0.81 | 1.16 | 1.48 | 1.65 |
| Contractors                           | 1.21 | 2.64 | 2.58 | 4.53 | 2.20 |

<sup>1</sup> LTIF the LTIF is the number of accidents resulting in absence per 1,000,000 hours worked.

It is our ambition to increase the level of our safety culture. One of the ways to measure safety awareness and consciously working safely is with the Safety Ladder of the Dutch Organisation for Standardisation (NEN, the Dutch equivalent of ISO). Based on a baseline measurement, which we carried out with external auditors, Enexis as a whole was at the end of step 2 in 2021. By constantly learning from incidents and good examples in all branches and departments, we intend to progress to step 3 in 2020. It is our aim to reach step 4 on the safety ladder within five years. We aim to prevent risks. Social safety is essential in this case, as a prerequisite for working safely is that people dare to speak up. This includes, for instance, discussing matters that are not going the way they should. We stimulate an integrity-aware company culture through targeted awareness programmes that encourage employees to speak up. We also updated the Enexis Code of Conduct in 2021, which sets out how Enexis employees should conduct themselves regarding people, devices and tools (such as telephones, laptops and emailing), and information.

**AWARENESS OF HUMAN RIGHTS AND A SOCIALLY SAFE WORKPLACE**

We are working on building a culture of integrity in our organisation. This concerns, in particular, the right conduct and a good dialogue. We consider a socially safe workplace important for all employees. There are various reporting procedures, internal and external confidential counsellors, and a suspected misconduct regulation for reporting any violations. In addition, Enexis has an internal integrity committee that discusses integrity and fraud issues and ensures that integrity is embedded in our corporate culture.

We endorse the United Nations Universal Declaration of Human Rights and the fundamental principles and rights to work of the International Labour Organisation (ILO). Enexis considers diversity and caring for employees to be of primary importance. We stimulate employees to express their opinions and points of view and Enexis offers employment conditions based on equal pay for equal work, and there is also attention for training and development. Employees have a considerable number of days off and specific leave days, for example, to provide support to parents and volunteer caregivers. Enexis makes no distinction of whatever nature. Aspects with regard to human rights are set out in the Collective Labour Agreement (CAO), company regulations, and the Enexis Code of Conduct. We have not formulated an objective, but we take a wide range of measures to mitigate risks with regard to human rights, corruption and bribery. Our policy to prevent corruption, such as conflicts of interest or bribery of employees, has been laid down in the Code of Conduct for Employees, the Suppliers Code of Conduct, in the CAO, and in our General Purchasing Conditions. With our Compliance Protocol, we stimulate employees to comply with laws and internal and external regulations.



### ADAPTING TO A CHANGING WORLD

Flexibility in our approach and solutions is essential as we observe that new issues are rapidly coming to the fore in the energy transition. Laws and regulations also need to be adapted in various areas. For example, which rules apply to new types of energy such as district heating and hydrogen? And how do we keep the energy supply affordable when we have to invest so much? We worked on influencing policy and entering into a dialogue on the European, national and regional level in 2021.

We developed broadly supported strategic visions and gave concrete advice together with other energy companies. For example, regarding subsidy schemes for (home) batteries to store energy and reduce balancing schemes. In a letter to the Formateur of the new Dutch coalition government, we gave advice on urgent issues that the new government should take action on to facilitate the energy transition. For instance, setting priorities for the installation of infrastructure, efficient use of the system and drastically shortening procedures including procedures for permits. We also presented a guideline with concrete solutions to the RES regions in 2021 to make efficient use of the transmission capacity. We enter into coalitions with energy market parties and chain partners to increase our influence. For instance, we advocated establishing one sector association for green gas and to jointly work on increasing the production of green gas to realise the ambitions set out in the Climate Agreement. Together, we continue to advocate feasible plans and appropriate regulations to keep the system affordable.

### DIGITAL SECURITY

Another aspect that has our constant attention and where we respond to changes is digital security. The threat of cyber-attacks is growing worldwide as well as the impact and complexity of the necessary measures. Hackers and cyber criminals are becoming increasingly cunning and seek political gains, money, or disruption of the chain. This poses a risk for Enexis. That is why we are constantly alert, and we protect our vital infrastructure, ICT systems, data and personal data structurally against cyber-attacks. In our information security and digital security approach, we not only focus on technology, but also on people, processes, and culture. In 2021 as well, we tested the security level of our systems regularly, we monitored our systems 24/7, and trained our employees actively to recognise and prevent cyber threats. Especially, the awareness regarding cyber security risks and incidents is of great importance. We also intensified the monitoring of, for example, email traffic in 2021 to prevent hacking attempts. Of course, we comply with privacy laws in this respect. We pay attention that data are not stored longer than strictly necessary. In this manner, we reduce the impact of any data leaks, and we are better able to protect the privacy of our customers as laid down in the General Data Protection Regulation (GDPR). Our ISO27001 certificate shows that Enexis Netbeheer has a well-functioning management system for information security.

To ensure the security of our business operations, we are in close contact with the National Cyber Security Centre, the Telecom Agency and other energy companies regarding potential risks and threats. Our own cyber security specialists also participate in the Energy ISAC, a knowledge network of cyber security specialists of the vital companies in the energy sector. In this manner, we can share valuable knowledge quickly about incidents, threats, and vulnerabilities. We can thus take adequate measures quickly to ward off cyber criminals and others with evil intentions and prevent damage.

### MARKET FACILITATION

Data are becoming increasingly important in our work and for an effective market facilitation. With the aid of registers, processes and systems, we provide insight into who consumes how much energy when. In this manner, customers can easily switch between energy suppliers. Also when a number of energy suppliers went bankrupt in 2021, we were able to arrange the administration carefully so that the energy supply was assured for customers. This process, which proceeded seamlessly for customers, demanded coordination in the background with many parties. The amount of data is becoming increasingly large now that customers are not only consuming energy, but also producing electricity and feeding it back into the grid. We must make even smarter use of data and we worked on this actively in 2021 together with grid operators, energy suppliers, and the bodies that responsible for programmes and measurements. Based on a shared vision, we want to facilitate the market in a uniform manner together with the other grid operators.





**WHAT WE ARE DOING TO INCREASE OUR OWN SUSTAINABILITY**

Climate change is something we are very concerned about. We feel the responsibility to contribute to a sustainable world and fair business practices. In 2021, we focused on increasing circularity within our organisation and reducing our ecological footprint. Our contribution as a sustainable organisation has attracted attention. In 2021, we were again nominated the best grid operator in the category sustainability in the MT500, the list of 500 companies with the best reputation.

**12.2 INCREASING CIRCULARITY**

The Netherlands aims to be a circular economy in 2050; an economy without waste, in which everything centres on reusable resources. To achieve this goal, we have to take steps today in our consumption patterns and the production chain. To this end, we are entering into agreements with suppliers to use less raw materials, which also contributes to the reduction of CO<sub>2</sub> emissions. To gain insight into the composition of products, we ask the suppliers of our components to provide a 'material passport'. We also make agreements regarding circularity when purchasing products and services. To know where we stand with regard to our circularity performance and how we can achieve this goal, we performed a baseline measurement in 2021. This baseline measurement showed that we could achieve the largest CO<sub>2</sub> impact by increasing the circularity in cables, gas pipelines and transformers. We are looking into ways to reduce the impact of materials together with our suppliers. For example, can we use more recycled copper in gas pipelines or recycled polyethylene in electricity cables? We will develop a top 10 with concrete measures in the coming year.

|  | 2021 <sup>1</sup> | 2020 <sup>1</sup> | 2019 <sup>1</sup> | 2018 <sup>1</sup> | 2017   |
|--|-------------------|-------------------|-------------------|-------------------|--------|
| <b>Amount of waste (in tons)<sup>2,3</sup></b> |                   |                   |                   |                   |        |
| Recycled waste                                 | 24,825            | 29,369            | 28,540            | 27,281            | 30,185 |
| Incinerated waste                              | 1,325             | 1,505             | 1,523             | 1,618             | 1,529  |
| Waste to landfill                              | 203               | 471               | 355               | 1,142             | 2,177  |
| Biomass  | 162               | 126               | 92                | 203               | -      |
| Fermentation                                   | 50                | 78                | 95                | 101               | -      |
| Composting                                     | 9                 | 33                | 33                | 35                | -      |
| Total  | 26,574            | 31,582            | 30,638            | 30,380            | 33,891 |
| Of which hazardous waste (%)                   | 6.9               | 9.3               | 4.7               | 5.3               | 0.4    |

<sup>1</sup> Figures 2020 and 2019 contain the period januari 1st up to December 31st within which the last weeks of the year are based on an estimate by Milgro because the definite numbers are not yet known. Figures 2018 contain the 12 month period December 2017 up to november 2018.

<sup>2</sup> From 2018 the Milgro classification method has been used. Up to the end of 2017, the SUEZ classification was used (Lansink ladder).

<sup>3</sup> Enexis does not dispose of any radioactive waste. This is not released in our operating processes.

By carrying out repairs and maintenance, we are able to purchase fewer materials and we produce less waste. This is sustainable and saves costs. We can make use of installations for a longer period of time by carrying out repairs and maintenance. Approximately 330 transformers were overhauled and stations, transformer installations and gas components were upgraded and reused in 2021. This enabled us to save over € 8.6 million and we avoided the CO<sub>2</sub> emissions that would have been produced in the production.

At the end of the useful life, we opt for a sustainable solution for our waste. We work together with the waste processor Milgro to manage and reduce waste flows, to prevent waste, and increase recycling. We distinguish between 85 different waste flows and recycle 93% of our waste. By disposing of transformers and cast iron in a different way, processing cables in a more advanced manner and actively steering on the emptying of containers, we were able to save over € 200,000 in 2021. And we continue to look for more possibilities for sustainable waste management.

**13.2 REDUCING OUR FOOTPRINT**

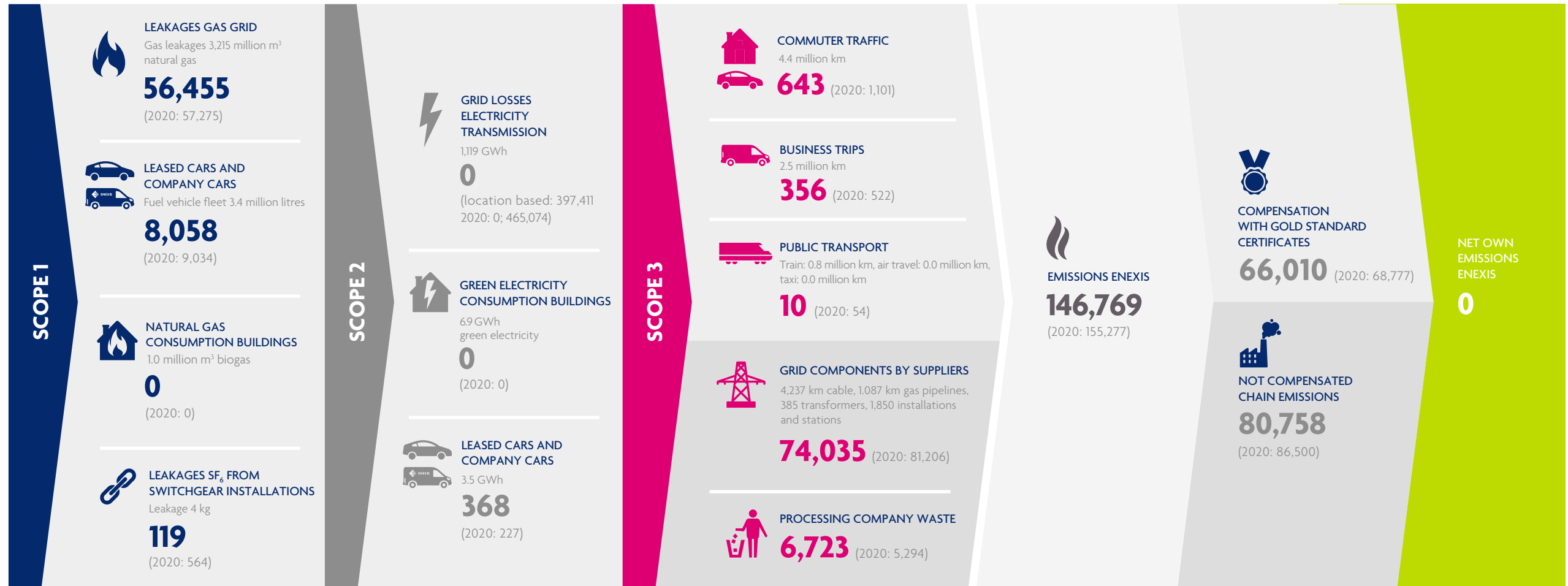
With our work and the use of raw materials, it is unavoidable that we have an impact on the climate. We feel responsible for the emissions that we cause. Therefore, we make a conscious choice to work CO<sub>2</sub> neutral and to reduce our emissions where possible. The biggest challenge for us are grid losses and leakages; this is energy that is lost during transmission in our cables and pipelines. We have chosen to procure 100% renewable energy for the electricity grid losses. This concerns large quantities. As the volume of our electricity grid losses equals the consumption of around 400,000 households. In 2021, 30% of our volume consisted of energy from Dutch wind farms (2020: 35.1%). The remaining 70% came from countries that are members of the European Union and from the Association of Issuing Bodies (AIB) (2020: 64.9%). It is our aim that 55% of our grid losses will by 2030 be comprised from renewable sources from the Netherlands.

We are taking steps, together with suppliers and chain partners, to reduce grid losses, for instance, by making use of alternative materials or designing our grids differently. To stimulate sustainable choices, we use an internal value for CO<sub>2</sub> in our purchasing and investment decisions (€ 50 per ton in 2021). This forces us to constantly search for sustainable alternatives. The CO<sub>2</sub> valuation model is part of the ROBAM system (Risk & Opportunity Based Asset Management). We assess the valuation of CO<sub>2</sub> every year together with other energy companies. To learn and evaluate the effects, we work together closely with other grid operators.

If reduction of emissions or green purchasing is not possible, we compensate the climate effect. With the purchase of Gold Standard Certificates, we invest in projects that provide for the reduction of emissions elsewhere in the world. Our gross emissions amounted to 146,769 tons CO<sub>2</sub> equivalent in 2021. A detailed explanation of our CO<sub>2</sub> footprint is provided in the 'Additional information section'.



### CO<sub>2</sub> FOOTPRINT (IN TONS OF CO<sub>2</sub> EQUIVALENT)

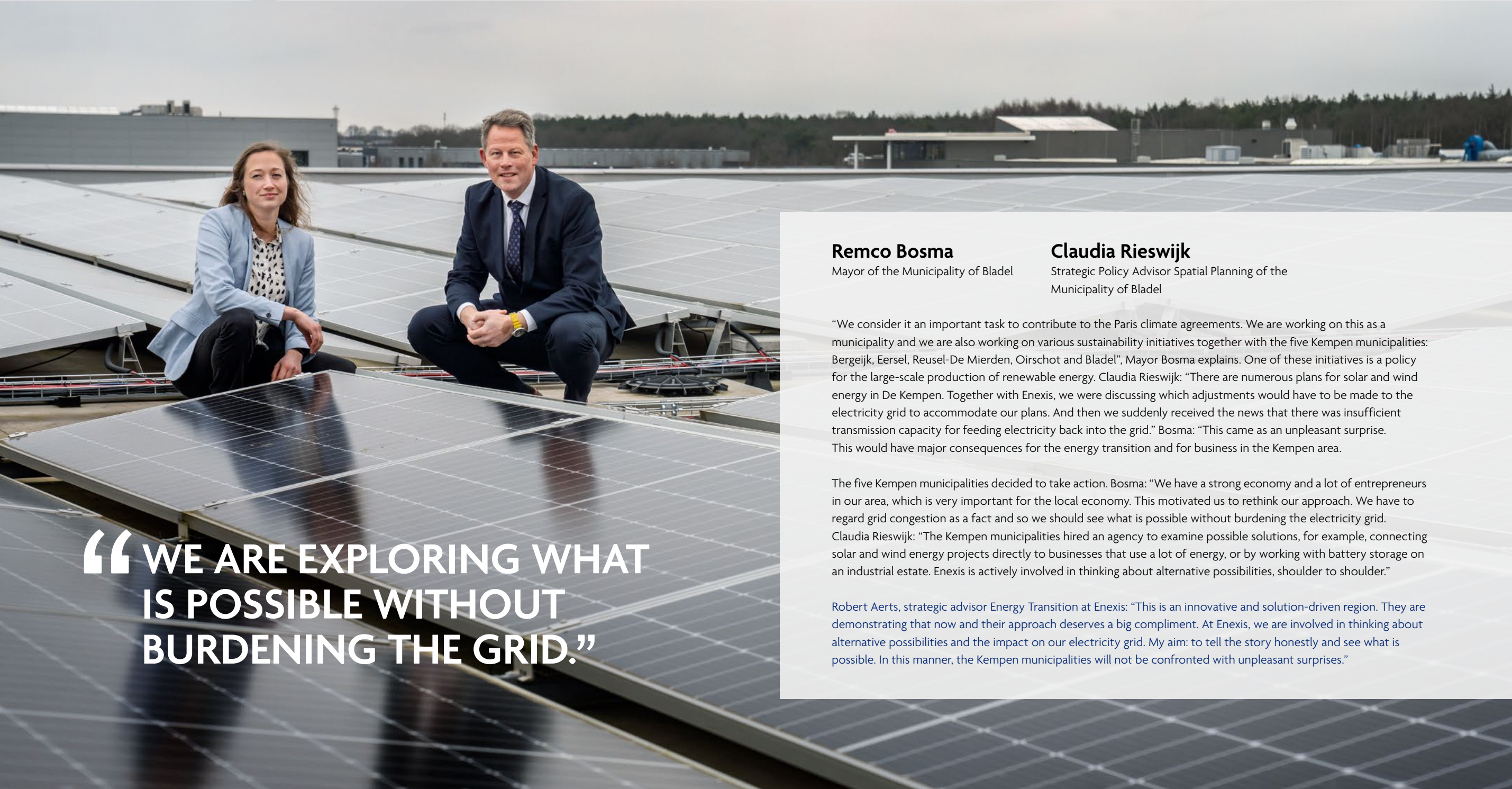


Scope: Emission scopes GHG (Greenhouse Gas Protocol)

Scope 1: Direct emissions: These are emissions of greenhouse gases from property owned or equipment leased by Enexis resulting directly from Enexis's core activities.

Scope 2: Indirect emissions: All emissions of greenhouse gases when producing electricity consumed by the company, but produced by third parties.

Scope 3: Other indirect emissions: emissions of greenhouse gases in connection with energy and fuel consumption for transport, extraction, energy production (excluding electricity generation) and emissions at third parties, as a consequence of the grid operator's activities.



**“WE ARE EXPLORING WHAT IS POSSIBLE WITHOUT BURDENING THE GRID.”**

### **Remco Bosma**

Mayor of the Municipality of Bladel

### **Claudia Rieswijk**

Strategic Policy Advisor Spatial Planning of the Municipality of Bladel

“We consider it an important task to contribute to the Paris climate agreements. We are working on this as a municipality and we are also working on various sustainability initiatives together with the five Kempen municipalities: Bergeijk, Eersel, Reusel-De Mierden, Oirschot and Bladel”, Mayor Bosma explains. One of these initiatives is a policy for the large-scale production of renewable energy. Claudia Rieswijk: “There are numerous plans for solar and wind energy in De Kempen. Together with Enexis, we were discussing which adjustments would have to be made to the electricity grid to accommodate our plans. And then we suddenly received the news that there was insufficient transmission capacity for feeding electricity back into the grid.” Bosma: “This came as an unpleasant surprise. This would have major consequences for the energy transition and for business in the Kempen area.

The five Kempen municipalities decided to take action. Bosma: “We have a strong economy and a lot of entrepreneurs in our area, which is very important for the local economy. This motivated us to rethink our approach. We have to regard grid congestion as a fact and so we should see what is possible without burdening the electricity grid. Claudia Rieswijk: “The Kempen municipalities hired an agency to examine possible solutions, for example, connecting solar and wind energy projects directly to businesses that use a lot of energy, or by working with battery storage on an industrial estate. Enexis is actively involved in thinking about alternative possibilities, shoulder to shoulder.”


Robert Aerts, strategic advisor Energy Transition at Enexis: “This is an innovative and solution-driven region. They are demonstrating that now and their approach deserves a big compliment. At Enexis, we are involved in thinking about alternative possibilities and the impact on our electricity grid. My aim: to tell the story honestly and see what is possible. In this manner, the Kempen municipalities will not be confronted with unpleasant surprises.”





# FINANCIAL POSITION

## IN THIS SECTION:

8   
Decent work and economic growth

■ Financially sound

### + Positive impact

Investing in the energy supply is beneficial for the economic activity and employment in municipalities and provinces. Moreover, provinces and municipalities that are shareholders of Enexis receive an annual dividend. Enexis also issues green bonds that are used to finance projects with a sustainable impact.

### — Negative impact

The affordability of the energy transition is coming under pressure due to an increase in the investments in infrastructure. Investments in connection with the energy transition take up scarce resources, such as material and personnel.





# FINANCIAL POSITION

Our investment level is reaching a record high in the energy transition. Building the energy system of the future requires a lot of money. Our expenditures in connection with work on the energy grids amounted to a record amount of € 959 million in 2021. We are grateful for the confidence of shareholders and investors which is essential for our robust financial position.

**8.1**

Our expenditures are increasing every year to make the energy transition possible with our infrastructure. We were able to afford this high extra expenditure due to our solid financial position. Our work package amounted to € 959 million this year; this is € 77 million more compared to the € 882 million in 2020. The prices for purchasing materials and services rose substantially in 2021.

We are constantly aware that we have to spend our money wisely. This is part of our public task and contributes to being able to keep energy affordable for everyone. Therefore, we make cost-efficient choices, for example, by working in accordance with the LEAN method and optimising our IT landscape. We also worked on innovations in 2021 to expand as efficiently and cost-effective as possible.

## EU TAXONOMY

In accordance with the EU Taxonomy for sustainable activities, in this annual report, we also report about investments with a sustainable character. This year, we are providing an initial insight and, in the coming years, we will further expand our reporting to identify and stimulate sustainable investments.

## FINANCING THE ENERGY TRANSITION

Enexis will see a huge growth in investments and expenditure in the coming years. Besides cost savings and efficiency, for which we have to take the initiative ourselves, it is important that our revenues are sufficient to be able to make investments for the energy transition. We are aware of the risk that Enexis's financial position will deteriorate if the financial consequences of the energy transition are not compensated for in the present regulation method.

A more detailed summary of the financial impact is provided in note 13 of the financial statements. Intangible fixed assets.

Our shareholders - provinces and municipalities - strengthened our equity position in 2021 by providing a convertible hybrid loan to Enexis of in total € 500 million. We expect that we will need more equity capital in the long term due to the increasing expenditure and the limitations of the regulation method to maintain our sound financial position.

## Dilemmas and insights

### HOW TO FINANCE THE TRANSFORMATION OF THE ENERGY SYSTEM?

For our revenues, we are dependent on the grid tariffs that we are allowed to charge customers. Therefore, together with other energy companies in the sector, we advocate reasonable and timely compensation. The ACM adopted new method decisions in 2021 in which the factors that determine the revenues of grid operators are laid down for the period 2022-2026. The compensation has improved; however, it is still not sufficiently geared to the strongly rising costs of the electricity grid. For example, the financing of congestion management, in which customers receive financial compensation for temporarily adjusting their energy consumption, has not yet been taken into account in the method decision. On the other hand, in the decisions regarding the gas grid, the ACM did take the decreasing gas consumption and making districts gas free into account. Nevertheless, we are of the opinion that the ACM has not succeeded in finding the right balance to cover the strongly rising costs of the electricity grid. Therefore, we have lodged an appeal against the method decisions.

The Dutch Ministry of Economic Affairs and Climate Policy and the Ministry of Finance concluded in 2021 that, in addition to the method decisions, policy adjustments had to be made to finance the transformation of the energy system. In a letter to the Dutch House of Representatives, they proposed to investigate whether the central government can fulfil a role in the huge investments in the regional energy grids and if so, what role should the central government fulfil. We are positive about this development and we will be discussing further concrete steps with the central government in 2022.

## A SUSTAINABLE INVESTMENT

We issued a second green bond of € 500 million in 2021. This enables us to invest in projects that contribute to the share of renewable energy in our grids, for instance, expansion of the grid for wind and solar farms. The proceeds will also be used to create smarter grids with distribution automation, for the roll-out of smart meters and to increase the sustainability of our buildings. The allocation of the proceeds and the positive impact of these investments on society and the environment have been laid down in the [impact and allocation report](#), which can be found on the Enexis Groep website.

We will continue to look at the possibilities of green financing in the future. The Green Finance Framework has been set up for this purpose. According to the independent rating agency ISS-ESG, the Framework contributes 'significantly' to realising the Sustainable Development Goals (SDGs). By following the EU taxonomy and the Green Bond Principles and incorporating these in the Green Finance Framework, Enexis ensures that there is complete transparency in the process. In combination with good ratings at Sustainalitics and ISS-ESG, this provides guidance and assurance to investors for investments in green bonds. All our green bonds are listed on Euronext Amsterdam.

## EU TAXONOMY

In accordance with the EU Taxonomy for sustainable activities, we report in this annual report explicitly about investments with a sustainable character. The Taxonomy is derived from the EU Action Plan on Sustainable Finance and sets out which activities can and cannot be qualified as sustainable based on their scientifically verified contribution to preventing climate change or limiting the consequences thereof (adaptation).

## THE CRITERIA

As a public interest entity, Enexis is obliged to report in accordance with the EU Taxonomy. We do this under the EU Directive disclosure of non-financial information and diversity information. With regard to 2021, we report on the share of revenue, capital expenditure (CapEx) and operational expenditure (OpEx) in connection with eligible economic activities that are specified in the EU Taxonomy. An economic activity makes a substantial contribution when it satisfies the technical screening criteria that are set out in the EU Taxonomy Delegated Regulations. The environmental objectives of the Taxonomy are:

- climate change mitigation;
- climate change adaptation;
- sustainable use and protection of water and marine resources;
- transition to a circular economy;
- pollution prevention and control;
- protection and restoration of biodiversity and ecosystems.

At present, the descriptions of the 'green' economic activities have been specified for two environmental objectives. This means that we only have to report on the objectives climate change mitigation and climate change adaptation in the reporting on 2021. To qualify as sustainable, economic activities within the EU Taxonomy must:

- contribute substantially to one of the six above-mentioned environmental objectives;
- do no significant harm (DNSH) to any of the other five environmental objectives;
- respect basic human rights and labour standards.

## OUR INVESTMENTS WITH A SUSTAINABLE CHARACTER IN 2021

Enexis reported on two eligible activities defined in the EU Taxonomy, i.e., 4.9 Transmission and distribution of electricity and 4.15 District heating/cooling distribution. The descriptions of these activities do not overlap in the EU Taxonomy; therefore, there is no risk of double counting. In the chart below, we have sought alignment with the existing specification of our business activities (Electricity, Gas and Other). Enexis has reported in accordance with the EU Taxonomy regulations based on a best estimate. As the EU Taxonomy is new and still subject to changes, this could lead to changes in interpretations in future reporting.

| € Million   | Absolute turnover | Proportion turnover | Absolute capex | Proportion capex | Absolute opex | Proportion opex |
|---|-------------------|---------------------|----------------|------------------|---------------|-----------------|
| Transmission and distribution of electricity (NACE 35.13) | 1,220             | 75%                 | 579            | 63%              | 86            | 75%             |
| District heating/cooling distribution (NACE 35.30)        | -                 | 0%                  | 5              | 1%               | -             | 0%              |
| <b>Total eligible activities</b>                          | <b>1,220</b>      | <b>75%</b>          | <b>584</b>     | <b>64%</b>       | <b>86</b>     | <b>75%</b>      |
| Taxonomie-non-eligible activities                         | 414               | 25%                 | 329            | 36%              | 29            | 25%             |
| <b>Total</b>  | <b>1,634</b>      | <b>100%</b>         | <b>913</b>     | <b>100%</b>      | <b>115</b>    | <b>100%</b>     |

## CALCULATION OF EU TAXONOMY

The total revenue under the EU Taxonomy is in line with the IFRS reporting standards and is thus the same as the financial statements (note 1 Revenue Enexis). The share of the total revenue that was earned with Taxonomy-eligible activities has been determined. It was determined for each activity to what extent this activity is listed in the EU Taxonomy. Alignment has been sought as much as possible with the existing classification of business activities (Electricity, Gas and Other). The revenue in connection with the transmission of Electricity and Heat (NACE code 35.13 and NACE code 35.30) is qualified as eligible revenue.

The total capital expenditures under the EU Taxonomy concern:

- investments in property, plant and equipment (note 12 in the financial statements);
- property, plant and equipment acquired through acquisition (note 12 in the financial statements);
- investments in intangible fixed assets (note 13 in the financial statements);
- additions to the right of use assets (IFRS 16) (note 14 in the financial statements).

The share of the total capital expenditures that concerns Taxonomy-eligible activities has been determined. It was determined for each asset group with which economic activity this is connected to and to what extent this activity is listed in the EU Taxonomy. Alignment was sought with the existing classification of business activities and the existing NACE coding method. All investments in property, plant and equipment related to our electricity grid (NACE code 35.13) and all investments in property, plant and equipment related to the pipelines and installations regarding the heating and cooling grid (NACE code 35.30) fall under the eligible capital expenditures.

The operating expenditures under the EU Taxonomy are defined as direct non-capitalised costs pertaining to the maintenance of assets. Based on this definition, Enexis has only classified the expenditures in connection with maintenance and outages as operational expenditures under the EU Taxonomy. Of these total maintenance and outages expenses, it has been determined which share concerns Taxonomy-eligible activities. Alignment was again sought with the existing classification of business activities and the existing NACE coding method. The operational expenditures under 35.13 concern expenditures for maintenance and outages of assets for the maintenance of our electricity grid.

### MAINTAINING CREDIT RATINGS

Maintaining an at least A/A2 credit rating profile with a five-year horizon is essential for investor confidence and is in line with the cost of capital for the cost of capital compensation of the Netherlands Authority for Consumers and Markets (ACM). Enexis makes use of the credit ratings of Standard & Poor's (S&P) and Moody's. These ratings consist of a long-term rating with an outlook and a short-term rating. The outlook indicates the expected change in the long-term rating for the coming years. The ratings of S&P and Moody's have remained unchanged. However, the S&P rating has a negative outlook. Due to the lower regulatory cost of capital compensation during 2022-2026, S&P does not consider it likely that Enexis can maintain the financial ratio FFO/net interest-bearing liabilities above the threshold value that corresponds with the current credit rating within the coming 24 months without extra measures.

Our sustainable business performance is also assessed by rating agencies.

For the financing, liquidity and credit ratings, we refer to note 32 in the financial statements 'Financing policy and risks associated with financial instruments'.

### STRONG SUSTAINABILITY PROFILE

The degree in which we engage in socially responsible entrepreneurship is increasingly becoming an important decision factor for investors when investing in green investments. In addition to our contribution to the Sustainable Development Goals, ESG ratings play an important role. A good ESG score is important when issuing green bonds. ESG stands for Environment, Social & Governance. The ESG rating is also determined based on the impact on climate change, our role in the community, the reliability of our grid, safety, business ethics, good corporate governance, and measures against corruption and money laundering.

With its present ESG ratings, Enexis shows a strong sustainability profile. Enexis engages in an active dialogue with two rating agencies. ISS and Sustainalytics.

- Our ESG Risk Rating by Sustainalytics improved strongly in the past year by 5 points; we went from 18.3 (2020) to 13.3 in 2021. This means that Enexis is in the category 'low risk' in the Multi-Utilities group. Enexis thus ranks among the top 3% best scoring companies in this category. The degree in which our company is exposed to risks is low and the management of material topics is strong.
- ISS ESG has given us a B rating with Prime label. With this rating, Enexis is among the best scoring companies in the category Gas and Electricity Network Operators.

These good ESG (Risk) ratings give confidence and strengthen our position as a sustainable company.



### 2021 FINANCIAL PERFORMANCE

Our net profit for 2021 amounted to € 199 million; an increase of € 91 million compared to € 108 million in 2020. This increase is mainly attributable to higher TenneT procurement costs being compensated in the same year in the revenue as of 2021. The COVID-19 pandemic did not have a material impact on Enexis's financial result in 2021. Our revenue is based largely on capacity tariffs and is therefore unaffected by fluctuations in consumption. Despite extra safety measures in processes with direct customer contact, the work package that we carried out increased to a record high of € 959 million; an increase of € 77 million compared to 2020.

| € Million  | 2021  | 2020  | 2019  | 2018  | 2017  |
|--|-------|-------|-------|-------|-------|
| <b>Result</b>  |       |       |       |       |       |
| Revenue  | 1,634 | 1,516 | 1,491 | 1,445 | 1,398 |
| Costs of transmission services and distribution losses                     | 324   | 316   | 232   | 228   | 231   |
| Other operating income   | 2     | 1     | 12    | 4     | 4     |
| Balance available for operating activities                                 | 1,312 | 1,201 | 1,271 | 1,221 | 1,171 |
| Operating expenses excluding depreciation, impairments and decommissioning | 561   | 554   | 539   | 468   | 487   |
| Depreciation, impairments and decommissioning                              | 429   | 405   | 379   | 349   | 345   |
| Operating profit   | 322   | 242   | 353   | 404   | 339   |
| Share of result of associates and joint ventures                           |       |       | -1    |       | -3    |
| EBIT <sup>1</sup>  | 322   | 242   | 353   | 404   | 336   |
| Financial income and expenses  | -43   | -41   | -52   | -58   | -59   |
| Profit before tax  | 279   | 201   | 300   | 346   | 277   |
| Profit for the year  | 199   | 108   | 210   | 319   | 207   |
| <b>Financial position (before profit appropriation)</b>                    |       |       |       |       |       |
| Net working capital <sup>1</sup>   | -99   | -106  | -43   | -89   | -61   |
| Non-current assets   | 8,765 | 8,496 | 7,980 | 7,480 | 7,181 |
| Capital employed <sup>1</sup>  | 7,802 | 7,418 | 7,056 | 6,594 | 6,386 |
| Equity   | 4,241 | 4,116 | 4,112 | 4,024 | 3,912 |
| Net interest-bearing liabilities <sup>1</sup>                              | 2,932 | 2,677 | 2,634 | 2,272 | 2,201 |
| Total assets   | 9,395 | 8,751 | 8,258 | 7,715 | 7,668 |
| <b>Ratios</b>  |       |       |       |       |       |
| Solvency <sup>1</sup>  | 45.1  | 47.0  | 49.8  | 52.2  | 51.0  |
| ROIC <sup>1</sup>  | 4.1   | 3.3   | 5.0   | 6.1   | 5.3   |
| Return on equity <sup>1</sup>  | 4.7   | 2.6   | 5.1   | 7.9   | 5.3   |
| <b>Cash flow</b>   |       |       |       |       |       |
| Cash flow from operational activities                                      | 732   | 726   | 647   | 679   | 628   |
| Cash flow from investing activities  | -984  | -872  | -753  | -646  | -597  |
| Cash flow from financing activities  | 312   | 131   | 137   | -58   | -9    |
| Cash flow  | 60    | -15   | 31    | -25   | 22    |

<sup>1</sup> For definitions, please refer to the glossary.

#### BALANCE AVAILABLE FOR OPERATING ACTIVITIES

The balance available for operating activities increased in 2021 by € 111 million, mainly due to an increase of the regulated revenue. Total revenue amounted to € 1,634 million in 2021, up € 118 million compared to 2020. The average tariff increase for electricity and gas (including meter rent) amounted to 9.0% and 3.3% respectively. The increase in revenue is mainly attributable to:

- Electricity: Revenue rose by € 101 million compared to 2020. The increase is mainly attributable to the fact that in the regulated revenue a direct compensation was received for the first time in the financial year 2021 for the higher TenneT procurement costs. In the financial years 2020 and previous years, the post-calculation of the TenneT procurement costs were incorporated in the tariffs with a two-year delay. Therefore, the increase in the TenneT procurement costs in the financial year 2020 will be part of the allowed revenue in the financial year 2022.
- Gas: Revenue rose by € 9 million compared to 2020 due to a limited tariff increase.
- The non-regulated and other revenue rose by € 8 million, mainly due to higher revenue at Fudura and higher capitalised customer contributions due to a larger work package.

Costs of transmission services and distribution losses rose by € 8 million to € 324 million in 2021. This increase was due to € 11 million higher procurement costs for transmission charged by the national grid operator TenneT. This increase is mainly attributable to adjustments of previous years and new investments in connection with the energy transition. The cost of compensating electricity and gas transmission losses were lower than in 2020 due to favourable quantity differences of € 2 million. By purchasing grid losses timely and at different times, the strong increase in energy prices at the end of 2021 did not have an effect on the purchasing costs of the distribution losses.

#### OPERATING EXPENSES

Total operating expenses rose by € 31 million to € 990 million in 2021. The most important underlying driver was the growth of the work package, which led to an increase in personnel expenses and depreciation. The main developments were:

- € 47 million higher personnel expenses: this increase concerns the balance of € 41 million expenses in connection with own personnel and € 6 million higher costs for hiring external personnel. At year-end 2021, Enexis employed 181 more FTEs own personnel and 11 more FTEs external personnel compared to 2020. The increase in the costs of our own personnel can be attributed for € 21 million to higher salary costs due to an increase in FTEs in combination with a Collective Labour Agreement salary increase as of 1 January 2021. In addition, pension premiums and social security contributions increased by € 6 and € 5 million respectively due to premium adjustments. The remaining difference is mainly attributable to an extra bonus that we paid out to technical personnel in 2021 with the aim of retaining these employees for Enexis, and to the compensation for working from home that was paid out to all employees. Expenses in connection with hiring external staff rose by € 6 million due to temporarily filling job vacancies with external personnel.
- Due to the growth of the work package, more personnel and logistic expenses were capitalised resulting in a € 26 million increase in capitalised production.
- Depreciation charges increased by € 24 million due, in particular, to the further growth of investments in electricity and gas grids.



- The costs of contracted work, materials, other external expenses and other operating expenses decreased on balance by € 14 million. Within this category, we saw a decrease in ICT management expenses and expenses in connection with improvement projects as well as a higher release from non-personnel related provisions, which was partially offset by an addition to the provision for doubtful debts due to bankruptcies of several small energy suppliers.

#### FINANCIAL INCOME AND EXPENSES

Net financial income and expenses amounted to € 43 million negative in 2021, compared to € 41 million negative in 2020. Financial expenses rose mainly due to an increase in the debt position. Enexis successfully issued a second green bond loan of € 500 million in April 2021.

#### TAXES

The income tax expense amounted to € 80 million in 2021, € 13 million lower than in 2020. The difference between both years is mainly attributable to one-off additions to the provision for deferred tax liabilities due to changes in tax rates. This addition to the provision for deferred tax liabilities amounted to € 42 million in 2020 due to the reversal of a proposed tax cut. The addition to the provision for deferred tax liabilities amounted to € 11 million in 2021 due to the increase in the tax rate of 25% to 25.8% as of 1 January 2022. The one-off tax expense due to the increase of the provision for deferred tax liabilities in 2021 was € 31 million lower than in 2020. This was partially offset by a € 18 million higher tax expense in 2021 over the result before taxes. On balance, this resulted in a difference in corporate income tax between the years 2021 and 2020 of € 13 million.

#### CAPITAL EXPENDITURES

The growth of our investments in tangible and intangible fixed assets was mainly driven by investments to facilitate the energy transition. Capital expenditures amounted to € 886 million in 2021, € 32 million higher than the € 854 million capital expenditures in 2020.

- The strong growth of investments in our electricity grids continued unabated in 2021. Investments increased from € 477 to € 544 million; an increase of no less than € 67 million. In particular, the electricity grid expansion workflow increased significantly due to an increase in customer demand in connection with the energy transition. In addition to expanding the electricity grid, we keep the electricity and gas grid safe and reliable by replacing older installations and brittle gas pipelines. Investments in the gas grid rose from € 195 million to € 199 million. The smart meters workflow decreased from € 63 million to € 44 million due to postponements in connection with COVID-19 and the phasing out of the large-scale rollout of smart meters. The table on the next page provides a specification of the investments in the electricity and gas grids.
- Other investments decreased by € 120 million to € 99 million due to a decrease of the investments at Fudura and a decrease in the inventories of smart meters as a result of the completion of the large-scale rollout.

We receive a contribution from customers for some of our customer-driven activities. This contribution rose from € 114 million to € 120 million. After deducting the customer contributions, net capital expenditures amounted to € 766 million, an increase of € 26 million compared to the € 740 million net capital expenditures in 2020.

The table below shows the gross investments (excluding contributions) in our electricity and gas grids and smart meters.

| € Million                 | Gross investments |            |            |            |            |
|---------------------------|-------------------|------------|------------|------------|------------|
|                           | 2021              | 2020       | 2019       | 2018       | 2017       |
| <b>Electricity</b>        |                   |            |            |            |            |
| Standard connections      | 37                | 33         | 30         | 26         | 23         |
| Customised connections    | 90                | 94         | 73         | 34         | 25         |
| Grid expansions           | 298               | 254        | 194        | 153        | 120        |
| Reconstructions           | 26                | 25         | 21         | 24         | 22         |
| Replacements              | 62                | 48         | 38         | 34         | 38         |
| Other                     | 31                | 23         | 22         | 20         | 18         |
| <b>Total Electricity</b>  | <b>544</b>        | <b>477</b> | <b>378</b> | <b>291</b> | <b>246</b> |
| <b>Gas</b>                |                   |            |            |            |            |
| Standard connections      | 4                 | 6          | 9          | 9          | 9          |
| Customised connections    | 2                 | 2          | 2          | 2          | 2          |
| Grid expansions           | 12                | 13         | 16         | 17         | 19         |
| Reconstructions           | 17                | 19         | 18         | 19         | 18         |
| Replacements              | 161               | 153        | 139        | 127        | 127        |
| Other                     | 3                 | 2          | 2          | 2          | 2          |
| <b>Total Gas</b>          | <b>199</b>        | <b>195</b> | <b>186</b> | <b>176</b> | <b>177</b> |
| <b>Smart meters</b>       |                   |            |            |            |            |
| Low-volume electricity    | 24                | 34         | 57         | 53         | 59         |
| Low-volume gas            | 20                | 29         | 36         | 40         | 42         |
| <b>Total smart meters</b> | <b>44</b>         | <b>63</b>  | <b>93</b>  | <b>93</b>  | <b>101</b> |
| <b>Total</b>              | <b>787</b>        | <b>734</b> | <b>657</b> | <b>560</b> | <b>524</b> |





**“WE NEED A POWER CONNECTION FOR OUR NEW HOUSE.”**

### Sophie Constant

Enexis Netbeheer Customer

“My husband and I are building a house in Berkel-Enschot. We need a power connection there. But the field where the house is being built does not have an address yet. This turned out to be a problem when applying for a power connection. Enexis advised us to apply for a power connection at the address of the camping site across the road. So we took their advice and applied for the connection. Nevertheless, the application process did not run completely smoothly. The energy supplier thought that we did not have a meter box, but we do have one. It turned out that our meter box was connected to a neighbour, who had been building since April 2021, which caused a lot of trouble.

Of course, I called Enexis Netbeheer again. They were very polite and friendly. The call centre employee was very understanding, but he could not solve the problem immediately. Therefore, he requested an inspection to find out which meter box belonged to whom. We thought this sounded like a good first step. But who is going to carry out this inspection, and when? I don't know yet. I am pleased with the friendliness and helpfulness of Enexis; however, a final solution is taking quite a long time. Fortunately, we can make use of our power connection in the meantime and the building of the house can continue. We only have to be patient for a bit longer and then we can move into our new house where it is warm and the lights are burning.”





# CORPORATE GOVERNANCE



In providing a reliable energy supply, we fulfil an essential task within society, which is largely funded with public money. Therefore, we consider it important to be transparent about the way our company is governed and how supervision is exercised.

Enexis Holding N.V. is a public limited liability company under Dutch law. In view of Enexis's task within society, our strategy is directed at creating value for society, on the short as well as on the long term. Our company is subject to what is known as the two-tier board structure. We apply the Dutch Corporate Governance Code (the Code 2016) to the extent possible and applicable. This choice emphasises our commitment to socially responsible entrepreneurship.

The articles of association, various regulations and other documents regarding corporate governance can be viewed on the website [enexisgroep.nl](https://www.enexisgroep.nl).



### EXECUTIVE BOARD

The Executive Board (EB) is responsible for the management of Enexis. The EB defines the strategy, sets the operational and financial objectives of the company, and identifies the preconditions for the realisation of the strategy.

The EB is responsible for ensuring compliance with all relevant laws and regulations as well as effective risk control and adequate funding of the company. The EB operates within the provisions of the articles of association under the supervision of the Supervisory Board (SB) and exercises accountability to the General Meeting of Shareholders (AGM). The EB is responsible, together with the SB, for the corporate governance structure of Enexis and for compliance with the Dutch Corporate Governance Code.

The remuneration policy for members of the EB adheres to the Dutch Standards for Remuneration of Senior Officials in the Public and Semi-Public Sector Act (WNT). This remuneration policy was adopted by the General Meeting of Shareholders (AGM). The SB determines the level of remuneration of each EB member based on a proposal from the Remuneration and Selection Committee. The remuneration of the EB is disclosed in the financial statements.

With the appointment of a female CFO, the male-female ratio (75%-25%) in the EB has improved as of 1 January 2021. However, we do not yet meet the statutory requirement of at least 30% women. The general section of the profile for the Executive Board contains a provision on diversity.

### SUPERVISORY BOARD

The Supervisory Board (SB) has three tasks: exercising supervision, providing advice and acting as the employer of the EB.

The SB supervises the policy of the EB, with a particular focus on the realisation of the company's objectives, the strategy and the risks associated with the business activities, the internal risk management and control systems, and the financial reporting.

Members of the SB have a seat in two permanent committees: the Audit Committee and the Remuneration and Selection Committee. Members of the SB receive a remuneration as determined by the General Meeting of Shareholders (AGM) in compliance with the Dutch Standards for Remuneration of Senior Officials in the Public and Semi-Public Sector Act (WNT). Details of the remuneration of the SB are disclosed in the financial statements.

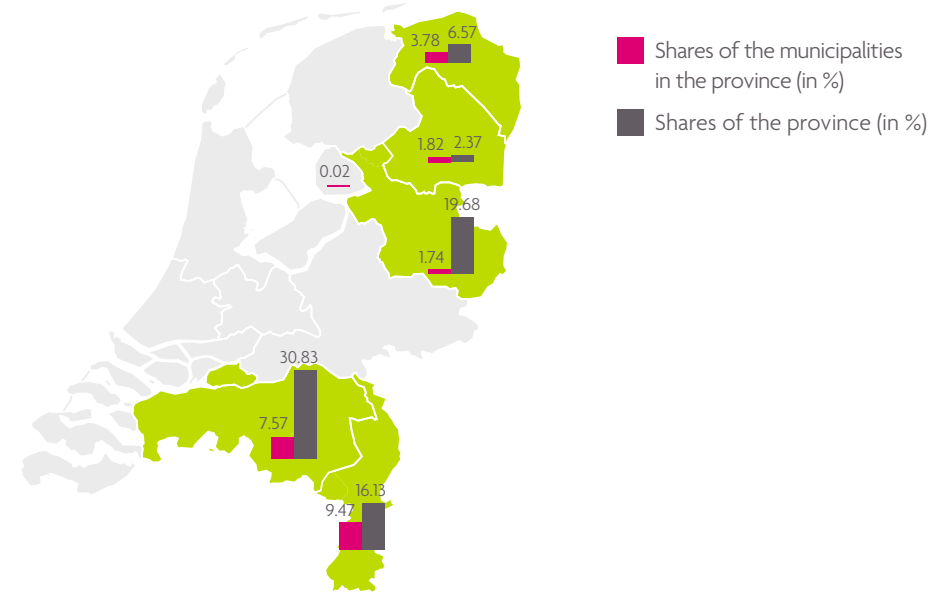
No changes have taken place in the composition of the SB in 2021. The male-female ratio (60%-40%) in the SB satisfies the statutory requirement of at least 30% men and 30% women.

### GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders (AGM) is the highest decision-making body within Enexis. The AGM decides on such matters as the annual report, the discharge from liability of the EB and SB, the adoption of the financial statements and the determination of the profit appropriation. It also approves the company's strategy and appoints the members of the SB. Certain powers of the AGM have been delegated to a Shareholders Committee (SC). This committee, comprising seven members, promotes efficient and effective decision-making within the AGM. The members of the SC receive no remuneration for their work.

The shareholders of Enexis Holding N.V. are provinces and municipalities within the service area of Enexis Netbeheer B.V.

SHARES IN ENEXIS HOLDING N.V. (Percentage of shares held by the provinces and the municipalities in the provinces)







### INTERNAL AUDIT FUNCTION

Enexis has an Internal Audit & Risk Department with independent auditors. They provide additional assurance to the EB and management regarding operational control, effectiveness, efficiency, and compliance. The Audit Committee supervises the Internal Audit & Risk Department and advises the SB on the role and functioning of the Internal Audit & Risk Department.

A risk-based audit plan is drawn up each year specifying the internal audits that will be performed in that year. The SB adopts the audit plan. The Audit Committee discusses the progress and the most significant audit findings. The Internal Audit & Risk Department also reports the findings to the external auditor.

### EXTERNAL AUDITOR

EY is Enexis's external auditor. The Audit Committee supervises the relationship with the external auditor. The external auditor attends the annual AGM as well as all meetings of the Audit Committee.

### DEPARTURES FROM THE DUTCH CORPORATE GOVERNANCE CODE

#### **Provision 2.2.1: maximum appointment (and reappointment) periods for Executive Board members**

The remuneration policy for the Executive Board (adopted on 5 December 2012 by the General Meeting of Shareholders) states that employment agreements with Executive Board members are entered into for an indefinite period.

#### **Provision 2.3.4: composition of committees**

The SB sees no reason to change the existing practice. The reason is that the committee has an advisory role towards the SB, which carries collective responsibility. The chairman of the SB also chairs the Remuneration and Selection Committee.

**We have departed from the provisions listed below** because the statutory two-tier status is applicable and because Enexis's shares are held by (lower) Dutch government bodies and are not listed on a stock exchange:

- 2.1.3: executive committee
- 2.8.2-2.8.3: takeover bid
- 3.1.3: remuneration executive committee
- 3.3.2-3.3.3: remuneration of supervisory board in shares and share ownership of supervisory board members
- 4.2. 6: anti-takeover measures
- 4.3.3: cancelling the binding nature of a nomination or dismissal
- 4.3.4: voting right on financing preference shares
- 4.3.5: publication of institutional investors' voting policy
- 4.3.6: report on the implementation of institutional investors' voting policy
- 4.4: issuing depositary receipts for shares
- 5: one-tier governance structure



# INTERVIEW WITH THE CHAIRMAN OF THE SUPERVISORY BOARD

In his last year as Chairman of the Supervisory Board, Piet Moerland reflects on Enexis's challenges. "As a grid provider, it is extremely important to steer a well-charted compass course in view of the fundamental energy transition."

## WHAT IS THE EXISTENCE OF A GRID OPERATOR?

Scarcity, growth and strategy were the most important themes for our organisation in the reporting year: Labour shortages, insufficient grid capacity and a lack of predictability of the environment in which we operate. Growth of the demand for connections to feed energy back into the grid, growth of the work package and of the investments and growth of the funding requirement.

Against this background, we worked hard on redefining Enexis's strategy in the light of the significant challenges that we are facing in the future. In view of the fundamental energy transition, in which fault lines and shifting perspectives will come to the fore in the energy system, it is extremely important, as a grid operator, to steer a well-charted compass course and to articulate and communicate the reference points for our future strategy. This is necessary to organise internal commitment, but also to manage the expectations of various stakeholders. Therefore, it is not surprising that the existential question was laid on the table in our consultations with the shareholders' committee: what is the existence of a grid operator? A question that calls for a re-evaluation.

## THE TWO PILLARS OF A UTILITY COMPANY

Enexis is a utility company whose task within society is to supply electricity and gas based on a viable business model. It centres on utility and a viable business model. The grid operator has two pillars, which, in an ideal situation, are well-balanced. Until recently, in a relatively stable environment, this was how it worked in daily practice. The public interest and the company's interest were reasonably balanced.

## THE ENERGY TRANSITION IS LEADING TO BALANCING ACT

Driven by the energy transition, imbalances are arising that are being expressed in a severe shortage of skilled labour, a threatening overburdening of the grid, pressure on the revenue model, structurally negative cash flows and growing uncertainty regarding future scenarios. The large-scale transition is increasingly causing an imbalance in the two pillars. Society wishes to progress faster than the company can keep up with. Despite historically high growth figures, year in year out, of the work package, investments and inflow of employees and trainees, it is already taking a huge effort now to satisfy the

soaring growth in demand for connections timely and responsibly. The capacity of the grid has to be doubled in the coming ten years: an immense task that demands massive investments in people and infrastructure, which are unprecedented in recent history. The gap between society's wishes and expectations and that which is actually feasible in reality is growing. The two pillars (utility and a viable business model) are involved in a balancing act: the tension between the two is increasing.

## SUPERVISION AND ADVICE

As is the case for the Executive Board, the Supervisory Board is legally obliged to carry out its task in accordance with the company's objectives and in the company's interest. The objective of a utility company is rooted in serving the public interest. Executive Board members run the company and Supervisory Board members supervise and provide advice. They both have the same aim. Based on this division of roles, the Executive Board and the Supervisory Board have discussed all different aspects of these objectives and interests and the task resulting there from frequently and intensively during the reporting year. A selection of the topics discussed is provided below.

## VARIOUS POLICY DILEMMAS

The shop must remain open for business during the large-scale reconstruction in connection with the energy transition. How do you manage this without any concessions to the quality of the grid and thus to the safety and reliability of the energy supply? Which is certainly in the primary interest of society.

A critical success factor for the realisation of the energy transition is obviously the availability of personnel. The shortage in this specific segment of the labour market is substantial and appears to be structural. There are simply not enough skilled employees.

What can Enexis do to substantially and structurally increase the size and diversity of the necessary workforce? This is quite a daunting task.



What can Enexis do to favourably influence the affordability of its share in the energy supply? Which efficiency improvements can be made? Will collaboration provide opportunities to tackle these challenges?

Massive investments require massive funding, and this requires a massive equity cushion. This is the financial foundation that supports the company. In very dynamic times with a correspondingly large degree of uncertainty, this foundation has to be fortified by means of an adequate increase in high quality capital in the form of pure equity capital. This serves both the company's interests and the public interest.

The revenue model of grid operators is laid down in a regulatory framework, which functions reasonably well under stationary conditions. What will this look like if there is a lack of synchronisation between income and expenses in connection with these investments and funding amounts over time? The question can be asked whether, in the case of such a trend disruption, a recalibration of the regulation method should be considered, which may be more suited to the dynamic environment in which the grid operator has been operating for some time. A disruptive environment with, on the one hand, society calling for formidable investments for the necessary up scaling of the grid and, on the other hand, the business-economic requirement that financial markets must continue to have sufficient confidence in the company's financial soundness and thus the continuity of the grid operator.

#### **DIALOGUE WITH STAKEHOLDERS**

Enexis's Executive Board conducts a constructive dialogue with the shareholders of the company on a regular basis. The above issues are discussed regularly with the shareholders. The recalibration of the company's strategy, which is expected to be adopted during the next General Shareholders' Meeting, has been formulated based on interaction with our shareholders. This strategy is more strongly focussed on our core business and can be qualified as very ambitious in terms of innovation, work package and collaboration. A good example, is the way in which Enexis employees made their expertise and experience available to assist with the drafting of regional energy strategies in the whole service area.

Also the Work Council discussed about important parts of the new strategy. Obviously, the energy transition demands a great deal of adaptability on the part of our employees. Concepts such as a sense of urgency, cultural change, digitalisation, and customer focus are highly relevant in this context. Our employees deserve a compliment for the excellent performance they have delivered in the year under review - certainly also in view of the ongoing pandemic. The way employees made an extra effort to help during the floods in Limburg, and also when working in other areas, deserves to be commended.

A successful transformation to a future-proof electricity grid is more likely to succeed if all the parties involved - the central government, provincial and municipal authorities, regulatory bodies, and the grid operators - work together. Of course, each party based on its own role and responsibility. Such collaboration would benefit greatly from strong and effective coordination. This opportunity should not be missed. Society is entitled to this.

#### **IN CONCLUSION**

The Executive Board has done everything in its power in the reporting year to carry out its demanding duties and tasks. On behalf of the Supervisory Board, I would like to express my sincere appreciation for this.

This is the last time that I will be delivering a contribution the annual report of the Enexis Groep. It is with great satisfaction that I look back on the past eight years. I would like to thank my colleague Supervisory Board members and the Executive Board members for the fruitful collaboration over the years. I wish my successor a lot of success and satisfaction in the execution of this interesting duty.

#### **Piet Moerland**

Chairman of the Supervisory Board





# REPORT OF THE SUPERVISORY BOARD

As the Supervisory Board, we supervise the Executive Board and provide solicited and unsolicited advice to the Executive Board regarding the formulation and realisation of the objectives, strategy and policy of Enexis Holding N.V., hereafter also referred to as Enexis or the company. We also act as the employer of the Executive Board.

## COMPOSITION AND ORGANISATION

The composition of our Board remained unchanged during 2021. The Audit Committee consisted of Carmen Velthuis (chair), Anita Arts and Paul Rupp. In 2021, the Remuneration and Selection Committee consisted of Piet Moerland (chairman) and Joost van Dijk. Frans Voorwinde acted as secretary of our Supervisory Board again in 2021.

## INDEPENDENCE

Throughout the entire year, all members of the Supervisory Board were independent within the meaning of the Dutch Corporate Governance Code. The Supervisory Board is of the opinion that its composition is such that the members can operate independently from each other and from the Executive Board. None of the members holds a position outside the company that conflicts with their membership of the Supervisory Board of Enexis.

## DIVERSITY

Several diversity aspects were incorporated into in the Executive Board and Supervisory Board profiles. These can be summed up as the aspiration to achieve a balanced composition of the Executive Board and Supervisory Board that reflects the diversity that society requires.

## EVALUATION OF THE FUNCTIONING OF THE SUPERVISORY BOARD

We evaluated our functioning with external support in November 2018. The functioning of the Supervisory Board and its individual members was discussed as part of this evaluation. The Supervisory Board regularly reviews the insights and recommendations, including systematic discussions within the Supervisory Board, to continuously improve the functioning of the Supervisory Board.

## OUR DUTIES

As the Supervisory Board, our most important duty is to oversee the policy of the Executive Board and the general conduct of business of the company and its subsidiaries. We exercise this oversight primarily through meetings with the Executive Board, working visits to company locations, attendance of meetings of the Works Council and the perusal of reports, publications and other information produced by or about Enexis. We have regular contact with the shareholders through periodic meetings and dialogue sessions with the Shareholders' Committee. In addition, we aim for the right balance between

formal meetings on the one hand and a more informal dialogue with the organisation on the other hand. This was more difficult in 2021 due to the COVID-19 measures. In 2022, we will endeavour to continue the direct and valuable contact we have had with the Executive Board and the employees in recent years.

The Supervisory Board convened six times in 2021. Virtually all meetings were attended by all members of the Supervisory Board. In addition to our scheduled meetings, we held several meetings to discuss matters in more depth with the Executive Board, while also conferring internally with each other.

## TOPICS DISCUSSED

The agenda for our meetings is based on our most important oversight duties (such as the realisation of objectives, strategy and risks, and regulatory compliance) and also contains a series of recurring topics. Safety is always the first item on the agenda.

The daily conduct of business is discussed in our meetings based on an extensive management report. The performance of the grid operator (including reliability of supply) is a recurring subject in this report. We discussed material themes regularly, such as safety, the progress regarding the realisation of the energy transition (sustainable energy supply), affordability, efficiency, shortage of technical personnel, influencing policy and information security. Other reported topics concerned important projects, customer and other processes, customer satisfaction and financial data on a monthly and cumulative basis as well as forecasts for the financial results and cash flow. We keep track of the well-being of employees and have attention for topics that are important for the Works Council.

The annual report, financial statements, interim report, annual plan, and risk inventories were discussed and adopted based on the recommendations of the Audit Committee.

In 2021, we adopted, on the advice of the Audit Committee, the updated Audit Charter and devoted considerable attention to important themes and topics such as (the impact of) the COVID-19 pandemic, the growth of the work package in relation to the grid capacity and the technical personnel shortage, the growth of our funding requirement and a new Strategic Plan.

## AUDIT COMMITTEE

The Audit Committee met seven times in 2021. The Audit Committee supervises the internal risk management and control systems and the financial reporting procedures and prepares the decision-making of the Supervisory Board for these and other topics. The periodic management report is discussed insofar as this concerns technical reporting or valuation details.



The committee took note of the audit plan of the external auditor as well as the audit plan of the Internal Auditor and recommended their adoption by the Supervisory Board. Furthermore, the agenda contained the standard items, including the 2020 financial statements, the 2021 interim report, the audit findings of the external auditor, the management comments, the findings of the Internal Auditor and the accompanying action points. The long-term financial forecast in combination with the new method decision, the structurally higher investments (and funding requirement) for the execution of the Climate Agreement and the dividend policy were discussed frequently. The Audit Committee paid structural attention to the topic ICT in a broad sense and, in particular, also to digital security and Identity and Access management during 2021.

#### REMUNERATION AND SELECTION COMMITTEE

The committee met twice in 2021. Important, regular topics were the functioning of the members of the Executive Board, the succession potential at senior management level and the developments regarding the remuneration of the Executive Board within the framework of the Dutch Standards for Remuneration of Senior Officials in the Public and Semi-Public Sector Act (WNT). In 2021, the committee mainly focussed on coordinating the recruitment and selection process in connection with the succession of Piet Moerland.

#### SUPERVISORY BOARD MEMBER ATTENDANCE

The attendance percentages of the Supervisory Board members at the meetings in 2021 were as follows:

|   | P. Moerland | J. van Dijk | C. Velthuis | A. Arts | P. Rüpp |
|---|-------------|-------------|-------------|---------|---------|
| Supervisory Board meetings                    | 100%        | 100%        | 83%         | 100%    | 100%    |
| Audit committee meetings                      | n/a         | n/a         | 100%        | 100%    | 100%    |
| Remuneration and Selection Committee meetings | 100%        | 100%        | n/a         | n/a     | n/a     |

#### FINANCIAL STATEMENTS 2021

We took note of the financial statements for 2021, as prepared by the Executive Board, and of the audit findings, and the unqualified audit opinion and the assurance report on the sustainability information issued by the external auditor EY. We approve the financial statements and recommend that the General Meeting of Shareholders adopt the 2021 financial statements as they stand.

#### WORD OF APPRECIATION

The Executive Board, managers and employees once again achieved good results throughout 2021 despite the COVID-19 pandemic. We thank them for their flexibility, efforts and commitment and wish them success and hope that they will be able to enjoy their work in 2022 under more normal conditions.

's-Hertogenbosch, 9 March 2022

#### Supervisory Board members

Piet Moerland, Chairman  
 Joost van Dijk, Vice-Chairman  
 Carmen Velthuis  
 Anita Arts  
 Paul Rüpp



# RISK MANAGEMENT

## ENTERPRISE RISK MANAGEMENT (ERM)

We have embedded structured risk management within Enexis in order to identify events timely that could pose a risk for the realisation of our objectives. Our risk management approach is integrated in our regular processes and planning and control cycle. Through, for example, exemplary behaviour, we aim to increase risk awareness within the organisation. We also encourage employees to report and discuss risks and incidents. In this manner, we can closely monitor the risks and take remedial action if necessary. This helps us to create and maintain value, improve our performance, and comply with applicable laws and regulations.

Enexis uses the COSO-ERM Model and the Three Lines of Defence Model for risk management. This means that management is responsible for applying risk management in such a manner that it supports the realisation of our objectives. By means of risk assessments, risks are identified, analysed, and mitigating measures are implemented on all levels in the organisation. Our Business Controllers and other staff functions (Compliance, Security, Privacy, HSE, etc.) support line management in this area. The risk managers of the Internal Audit & Risk Department coordinate the risk management processes.

We have divided our risk management processes in strategic and operational risk management.

## STRATEGIC RISK MANAGEMENT

In our strategic risk analysis, we identify events that threaten Enexis's continuity or the realisation of its strategic objectives. Every year all departments identify the strategic risks that are relevant for them and these risks are described on a risk card. The identified risks are analysed and quantified after this bottom-up inventory. This means an estimate is made of the probability that an event could occur and the impact of this event on one or several business values. To this end, we make use of a risk matrix which specifies Enexis's risk appetite for each business value. Risks that score 'High' exceed the risk appetite and must be mitigated by means of additional measures to a 'Medium' score. Management assesses and determines for each risk with a 'Medium' score to what extent the risk has to be mitigated further. Each strategic risk is allocated to an owner who is responsible for taking adequate measures and for monitoring the development of the risk. Mitigating measures are incorporated in our business plans. The development of the risks and the effectiveness of the measures are monitored through the planning and control cycle. The development of the most important strategic risks is reported to the Executive Board periodically.

## OPERATIONAL RISK MANAGEMENT

Integrated Operational Risk Assessments are performed to identify risks at tactical and operational levels that constitute a threat to Enexis's business processes. The outcomes of the periodic analyses are taken into account from the viewpoint of compliance, privacy, security and data management. The collaboration with other disciplines is efficient and results in a more integrated documentation of risks and measures in Enexis's Internal Control Framework (ICF). The effectiveness of the risk management and control measures is assessed twice a year by line management with a Control Self-Assessment (CSA). The results of this assessment are evaluated by the departmental management and, if necessary, included in the internal Letter of Representation (LOR). In this LOR, the departments and the Executive Board confirm the extent to which the internal risk management and control systems are adequate.

The 'hard controls' in the Internal Control Framework are supplemented with 'soft controls' focusing on integrity, engagement, and teamwork. With regard to integrity, Enexis has its own integrity committee that performs a fraud risk assessment periodically and discusses the mitigation of fraud risks.

The outcomes of the strategic risk assessment, the fraud risk analysis, and the CSA/LOR process are reported to and discussed in the Audit Committee. This process enables the Executive Board to issue its 'Board Statement'.





The strategic risks are described below. Specific risks relating to financial instruments are described in the financial statements.

| Potential consequences |                      |   |  |   | Frequency or probability of occurrence                  |                     |                 | 2021 RISKS | COMPARED TO 2020 |   |
|------------------------|----------------------|---|--|---|---|---------------------|-----------------|------------|------------------|---|
| Bedrijfswaarden        |                      |   |  |   | < 1x every 10 years                                     | ≥ 1x every 10 years | ≥ 1x every jaar |            |                  |   |
| Affordability          | Reputation*          | Safety  | Reliability  | Grid accessibility  | < 10%   | 10-50%              | > 50%           |            |                  |   |
|                        |                      |   |  |   | Laag  | Midden              | Hoog            |            |                  |   |
| H                      | Damage > €50 million | International commotion; > 20,000 complaints    | Accidents resulting in one or several fatalities                                     | >20,000,000 outage minutes (HV/MV station > 16 hours outage)          | Structurally not being able to meet the customer demand | M                   | H               | C          | A                | Customer demand cannot be met sufficiently timely due to a shortage of personnel, material and/or grid capacity<br>➔ Probability slightly higher      |
| M                      | Damage €5-50 million | National commotion; 2,000-20,000 complaints     | Accident with serous, lasting injury and/or prolonged absenteeism                    | 2,000,000 to 20,000,000 outage minutes (HV/MV station 4 hours outage) | Temporarily not being able to meet the customer demand  | L                   | H               | E          | B                | Deterioration of our financial position due to the effects of the energy transition and regulation method<br>⬇ Impact slightly lower                  |
| L                      | Damage < €5 million  | Local or regional commotion; < 2,000 complaints | Accident with injury resulting in (short-term) absenteeism or serious incident (HSE) | < 2,000,000 outage minutes (MV-T station 4 hours outage)              | Briefly not being able to meet the customer demand      | L                   | L               | G          | H                | Unauthorised use of data and/or systems due to inadequate security measures<br>= Unchanged  |
|                        |                      |   |  |   |   |                     |                 |            |                  | Accidents suffered by employees and/or bystanders due to unsafe situations and/or asset failures<br>⬇ Impact slightly lower                           |
|                        |                      |   |  |   |   |                     |                 |            |                  | Complex change projects that exceed the budget and/or do not provide sufficient or timely business value (was risk G in 2020)<br>= Unchanged          |
|                        |                      |   |  |   |   |                     |                 |            |                  | Prolonged outages of the grid due to natural disasters, internal failures or intentional wrongdoing<br>➔ Probability slightly higher                  |
|                        |                      |   |  |   |   |                     |                 |            |                  | Our reputation is damaged due to not fulfilling the expectations of stakeholders with regard to the energy transition<br>- New                        |
|                        |                      |   |  |   |   |                     |                 |            |                  | An active role of Enexis in the energy transition is hampered by new laws and regulations<br>➔ Probability slightly higher<br>⬇ Impact slightly lower |

\* Reputation with regard to stakeholders: customers, employees, shareholders, suppliers and supervisors. ■ Position 2020 ■ Same position 2020/2021 ■ New position 2021 ■ New risk  
Compared to 2020, risk 'E. The timely provision of services by Enexis could be jeopardised by a pandemic' is no longer included.

**A. Customer demand cannot be met sufficiently and timely due to a shortage of personnel, material and/or grid capacity.**

The energy transition demands additional work and investments to maintain our grid in good working order. The total capacity of generators of renewable electricity that want to be connected to the grid exceeds the transmission capacity of our electricity grid and of the national high-voltage grid managed by TenneT. The completion of the necessary grid expansions takes too long. In this case, the personnel requirement is a major limitation for Enexis and its contractors. Due to the extra demand, but also to the circumstances on the procurement market, the likelihood has increased that the right quantity or the right type of materials will not be available at the right time. To limit bottlenecks, Enexis tries to anticipate developments based on available information about concrete renewable energy projects or plans of the Regional Energy Strategy teams. In addition, we try to steer the growth of the demand in the direction of areas where transport capacity is still available in

the grid. We implement congestion management in areas where there is a shortage and intensify the collaboration with TenneT. By influencing customer demand and increasing the predictability of our own capacity and material, we try to limit the consequences of scarce resources. We have also taken measures to reduce the outflow of employees, to stimulate the inflow of new employees and to optimise internal training programmes. The likelihood that we will not be able to meet customer demand has become slightly higher due to the increasing uncertainty of the customer demand and the persistent shortage of personnel.

More information about the increasing customer demand and the scarce grid capacity can be found in the section 'Our impact on society' and on the personnel shortage in the section 'Preconditions for a sustainable result'.

**B. Financial position deteriorates due to the effects of the energy transition and regulation method**

The existing regulation method is not equipped to deal with a changing trend in investments and operating expenses. The compensation for the additional investments and expenditure has been postponed to the next regulation period. This means that Enexis has to pre-finance these additional investments, which puts pressure on the financial ratios and the investment capacity. We are discussing the funding issue with several stakeholders. We continue to advocate further adjustments in the regulation method together with other grid operators. We monitor the financial ratios and are examining the possibilities to maintain these at the desired level. We are also participating in a study that is examining alternative possibilities to finance the energy transition. As the Method Decision 2022-2026 has alleviated some of the concerns of the grid operators, we now estimate that the financial impact will be lower.

More information about this risk can be found in the section '[Financial position](#)'.

**C. Unauthorised use of data and/or systems due to inadequate security measures**

Unauthorised access to our systems and data can lead to incidents in the area of data security, business continuity and compliance (GDPR). We are becoming increasingly dependent on digital systems due to the ongoing digitalisation processes, also in our grids (Smart Grids). The activities of hackers and cyber criminals constitute an important threat. We have taken a wide range of structural security measures, such as security audits, periodic penetration tests, security scanning, and training and screening of personnel. Specific measures have also been taken to protect our operational technology, including staff certification, firewalls, and security assessments at our stations. Privacy Impact Assessments are carried out periodically to protect personal data. Within Enexis, the Privacy & Security Steering Group is responsible for the central coordination of these measures. Higher threat levels and additional measures are well-balanced and keep this risk at the same level.

More information about this risk can be found in the section '[Preconditions for a sustainable result](#)' (digital security).

**D. Accidents involving employees and/or bystanders due to unsafe situations and/or asset failures**

Working on the energy grids entails risks for the health of employees and/or bystanders. Due to the nature of our primary processes (working on electricity and gas infrastructure and working in public spaces), the probability of an accident occurring with consequences for the health of employees or bystanders is an ever-present risk. Asset failures or material failures can also have serious safety consequences. Enexis gives top priority to safety. We analyse the risk of unsafe situations in our electricity and gas grids on a continual basis. We have an adequate maintenance and replacement policy to limit the probability of unsafe situations as much as possible. We are working on increasing the safety awareness and alertness of both personnel and management. We take the safety performance of our contractors into account, and we pay extra attention to a correct follow-up of the 'workplace dialogue'. By constantly paying attention to safety and by completing various replacement programmes, we estimate that the likelihood of an accident is lower.

More information about public safety can be found in the section '[Our impact on society](#)'. More information about working safely is provided in the section '[Preconditions for a sustainable result](#)'.

**E. Complex change projects exceed the budget and/or do not provide sufficient or timely business value**

Various large-scale programmes are being carried out within Enexis and in the sector in order to realise the strategic objectives. For instance, projects to increase the agility and transparency of our customer processes. Large-scale projects and the implementation of new processes and systems are inherently risky. There are uncertainties within these programmes that could result in higher costs, longer completion times and/or insufficient realisation of the proposed strategy. There are various measures to reduce the risk of failing projects, such as limiting the scope of projects, release management upon implementation, and periodically evaluating priorities and programme plans. A higher level of portfolio management has been implemented and enterprise architecture is used. Collaboration in the sector has improved and programmes are well-coordinated. By strengthening our portfolio management and adapting our ICT landscape, we are now better able to control the risk of being too late with the implementation of new developments due to a complex ICT landscape. Looking ahead, the focus lies on several specific high-risk programmes. On balance, we estimate that the total size of the risk equals that of last year.

More information about this risk can be found in the section '[Preconditions for a sustainable result](#)'.

**F. Prolonged outages of the grid due to natural disasters, internal failures or deliberate wrongdoing**

As a consequence of natural disasters, for example earthquakes, floods due to prolonged and excessive rainfall, or due to deliberate wrongdoing, severe disruptions can occur in our grids, resulting in prolonged and large-scale interruptions in the energy supply. Enexis has an adequate maintenance and replacement policy to limit the probability of major disasters as much as possible. We have replacement assets that we can implement quickly in an emergency, we are constantly fine-tuning our crisis management plans following crises that have occurred (for example after the floods in Limburg in July 2021) and we regularly hold emergency drills. There is a slightly higher likelihood of natural disasters due to, for example, climate change and that is why we estimate the probability of this risk slightly higher than last year.

More information about this risk can be found in the section '[Our impact on society](#)'.

**G. Our reputation is damaged due to not fulfilling the expectations of stakeholders regarding the energy transition**

We formulate plans together with our stakeholders that have an impact on the future energy system. We work together intensively with our stakeholders on the ambitions and plans that they want to realise. As we are working on this together, this could lead to the expectation that these plans can simply be realised. However, from integrated perspective of the grid operator, in combination with the shortage of grid capacity, personnel and other limitations, it could turn out later that the plans cannot be realised timely or completely, and choices will have to be made. The risk exists that not being able to carry out the plans directly will lead to negative sentiment among our stakeholders, which can cause severe damage to our reputation and can even lead to a discussion about our 'license to operate'. To increase the focus on our stakeholders, a new department (Energy System & Transition) has been positioned in the Transition domain within Enexis. This new department will draw up more detailed plans in the coming years together with stakeholders. We try to provide as much insight as possible right from the beginning to stakeholders regarding the impact of their plans and the choices that have to be made. We want to be involved in developments at an early stage and to share possible approaches to avoid unrealistic expectations.

More information about this risk can be found in the section '[Our impact on society](#)'.

**H. An active role of Enexis in the energy transition is hampered by new laws and regulations**

The Energy Act and related regulations, which regulate both the grid company and the grid operator, are being formulated and can lead to a delay or not being able to realise Enexis's objectives regarding the energy transition. This would be the case if the new Energy Act contains a too limited task description for the grid operator. The internal organisation has already been scaled up in connection with the necessary preparations for the implementation of the Energy Act. Our reaction to the new version of the Energy Act is being coordinated intensively within the sector and consultations are taking place with the Ministry of Economic Affairs and Climate Policy via Netbeheer Nederland. We estimate the impact lower than last year as the draft Energy Act provides sufficient room for the grid operator to carry out its task within society adequately.

More information about this risk can be found in the section '[Our impact on society](#)'.





# EMPLOYEE PARTICIPATION IN 2021

The development of Enexis's new strategy, a suitable organisational structure and working from home arrangements for employees were important agenda items for consultations with the Works Council.

The Works Council was involved in the initial draft of a new strategy for the company already before the beginning of 2021. The necessity of a new overall strategy was clear for the Works Council: the energy transition is accelerating faster and faster and management of the company has changed with the appointment of a new Executive Board. The new strategy was discussed in detail and openly with the Executive Board in 2021. In order to make a constructive contribution to the strategy, the Works Council set out the aspects that they considered important in a standpoint memorandum. For instance, the Works Council is of the opinion that the new strategy may not lead to redundancies. All employees are needed to carry out the increasing workload in the energy transition. In addition, the Works Council is of the opinion that employees should be able to keep up with the pace of the changes. Sufficient perspective must be provided regarding the work itself and in the personnel planning. These standpoints will continue to be a point of attention in the coming period when the new strategy is adopted and implemented.

## FUTURE-ORIENTED ORGANISATION

To be ready for the future, the organisation was restructured in 2021. Although it was difficult to oversee how the activities could best be organised before the adoption of the new strategy, the Works Council advised positively on the structure of the Operations and Transition departments. There was sufficient confidence that workflows would proceed better in this new organisation structure. The collaboration between the business units and ICT was also improved with the structuring of company-wide value chains. Moreover, with the intensified attention for data management, innovation and market facilitation, the Works Council expects that the collaboration with market parties can be taken to a higher level.

As part of the strategic direction, the activities of Enpuls were downscaled or organised differently in 2021. The Works Council regards this as a logical step now that the energy transition is accelerating. However, a lot will change for the employees involved. The Works Council committee of Enpuls has discussed this in detail with the Board.

The possible sale of Fudura is also regarded by the Works Council as a logical step in the new strategy. The Works Council expects that Fudura will have more growth opportunities if the company is no longer part of the Enexis Groep. However, the Works Council did ask the Board's attention for the legal position and employment conditions of employees, which may not be negatively impacted by the sale. Furthermore, the Works Council expects that a strategic partner will be sought with whom Fudura can grow and flourish in the future.

## FACILITATING WORKING FROM HOME

The Works Council paid particular attention in 2021 to facilitating working from home, as the COVID-19 pandemic still had a lot of impact for many employees. Fortunately, the work on the grids was able to continue with clear instructions, but work at the office shifted to the kitchen table. The lack of social cohesion was very difficult for many colleagues. That so much work was accomplished in 2021, despite the measures, is something to be proud of.

The Works Council was well-informed about the measures by the COVID-19 Issue Team throughout the year. Enexis's active and cautious approach was valued by the Works Council; in particular, the communication to employees and the employer's involvement. The Works Council did repeatedly ask for attention for a working from home scheme and a home workstation scheme. Unfortunately, it took a long time before these schemes were approved within Enexis which meant that employees remained in uncertainty about possible compensation for quite a long time.

## NEW ELECTIONS IN 2022

Due to the major internal developments within Enexis Groep, the decision was taken in 2021 to postpone new elections. Now that the organisation has largely been restructured, it will be possible to hold new elections in 2022 in a well-organised manner.

### Members of the Works Council (as of 31 December 2021)

Eef Verhoeven (chair), Han de Jong (vice-chair), Dik Brokken (secretary), Claudia van Creij, Peter van Huizen, Liza Kroeze-Wilts, Klaas Mulder, Frank Niessen, Chris Warmerdam.

### Linking pins in the Business Unit Committees

Arnoud Brouwer (StAM), Harrie Darding (Fudura), Cas Kuntzelaers (Customer & Market), Sanne Stevens (Infra).



# BOARD STATEMENT

The Executive Board (EB) is responsible for the effectiveness of the design and operation of the internal risk management and control system of Enexis. The objective of this system is to monitor the realisation of strategic, operational and financial objectives and to focus on all facets of the business; from strategic and operational risks to the reliability of financial and other reports while also complying with laws and regulations.

The section on '[Risk management](#)' describes our internal risk management and control system and our risk profile. No system can provide absolute certainty concerning the achievement of company objectives or prevention of material errors, losses, fraud, or violations of laws and regulations that may occur in the processes and financial reporting. The EB has evaluated the set-up and effectiveness of the internal risk management and control system during 2021, based on the business control information, 'Letters of Representation' and reports from the internal auditor and the external auditor. The outcomes of this evaluation and the risk profile were discussed with the Audit Committee of the Supervisory Board, in the presence of the internal and external auditors.

We declare that:

- this report states the material risks and uncertainties that are relevant in relation to the expectation of the company's continuity for the twelve months following the preparation of this report;
- the current state of affairs justifies the preparation of the financial report on a going concern basis of accounting;
- this report provides sufficient insight into deficiencies in the operation of the internal risk management and control system;
- the aforementioned system provides a reasonable degree of certainty that the financial and other reports contain no inaccuracies of material significance.

's-Hertogenbosch, 9 March 2022

## **Executive Board Enexis Holding N.V.**

Evert den Boer, CEO

Mariëlle Vogt, CFO

Rutger van der Leeuw, COO

Jeroen Sanders, CTO



# EXECUTIVE BOARD



## EVERT DEN BOER

CHAIRMAN OF THE EXECUTIVE BOARD / CEO

**Evert den Boer** (1969) is Chief Executive Officer (CEO). Evert has considerable experience in the energy sector in which he has held various board and management positions including at Ørsted and Vattenfall. His last position was CEO of Greenchoice, a position that he filled as from 2015. Evert is also Chairman of the members' council of Netbeheer Nederland, member of the Supervisory Board of the foundation Stichting Buitenfonds of Staatsbosbeheer and member of the board of the NVDE. Since September 2021, Evert is also a supervisory board member at Port of Amsterdam.



## MARIËLLE VOGT

MEMBER OF THE EXECUTIVE BOARD / CFO

**Mariëlle Vogt** (1965) is Chief Financial Officer (CFO). Mariëlle began her career at Enexis Groep as Financial Director. Prior to that, she held the position of Financial Director at Delft University of Technology. Earlier, Mariëlle worked for KPN for some time in various financial management positions. In addition to her position as CFO at Enexis Groep, Mariëlle is a member of the Supervisory Board, and chair of the Audit Committee, of the Residentie Orkest.



## RUTGER VAN DER LEEUW

MEMBER OF THE EXECUTIVE BOARD / COO

**Rutger van der Leeuw** (1976) is Chief Operating Officer (COO). In this role, he is responsible for the total operational process at Enexis. Before Rutger became Infra Director at Enexis Netbeheer in 2016, he held the positions of Customer & Market Director and Procurement Manager. Earlier, he held various management positions at KPN. Rutger is also a board member of InstallQ (up to 1-1-2019 known as Sterkin), the quality institute for the installation sector.



## JEROEN SANDERS

MEMBER OF THE EXECUTIVE BOARD / CTO

**Jeroen Sanders** (1973) is Chief Transition Officer (CTO). In this role, he focuses completely on the future energy system and the role of digitalisation and data in this system. Jeroen has held various management positions within Enexis Groep including the position of ICT Director as from 2017. Before that, he was active as General Director of Endinet, Sustainability Manager at Fudura and in various management positions at Edon and Essent.





# SUPERVISORY BOARD



**PIET MOERLAND**

**Piet Moerland**

Mr Moerland (1949) was reappointed as a Supervisory Board member in 2018 and is due to retire in 2022. He is Chairman of the Supervisory Board and of the Remuneration and Selection Committee. Previously, he was Chairman of the Board of Directors of Rabobank Nederland. He is also Chairman of the Board of the foundation St. Berenschot Beheer and Chairman of the foundation St. Administratiekantoor Heijmans. He is a Dutch national.

**Joost van Dijk**

Mr Van Dijk (1961) was reappointed as a Supervisory Board member in 2020 and is due to retire in 2024. He is Vice-Chairman of the Supervisory Board and during 2021 also a member of the Remuneration and Selection Committee. Mr Van Dijk is a member of the Audit Committee as of 1 January 2022. Mr Van Dijk is also active as an adviser and coach supporting company directors with the implementation of strategic transitions. He is a Dutch national.

**Carmen Velthuis**

Ms Velthuis (1974) was re-appointed as a Supervisory Board member in 2020 and is due to retire in 2024. She is also the Chair of the Audit Committee. Ms Velthuis was appointed CFO of Vodafone Germany as of 1 March 2022. Before that, she was CFO of the European Cluster at Vodafone Group in London and at Vodafone Netherlands. She is a Dutch national.



**JOOST VAN DIJK**



**CARMEN VELTHUIS**



**ANITA ARTS**

**Anita Arts**

Ms Arts (1959) was appointed as a Supervisory Board member in 2019 and is due to retire in 2023. She is also a member of the Audit Committee. After studying psychology, Ms Arts held positions in the rail sector for 20 years: from management trainer / organisation advisor to general director Rail Traffic Control. Her last position in the rail sector was member of the Executive Board of ProRail. In 2012, she became a member of the Executive Board of Flevo Hospital in Almere and was appointed chair of the Executive Board in January 2013. In addition, she is a board member of NVZ (the Dutch Association of Hospitals) and in this capacity she is co-portfolio holder for ICT, e-Health, information policy, and digitalisation. She is also a member of the national information council for healthcare on behalf of NVZ. Co-portfolio holder employee benefits was recently added to her responsibilities, in particular chair of the NVZ CLA delegation. She is a Dutch national.

**Paul Rüpp**

Mr Rüpp (1957) was appointed as a Supervisory Board member in 2020 and is due to retire in 2024. He was a member of the Audit Committee during 2021. As of 1 January 2022, he is a member of the Remuneration and Selection Committee. Mr Rüpp was Chairman of the Board of Directors of Avans Hogeschool from 2009-2021, before that he was an Alderman in the province of Noord-Brabant. Mr Rüpp is Chairman of the Supervisory Board of KRO-NCRV, Chairman of the Supervisory Board of Sitech B.V., Chairman of the Supervisory Board of Instituut voor de Nederlandse Taal (Dutch Language Institute) and member of the Supervisory Board of Eindhoven Airport. In addition, Mr Rüpp is Chamberlain of His Majesty the King in the province of Noord-Brabant. He is a Dutch national.



**PAUL RÜPP**



# FINANCIAL STATEMENTS

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# CONSOLIDATED FINANCIAL STATEMENTS 2021

## CONSOLIDATED INCOME STATEMENT

| € Million  | Notes | 2021        | 2020        |
|--|-------|-------------|-------------|
| Revenue  | 1     | 1,634       | 1,516       |
| Less: Transmission services and distribution losses                | 2     | 324         | 316         |
| Other operating income   | 3     | 2           | 1           |
| Balance available for operating activities                         |       | 1,312       | 1,201       |
| Employee benefit expenses  | 4     | 548         | 501         |
| Depreciation, impairments and decommissioning                      | 5     | 429         | 405         |
| Costs of subcontracted work, materials and other external expenses | 6     | 229         | 228         |
| Other operating expenses   | 7     | 15          | 30          |
| Capitalised expenses of own production                             | 8     | -231        | -205        |
|  |       | 990         | 959         |
| <b>Operating profit</b>  |       | <b>322</b>  | <b>242</b>  |
| Financial income   | 9     | 1           | 2           |
| Financial expenses   | 9     | 44          | 43          |
| <b>Financial income and expenses</b>                               |       | <b>-43</b>  | <b>-41</b>  |
| <b>Profit before tax</b>   |       | <b>279</b>  | <b>201</b>  |
| Corporate income tax expenses                                      | 11    | -80         | -93         |
| <b>Profit for the year</b>   |       | <b>199</b>  | <b>108</b>  |
| Attributable to:   |       |             |             |
| Minority shareholders  |       | 0           | 0           |
| Shareholders   |       | 199         | 108         |
| Average number of shares during the financial year                 |       | 149,682,196 | 149,682,196 |
| <b>Profit per share<sup>1</sup></b>                                |       | <b>1.33</b> | <b>0.72</b> |

<sup>1</sup> Stated in euros, dilution of earnings does not apply.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| € Million                                     | 2021       | 2020       |
|---|------------|------------|
| Profit for the year                           | 199        | 108        |
| Release of cashflow hedge reserve             | 1          | 1          |
| Tax on release of cashflow hedge reserve      | 0          | 0          |
| <b>Total comprehensive income<sup>1</sup></b> | <b>200</b> | <b>109</b> |
| Attributable to:                              |            |            |
| Minority shareholders                         | 0          | 0          |
| Shareholders                                  | 200        | 109        |

<sup>1</sup> Other comprehensive income consists solely of items that will be reclassified subsequently to profit and loss.





## CONSOLIDATED BALANCE SHEET

| € Million                         | Notes | 31 December 2021 | 31 December 2020 |
|-----------------------------------|-------|------------------|------------------|
| <b>Assets</b>                     |       |                  |                  |
| Property, plant and equipment     | 12    | 8,420            | 8,091            |
| Intangible assets                 | 13    | 227              | 266              |
| Right-of-use assets               | 14    | 106              | 116              |
| Associates and joint arrangements | 15    | 0                | 8                |
| Other financial assets            | 16    | 12               | 15               |
| <b>Non-current assets</b>         |       | <b>8,765</b>     | <b>8,496</b>     |
| Inventories                       | 17    | 41               | 36               |
| Receivables                       | 18    | 158              | 165              |
| Other financial assets (current)  | 19    | 108              | 7                |
| Cash and cash equivalents         | 20    | 107              | 47               |
| Assets held for sale              | 21    | 216              | -                |
| <b>Current assets</b>             |       | <b>630</b>       | <b>255</b>       |
| <b>Total assets</b>               |       | <b>9,395</b>     | <b>8,751</b>     |

| € Million   | Notes | 31 December 2021 | 31 December 2020 |
|---|-------|------------------|------------------|
| <b>Liabilities</b>  |       |                  |                  |
| Issued and paid-up share capital                                    |       | 150              | 150              |
| Share premium reserve   |       | 2,436            | 2,436            |
| General reserve   |       | 1,456            | 1,423            |
| Hedge reserve   |       | 0                | -1               |
| Profit for the year   |       | 199              | 108              |
| <b>Equity</b>   | 22    | <b>4,241</b>     | <b>4,116</b>     |
| Non-current interest-bearing liabilities                            | 23    | 3,058            | 2,872            |
| Non-current provisions  | 24    | 31               | 44               |
| Advance contributions for the installation of grids and connections | 25    | 1,039            | 947              |
| Deferred corporate income tax                                       | 26    | 355              | 335              |
| Other non-current liabilities                                       | 27    | 1                | 1                |
| <b>Non-current liabilities</b>                                      |       | <b>4,484</b>     | <b>4,199</b>     |
| Trade and other payables  | 28    | 286              | 296              |
| Current interest-bearing liabilities                                | 29    | 331              | 104              |
| Corporate income tax  | 30    | 2                | 6                |
| Current provisions  | 24    | 5                | 5                |
| Advance contributions to be amortised in the following year         | 25    | 27               | 25               |
| Liabilities held for sale   | 21    | 19               | -                |
| <b>Current liabilities</b>  |       | <b>670</b>       | <b>436</b>       |
| <b>Total liabilities</b>  |       | <b>9,395</b>     | <b>8,751</b>     |

## CONSOLIDATED CASH FLOW STATEMENT

| € Million  | Notes     | 2021        | 2020        |
|--|-----------|-------------|-------------|
| Profit for the year  |           | 199         | 108         |
| Depreciation and impairments   | 5         | 429         | 405         |
| Amortised contribution for installation of grids and connections   | 25        | -26         | -23         |
| Received contributions for the installation of grids and connections                                       | 25        | 120         | 114         |
| Dividends from joint ventures and associates   | 15        | 8           | 0           |
| Change in operational working capital  | 31        | -7          | 63          |
| Change in deferred corporate income tax  | 26        | 20          | 50          |
| Change in non-current provisions   | 24        | -13         | 8           |
| Others   |           | 2           | 1           |
| <b>Cash flow from operating activities</b>   |           | <b>732</b>  | <b>726</b>  |
| Investments in property, plant, equipment  | 12        | -841        | -806        |
| Investments in intangible assets   | 13        | -45         | -48         |
| Acquisition of Mijwater Warmte Infra B.V.  |           | -           | -22         |
| Loans granted  | 16        | -6          | -6          |
| Repayment of loans granted   | 16        | 8           | 10          |
| Increase deposits <sup>1</sup>   | 19        | -125        | -200        |
| Decrease deposits <sup>1</sup>   | 19        | 25          | 200         |
| <b>Cash flow from investing activities</b>   |           | <b>-984</b> | <b>-872</b> |
| <b>Cash flow before financing activities</b>   |           | <b>-252</b> | <b>-146</b> |
| Green bond issue <sup>2</sup>  | 23, 29    | 491         | 497         |
| Convertible hybrid shareholders' loan issue  | 23, 29    | -           | 500         |
| Increase interest-bearing liabilities <sup>3</sup>   | 23, 29    | 375         | 1,807       |
| Repayment of bonds   | 23, 29    | -           | -500        |
| Repayment of interest-bearing liabilities <sup>3</sup>   | 23, 29    | -445        | -2,034      |
| Repayment of lease obligation  | 23        | -34         | -34         |
| Dividend paid  | 33        | -75         | -105        |
| <b>Cash flow from financing activities</b>   |           | <b>312</b>  | <b>131</b>  |
| <b>Total cash flows</b>  |           | <b>60</b>   | <b>-15</b>  |
| Cash and cash equivalents minus amounts owed to credit institutions at the beginning of the financial year | 31        | 47          | 62          |
| <b>Cash and cash equivalents at the end of the period</b>  | <b>31</b> | <b>107</b>  | <b>47</b>   |

<sup>1</sup> In 2021, besides deposits in and withdrawals from deposits, excess liquidity was placed in money markets funds. At 31 December 2021 €105 million was placed in money market funds.

<sup>2</sup> The face value of the Green Bond is € 500 million. The difference of € 9 million is due to the difference between the face value and the proceeds, net of transaction costs.

<sup>3</sup> Concerns drawdowns and repayments on Euro Commercial Papers and bilateral cash loans.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| € Million  | Number of ordinary shares | Share capital | Share premium reserve | General reserve | Hedge reserve | Profit for the year | Total equity |
|--|---------------------------|---------------|-----------------------|-----------------|---------------|---------------------|--------------|
| <b>At 1 January 2020</b>                                 | <b>149,682,196</b>        | <b>150</b>    | <b>2,436</b>          | <b>1,318</b>    | <b>-2</b>     | <b>210</b>          | <b>4,112</b> |
| Profit for the year 2020                                 | -                         | -             | -                     | -               | -             | 108                 | 108          |
| Amortisation hedge reserve for the year 2020             | -                         | -             | -                     | -               | 1             | -                   | 1            |
| <b>Total result including unrealized results</b>         | <b>-</b>                  | <b>-</b>      | <b>-</b>              | <b>-</b>        | <b>1</b>      | <b>108</b>          | <b>109</b>   |
| Profit appropriation for 2019                            | -                         | -             | -                     | 105             | -             | -105                | 0            |
| Dividend paid for 2019                                   | -                         | -             | -                     | -               | -             | -105                | -105         |
| <b>At 31 December 2020</b>                               | <b>149,682,196</b>        | <b>150</b>    | <b>2,436</b>          | <b>1,423</b>    | <b>-1</b>     | <b>108</b>          | <b>4,116</b> |
| <b>At 1 January 2021</b>                                 | <b>149,682,196</b>        | <b>150</b>    | <b>2,436</b>          | <b>1,423</b>    | <b>-1</b>     | <b>108</b>          | <b>4,116</b> |
| Profit for the year 2021 <sup>1</sup>                    | -                         | -             | -                     | -               | -             | 199                 | 199          |
| Amortisation hedge reserve for the year 2021             | -                         | -             | -                     | -               | 1             | -                   | 1            |
| <b>Total result including other comprehensive income</b> | <b>-</b>                  | <b>-</b>      | <b>-</b>              | <b>-</b>        | <b>1</b>      | <b>199</b>          | <b>200</b>   |
| Profit appropriation for 2020                            | -                         | -             | -                     | 33              | -             | -33                 | -            |
| Dividend paid for 2020                                   | -                         | -             | -                     | -               | -             | -75                 | -75          |
| <b>At 31 December 2021<sup>2</sup></b>                   | <b>149,682,196</b>        | <b>150</b>    | <b>2,436</b>          | <b>1,456</b>    | <b>0</b>      | <b>199</b>          | <b>4,241</b> |

<sup>1</sup> The dividend payment over the 2020 results, due and paid in 2021, amounts to € 0.50 per share (2020: € 0.70) based on the weighted average number of shares outstanding during the period.

<sup>2</sup> Total equity per share (before profit appropriation) at year-end 2021 was € 28.33 (2020: € 27.50), calculated on the basis of the number of shares at the end of the period.



# EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

Enexis Holding N.V. has its registered office at Magistratenlaan 116, 's Hertogenbosch, in the Netherlands (Chamber of Commerce registration number 17238877) and is responsible for the installation, maintenance, operation and development of distribution grids for electricity (cables and medium and low voltage power stations) and gas (gas pipelines and gas stations) and related activities. The related activities mainly concern core-strengthening non-regulated activities in the area of metering services, public lighting, the rental of mid-voltage installations, the installation and operation of private energy distribution grids and the acceleration of the transition to a sustainable energy supply.

Enexis Holding N.V. is a public limited liability company under Dutch law. The consolidated financial statements of the company for the financial year 2021 comprise the company and its subsidiaries (hereafter referred to as the Groep). Approximately 76% of the shares of Enexis Holding N.V. are held by five Dutch provinces and approximately 24% of the shares are held by 85 municipalities. Enexis Holding N.V. heads the Groep.

The financial statements, prepared by Enexis Holding N.V. and audited by Ernst & Young Accountants LLP, were presented to the Supervisory Board for signing on 9 March 2022. The financial statements, signed by the Supervisory Board, will be presented to the General Meeting of Shareholders for adoption on 14 April 2022.

## 2. ACCOUNTING PRINCIPLES GOVERNING THE FINANCIAL REPORTING

### 2.1 GENERAL

The consolidated financial statements of Enexis Holding N.V. include the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement and the consolidated statement of changes in equity. The explanatory notes to the financial summaries included in the consolidated financial statements form an integral part of the consolidated financial statements of Enexis Holding N.V.

Enexis Holding N.V. uses the euro as its functional currency. Unless otherwise stated, all amounts are in millions of euros. Purchase and sale transactions in foreign currencies are recognised at the settlement exchange rate on the transaction date.

Enexis Holding N.V. applies the International Financial Reporting Standards (IFRS), as adopted within the European Union, as the accounting principles for valuation and determination of the result. The financial statements have been prepared in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code. The financial statements are prepared based on historical cost unless stated otherwise.

### 2.2 AMENDMENTS TO IFRS

#### NEW STANDARDS EFFECTIVE IN 2021

The following new or amended IFRS standards and IFRIC interpretations are effective from 1 January 2021.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2;
- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS19 Financial Instruments.

The following amended IFRS standards effective on 1 April 2021.

- Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021.

The amendments and improvements to the standards listed above do not directly impact the equity and result of Enexis Groep or are not applicable to Enexis Groep.

#### FUTURE STANDARDS NOT YET EFFECTIVE ON THE REPORTING DATE

The following improvements and amendments to IFRS standards have been issued and will become effective in the coming years.

- Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets; annual improvements 2018-2020 (published on 14 May 2020);
- IFRS 17 Insurance Contracts (published on 18 May 2017); including amendments to IFRS 17 (published on 25 June 2020); into effect as of 1 January 2022;
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current, (published on 23 January 2020 and 15 July 2020); effective 1 January 2023;
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Notes to accounting policies (published on 12 February 2021); effective 1 January 2023;



- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Notes to accounting policies (published on 31 March 2021); effective 1 January 2023;
- Amendments to IAS 12 Income Taxes: Deferred taxation with respect to assets and liabilities resulting from a single transaction (issued on 6 May 2021), effective 1 January 2023.

The amendments and improvements to the standards after 2021 are not expected to directly impact the equity and result of Enexis Groep or are not applicable to Enexis Groep.

### 2.3 ACCOUNTING PRINCIPLES FOR CONSOLIDATION

The consolidated financial statements contain the financial statements of Enexis Holding N.V. and its group companies.

Group companies concern all entities over which the Group exercises control, i.e. the Group is exposed or entitled to variable results based on its involvement with the entity and has the capacity to influence these results based on its power to steer the activities of the entity. Group companies are included in the consolidation from the date on which decisive control is obtained. Group companies are no longer included in the consolidation as from the date on which the criteria for group companies are no longer fulfilled.

Consolidation takes place using the integral consolidation method. In the event that the interest of Enexis Holding N.V. in the group company amounts to less than 100%, the minority interest is disclosed in equity and in the income statement. Financial relationships and results between consolidated companies are eliminated.

In the event of loss of control, the assets and liabilities of the subsidiary, any minority interests and other equity components in connection with the subsidiary are no longer included in the balance sheet. Any surplus or shortfall resulting from the loss of control is recognised in the income statement. Enexis Groep retains an interest in the former subsidiary, that interest is recognised at fair value as of the date that control ceased to exist. After the initial recognition, the interest is valued in accordance with the equity method if Enexis exercises significant influence. If Enexis does not exercise significant influence, the interest is recognised based on IFRS 9 Financial Instruments.

### 2.4 VALUATION PRINCIPLES AND ACCOUNTING POLICIES RELATING TO THE DETERMINATION OF THE RESULT

#### ESTIMATES AND ASSUMPTIONS

Preparing financial statements requires making use of estimates and assessments. In the event of significant estimates there is, per definition, a high degree of uncertainty involved in making estimates. Due to the high degree of uncertainty in the estimates, actual results will often differ from the estimates and assumptions. The value-in-use calculation in connection with

the goodwill impairment test (note 13) is an estimate involving a high degree of judgement and complexity. Management qualifies this estimate as significant. Detailed information about this estimate, including an explanation of the criteria applied and the sensitivity is provided in note 13. Intangible fixed assets.

#### CURRENCIES

Non-monetary assets valued in a foreign currency based on the acquisition price are converted at the exchange rate applicable on the transaction date. Non-monetary assets valued in a foreign currency based on the present value are converted at the exchange rate applicable on the date on which the present value was determined. Monetary assets and liabilities valued in a foreign currency on the balance sheet date are converted into euros at the exchange rate applicable on the balance sheet date.

#### OFFSETTING

Offsetting of assets and liabilities items takes place per counter party if there is a contractual right to offset the recognised amounts and there is the intention to offset. In the event that there is no right to offset amounts or no intention to settle assets and liabilities items at the same time, these items are recognised separately.

Where the right exists to offset the asset and liability items based on a contract, this is disclosed in the relevant note. Further information is then also provided concerning the balances of the asset and liability item.

#### PRESENTATION

The presentation of the income statement follows the classification in categories. The costs of transmission services and distribution losses are presented directly following revenue and other operating income. This is due to the relationship with revenue, as well as their distinction from other operating costs over which our organisation can exercise an influence in the short term.

#### VALUATION AT FAIR VALUE

Enexis Groep values a number of financial instruments (such as derivatives) at fair value on the balance sheet date. In addition, an explanation of the fair values of interest-bearing liabilities is provided in note 32. Financing policy and risks associated with financial instruments. Fair value is the price that would be received when selling an asset or that would be paid to transfer a liability in a regular transaction between market participants on the valuation date. Valuation at fair value assumes that the sale of the asset or transfer of the liability takes place:

- on the most important market for the asset or the liability; or, if that does not exist,
- on the most favourable market for the asset or the liability.

Enexis Groep must have access to the most important or the most favourable market.

The fair value of an asset or a liability is determined using assumptions which market participants would take as the point of departure for the valuation of the asset or the liability, under the assumption that market participants act in their economic interest. Valuation of a non-financial asset at fair value takes account of a market participant's ability to generate economic benefits by maximising and optimising the use of the asset or by selling it to another market participant who would maximise and optimise the use of the asset.

Enexis Groep applies valuation methods that are appropriate in the circumstances and for which there is sufficient data available to determine fair value using, as far as possible, relevant observable inputs and as few unobservable inputs as possible. All assets and liabilities for which fair value is determined or disclosed on the financial statements are classified in the following fair value hierarchy, based on the input of the lowest level that is significant for the entire valuation:

- Level 1: Fair value equals the listed prices on an active market.
- Level 2: Fair value is based on parameters that are directly or indirectly observable on the market.
- Level 3: Fair value is based on parameters that are not observable on the market.

For assets and liabilities that are recognised on the financial statements at fair value on a recurring basis, Enexis Groep determines at the end of each reporting period whether, due to a reassessment, a change has occurred in the level classification of the hierarchy (based on the input of the lowest level that is significant for the entire valuation).

When disclosing fair values, Enexis Groep has determined categories of assets and liabilities based on their nature, characteristics and risks, along with their level in the fair value hierarchy explained above.

#### **BUSINESS COMBINATIONS AND GOODWILL**

Business combinations are accounted for by using the acquisition method. The costs of the acquisition are valued at the total of the fair value on the acquisition date of the transferred compensation and the amount of the minority interests in the acquired entity. For each business combination, Enexis Groep determines whether the minority interests in the acquired entity are valued at fair value or the proportional share of the identifiable net assets of the acquired entity. Costs related to the acquisition are recognised in the result in the year in which these costs are incurred.

When Enexis Groep acquires a company, it assesses the financial assets and acquired liabilities for the appropriate classification and allocation based on contractual terms, economic conditions and relevant circumstances on the acquisition date. This also comprises the separation of derivative instruments contractually embedded in the acquiring party's base contracts.

Every contingent payment that is transferred by Enexis Groep will initially be valued at its fair value on the acquisition date. A contingent payment classified as an asset or liability classified as a financial instrument is valued at fair value, with changes in fair value being recognised on the income statement.

Goodwill is the difference between the costs of the acquisition of the company less the balance of the fair value of the company's identifiable assets and transferred liabilities. The costs of the acquisition of the company are valued at the total of the fair value on the acquisition date of the transferred compensation and the amount of the minority interests in the acquired entity. Goodwill is carried at cost less any impairment losses. Goodwill is assessed each year for impairment, or more frequently if events or changes in circumstances indicate that the carrying amount may be subject to impairment. An impairment of goodwill cannot be reversed.

Where goodwill is allocated to a cash generating unit and forms part of the divested activities within this unit, the goodwill that pertains to the divested activities forms part of the book value of the activities when determining the book result of the divested activities. The goodwill divested under these circumstances is valued on the basis of the relative values of the divested activities and the part that remains in the cash-flow generating unit.

#### **IMPAIRMENTS**

During the financial year, an assessment is made to determine whether there is any indication that an asset may be impaired. If any such indications exist, an estimate is made of the recoverable amount of the asset. The recoverable amount of an asset is the highest of the fair value less the costs of selling the asset or its net value in use.

An impairment loss is recognised if the carrying amount of an asset or of the cash-generating unit to which it belongs exceeds the recoverable amount of the asset concerned. Impairment losses are charged to the result.

An impairment is reversed if the assumptions used to determine the recoverable amount are deemed to have changed and to the extent that the remaining carrying amount of the asset is lower than the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised for the asset in previous years. The effects of reversing an impairment are credited to the result. Impairments of goodwill will not be reversed.

#### **FINANCIAL INSTRUMENTS**

##### **Classification**

All financial assets and liabilities are valued at amortised cost, fair value through other comprehensive income or fair value through profit or loss. The classification depends on the business model used by Enexis to hold these financial assets and liabilities and the characteristics of the cash flows generated.

**Accounting on initial recognition**

Purchases and sales of financial instruments are recognised on the transaction date. Enexis Groep no longer recognises a financial asset on the balance sheet if the contractual rights to the cash flows from the asset have expired or if Enexis Groep transfers the contractual rights to the receipt of the cash flows from the financial asset by means of a transaction, whereby all of the risks and rewards connected with ownership of this asset are transferred. On initial recognition, assets are accounted for at fair value.

**Financial assets and liabilities at amortised cost**

This category of financial instruments comprises trade and other receivables, loans provided, borrowings and other financing obligations, as well as trade and other payables. These financial instruments are recognised initially at fair value. After initial recognition, they are valued at amortised cost price on the basis of the effective interest method.

**Financial assets and liabilities at fair value through other comprehensive income**

Enexis does not hold any interests that are classified at fair value through other comprehensive income.

**Financial assets and liabilities at fair value via the income statement**

Within this category Enexis holds only derivatives and deposits.

**Derivative financial instruments**

Enexis Groep can make use of derivatives to hedge the risk of changes in future cash flows of periodically to be paid interest or to hedge the risks of foreign currencies. These changes in cash flows may be the result of developments in market interest rates or market exchange rates for foreign currencies. The specific use of derivatives to mitigate interest rate and exchange rate risk on cash flows makes it possible for Enexis Groep to apply hedge accounting.

Valuation of derivatives takes place at fair value. The fair value of interest rate derivatives is determined by means of discounting the future cash flows. The fair value of currency derivatives is determined by means of discounting future cash flows converted at the market exchange rates. The discount rate is determined based on the market interest rate at the end of the financial year. Cash flows are determined based on the contractual agreed interest rates, maturity dates and nominal amounts. Changes in the fair value are recognised in the hedge reserve (part of the equity capital), provided that hedging is effective to a large degree. The ineffective part of the hedge is recognised directly on the income statement under financial income and expenses.

Derivatives are classified under current or non-current other financial assets in the event that the fair value is positive and under current or non-current financial liabilities in the event that the fair value is negative.

**Impairment**

Any impairments are identified using either the generic or the simplified method.

The generic method applies the following model:

- 12 months' expected credit loss; or
- lifetime expected credit losses for financial assets where circumstances cause the credit risk to rise significantly. In this situation, all the expected credit losses for the lifetime of the asset are actively accounted for; or
- lifetime expected credit losses, with interest being calculated on the net liability less impairment.

The expected credit loss is determined on the basis of a long-term average credit loss rating derived from a risk profile allocated by credit rating agencies.

Loans granted to associates and joint arrangements, receivables from suppliers under the supplier model and all other receivables are assessed for possible impairment using the generic model.

The simplified method is applied to the other receivables. This involves accounting immediately for the lifetime expected credit losses, determined on the basis of a historic series of average irrecoverable amounts (on the basis of historic debt collection data).

**ASSETS HELD FOR SALE**

Fixed assets or groups of assets are qualified as held for sale if the carrying amount is realised by selling the asset and not by means of the continued use of the asset. The assets held for sale are recognised at carrying value or lower fair value less cost to sell.

The criteria for qualification as held for sale are only deemed to have been met when the sale is very probable and the asset is immediately available for sale in its current state. Depreciation and amortisation is no longer applied to these assets as soon as qualification of assets held for sale has taken place. Interest and other expenses in connection with liabilities pertaining to a group of assets that are to be sold are recognised.

Assets and liabilities that are qualified as held for sale are presented separately in the balance sheet.

**LEASES****ENEXIS GROEP AS LESSEE**

In accordance with IFRS 16, leases are recognised in the balance sheet as soon as the group has the right of use over the asset. Each lease payment is allocated between the liability and finance costs. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is then depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will renew the contract or obtain ownership at the end of the lease term.

Assets and liabilities arising from leases are initially measured based on a present value model. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate and are measured on initial recognition based on the index or interest rate at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease period reflects the lessee exercising that option.

Lease payments are discounted using the interest rate implicit in the lease, if this rate can be determined in a simple manner. If this rate cannot be determined in a simple manner, Enexis's incremental borrowing rate will be used. The incremental borrowing rate is the interest rate that Enexis would have to pay for a credit facility that would be required to purchase a similar asset under comparable economic circumstances and terms and conditions.

At the commencement date, lease liabilities are measured at the present value of the lease payments that have not been made at that date. Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- all lease payments made at or before the commencement date less all lease incentives received;
- all initial direct costs incurred by Enexis; and
- an estimate of the costs to be incurred by Enexis for decommissioning and removing the underlying asset and for restoring the site where it is located, or for restoring the underlying asset to the condition described in the terms of the lease, unless those costs are incurred for producing inventories.

**Extension and termination options**

Enexis determines the lease period as the non-cancellable period of a lease, combined with:

- the periods subject to an extension option if it is reasonably certain that Enexis will exercise this option;
- the periods subject to a termination option if it is reasonably certain that Enexis will not exercise this option.

In determining the lease term, Enexis considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

**ENEXIS GROEP AS LESSOR**

Enexis has contracted operating leases for energy-related installations. Operating leases are leases that do not qualify as finance leases. The risks and rewards associated with the ownership of the underlying assets have not been transferred to Enexis Groep.

Assets that have been provided to third parties under operating leases are recognised within property, plant and equipment. Income from operating leases is recognised through the income statement over the term of the lease as other operating income within revenue.

**CASH FLOW STATEMENT**

The cash flow statement is prepared using the indirect method, with the change in cash and cash equivalents at the end of the year being based on the profit after taxes. Net cash and cash equivalents as included in the cash flow statement refer to cash and cash equivalents as stated on the balance sheet.

**SEGMENT INFORMATION**

Segments are reported according to the method used for internal reporting to the Chief Operating Decision-Maker (CODM). The Executive Board has been identified as the highest-ranking officer (CODM), with responsibility for the allocation of funding and assessing the performance of the segments. Internal reports are based on the same principles as those applied to the consolidated financial statements. An adjustment is made for incidental items and changes in fair value.

**3. SEGMENTATION**

Enexis Holding N.V. identifies two reporting segments, specifically:

- Enexis Regulated; and
- Enexis Other.

The above classification is based on the internal reporting structure, in particular the consolidated monthly reports and the annual business plan.

The "Enexis regulated" segment covers Enexis Netbeheer B.V. and Enexis Personeel B.V. jointly and forms by far the largest segment within Enexis (with regard to revenue and total assets, the share of these activities is more than 90%). Enexis Netbeheer B.V. is responsible for the construction, management, maintenance and modernisation of the regional gas and electricity grid over which the supplier delivers gas or electricity to consumers at home or to businesses. Enexis Personeel B.V.



provides labour for the companies in its group as well as providing other services and supplying goods with respect to its own employees. To the extent that Enexis Personeel B.V. works for entities operating outside the 'Enexis Regulated' segment, a cost allocation is performed.

The "Enexis other" segment covers the activities of Enexis Vastgoed B.V., Enpuls B.V. (including Enpuls Projecten B.V. and Mijnwater Warmte Infra B.V.) and Fudura B.V. Enexis Vastgoed B.V. leases its own real estate within Enexis. Enpuls B.V. and its related entity Enpuls Projecten B.V. were established with the objective of facilitating energy saving and greening by achieving scalable solutions within the context of Enexis's objectives. Mijnwater Warmte Infra B.V. manages and maintains heating and cooling networks, expands existing heating and cooling networks and invests in new heating and cooling networks in the Parkstad region. Fudura B.V. offers additional services to organisations, such as measuring energy flows, design and realisation of infrastructure, rental and maintenance of casings, transformers and switchgear installations and provides advice. Fudura B.V. ensures that companies can organise their energy supply efficiently. Fudura B.V. is also responsible for non-regulated activities that help organisations increase the sustainability of their energy supply.

Enexis Holding N.V., which is responsible for the financing of all entities operating within Enexis cannot be assigned to a segment and therefore forms part of the column 'Normalisations, eliminations and reconciliations'.

Costs and revenues charged between the segments and receivables, payables and current- account positions between the segments have been eliminated. In the segmentation overview, these costs and revenues are recognised under 'Normalisations, eliminations and reconciliations'. The eliminated costs and revenues mainly concern accommodation expenses charged by Enexis Vastgoed B.V. and costs charged by Enexis Personeel B.V. for services that it has provided to Fudura B.V., Enpuls B.V. and Enexis Vastgoed B.V.

#### NON-RECURRING ITEMS PER SEGMENT

Enexis reports the normalised results per segment internally. This normalisation takes place based on the items as included in note 10 Non-recurring items. No non-recurring items were taken into account for the segments Enexis Regulated and Enexis Other in both 2021 and 2020.

| € Million   | Enexis Regulated |       | Enexis Other |      | Subtotal |       | Normalisations, eliminations and reconciliations |      | Enexis total |       |
|---|------------------|-------|--------------|------|----------|-------|--|------|--------------|-------|
|   | 2021             | 2020  | 2021         | 2020 | 2021     | 2020  | 2021   | 2020 | 2021         | 2020  |
| <b>Income statement</b>   |                  |       |              |      |          |       |  |      |              |       |
| Revenue   | 1,545            | 1,434 | 95           | 90   | 1,640    | 1,524 | -6   | -8   | 1,634        | 1,516 |
| Transmission services and distribution losses   | 324              | 316   | 0            | 0    | 324      | 316   | 0  | 0    | 324          | 316   |
| Other operating income  | 8                | 7     | 4            | 4    | 12       | 11    | -10  | -10  | 2            | 1     |
| Balance available for operating activities  | 1,229            | 1,125 | 99           | 94   | 1,328    | 1,219 | -16  | -18  | 1,312        | 1,201 |
| Operating expenses  | 927              | 897   | 78           | 80   | 1,005    | 977   | -15  | -18  | 990          | 959   |
| Operating profit  | 302              | 228   | 21           | 14   | 323      | 242   | -1   | 0    | 322          | 242   |
| Financial income and expenses   | -35              | -38   | -2           | -3   | -37      | -41   | -6   | 0    | -43          | -41   |
| Profit before tax   | 267              | 190   | 19           | 11   | 286      | 201   | -7   | 0    | 279          | 201   |
| Corporate income tax expenses   | 66               | 48    | 4            | 3    | 70       | 50    | 10   | 43   | 80           | 93    |
| Profit for the year   | 201              | 143   | 15           | 8    | 216      | 151   | -17  | -43  | 199          | 108   |
| <b>Assets and liabilities</b>   |                  |       |              |      |          |       |  |      |              |       |
| Total assets  | 8,722            | 8,008 | 311          | 298  | 9,033    | 8,306 | 362  | 445  | 9,395        | 8,751 |
| Non-consolidated associates and joint ventures  | 0                | 8     | 0            | 0    | 0        | 8     | 0  | 0    | 0            | 8     |
| Liabilities (provisions and debts)  | 4,281            | 3,699 | 89           | 90   | 4,370    | 3,789 | 784  | 846  | 5,154        | 4,635 |
| <b>Others</b>   |                  |       |              |      |          |       |  |      |              |       |
| Additions in property, plant and equipment, intangible assets and right-of-use-assets | 872              | 830   | 41           | 67   | 913      | 897   | 0  | 0    | 913          | 897   |
| Number of employees at year-end (FTE)   | 4,475            | 4,304 | 297          | 287  | 4,772    | 4,591 | 0  | 0    | 4,772        | 4,591 |



#### **4. ACQUISITIONS AND SALES**

The Executive Board of Enexis Holding N.V. decided to sell Fudura B.V. in 2021 in order to focus more on Enexis's core activities in order to optimally facilitate the realisation of the energy transition. It is very probable that the sale will take place within a year after the balance sheet date 2021. The assets and liabilities of Fudura B.V. are thus recognised as held for sale. For more information, reference is made to note 21. Assets held for sale.

No acquisitions or disposals of associates or group companies took place in 2021.

#### **5. COVID-19**

The corona crisis did not have any consequences for the valuation of property, plant and equipment and intangible fixed assets at year-end 2021 and had a very limited impact on the 2021 financial result of Enexis Groep. In view of its solid credit rating (see 'Note 32. Financing policy and risks associated with financial instruments'), Enexis Holding N.V. expects to continue to have sufficient access to financial funds that are necessary to carry out its business activities and to be able to meet its payment obligations so that the continuity of the company is assured.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. REVENUE

Revenue consists of regulated and non-regulated income.

Regulated revenue accounts for the income from the supply of services relating to the connection and transmission of electricity and gas, measurement services, and other services, less turnover and energy tax. Non-regulated revenue accounts for the income from the supply of services such as measuring energy flows, design and realisation of infrastructure, rental and maintenance of casings, transformers and switchgear installations, and advice.

The transmission and connection fees agreed in the contracts with low-volume energy consumers and high-volume energy consumers are identified as a single performance obligation given that the transmission of the electricity and gas cannot take place without the connection and grid. The transaction price is determined on the basis of the standard tariffs adopted by Enexis Groep, which for the regulated revenue are based on the maximum tariffs set by the Netherlands Authority for Consumers & Markets (ACM). Transmission of electricity or gas during the contract period constitutes a series of services, which are realised over time. Progress is measured on the basis of the number of days that Enexis Groep provides its services to the customer.

Enexis Groep only supplies goods and services within the Dutch market.

Revenue is determined by adding the estimate of the still-to-be-invoiced grid charges to the invoiced grid charges and deducting the estimate of the still-to-be-invoiced grid charges at the end of the previous reporting period. The periodic charging of low-volume energy consumers takes place based on fixed amounts depending on the size (capacity) of the connection and is invoiced and collected by the energy suppliers. The energy suppliers pass the amounts charged to consumers on to Enexis Groep periodically. Charging of high-volume energy consumers takes place periodically based on the contractually agreed capacity and, in addition, for electricity, based on the metered consumption and actual grid load.

Non-regulated rental income does not fall under the scope of IFRS 15 and qualifies as a lease under the lease accounting standards. These income items are classified as a separate category within revenue, not being income from customer contracts. In the specification of revenue, there is a further breakdown into regulated and non-regulated items:

| € Million  | 2021         | 2020         |
|--|--------------|--------------|
| <b>Regulated</b>   |              |              |
| Periodic transmission- and connection fees for electricity |              |              |
| High-volume consumers                                      | 366          | 325          |
| Low-volume consumers                                       | 617          | 557          |
| Periodic transmission- and connection fees for gas         |              |              |
| High-volume consumers                                      | 42           | 43           |
| Low-volume consumers                                       | 304          | 294          |
| Metering services  | 137          | 136          |
| Amortised contributions                                    | 26           | 23           |
| Other  | 6            | 6            |
| <b>Total regulated</b>                                     | <b>1,498</b> | <b>1,384</b> |
| <b>Non-regulated</b>                                       |              |              |
| Income from sale of products and services                  | 62           | 62           |
| Metering services  | 35           | 33           |
| <b>Total non-regulated</b>                                 | <b>97</b>    | <b>95</b>    |
| <b>Other revenue</b>                                       |              |              |
| Rental income  | 39           | 37           |
| <b>Total</b>   | <b>1,634</b> | <b>1,516</b> |

Revenue rose by 7.8% compared to 2020. This increase is largely attributable to a 8.2% increase in regulated revenue, which is mainly due to a rise in tariffs for periodic transmission and connection fees for electricity and gas.

Revenue from transmission and connection fees for electricity rose by 11.5% compared to 2020. This increase is mainly attributable to an average tariff increase of 9.0%.

Revenue from transmission and connection fees for gas rose by 2.7% compared to 2020. This increase is attributable to an average tariff increase of 3.3%.

Regulated revenue from electricity and gas metering services rose by 0.7% compared to 2020. This increase is attributable to a tariff increase.

Non-regulated revenue in 2021 was in line with 2020. Other revenue rose by 5.4% compared to 2020. This increase is attributable to the growth of the activities at Fudura B.V.

In the net revenue for 2021, the estimated grid charges for low-volume customers amounted to € 90 million and for high-volume customers € 33 million (2020: € 30 million), together 7.5% (2020: 2.0%) of total revenue. No estimate was made for the grid charges for low-volume customers in the financial year 2020 because the realisation had already been received. The maturity differences on these still-to-be invoiced income items are generally small. Estimated revenue relates to the month of December and is largely based on the revenue generated in November.

## 2. TRANSMISSION SERVICES AND DISTRIBUTION LOSSES

This includes the transmission services invoiced by TenneT and distribution losses related to revenue.

| € Million             | 2021       | 2020       |
|-----------------------|------------|------------|
| Transmission services | 259        | 250        |
| Distribution losses   | 65         | 66         |
| <b>Total</b>          | <b>324</b> | <b>316</b> |

Costs of transmission services and distribution losses rose by € 8 million in 2021 to € 324 million. € 11 million of this increase was due to higher TenneT costs for transmission and system services due to tariff increases (€ 13 million) which was partially offset by quantity differences (€ 2 million). In addition, the costs for distribution losses decreased by € 1 million. Of this amount, a decrease of € 2 million is attributable to electricity due to quantity differences. The grid losses in connection with gas transmission rose on balance by € 1 million.

Enexis Netbeheer B.V. divides the transmitted energy among its customers through its allocation and reconciliation process. In this case, the allocation is the advance and the reconciliation is the final settlement. The difference between the energy taken up by the distribution grid and the energy allocated to end users after allocation and reconciliation is the distribution loss. The reconciliation of the calendar year in question is only finalised after a reconciliation process that takes 20 months. Using forecasts, Enexis Netbeheer B.V. tries to estimate the final reconciliation result as accurately as possible in order to ultimately minimise the distribution loss. User profiles, the actual annual feed-in and historical data are used as input for these forecasts. The grid loss from reconciliation amounted to € 1 million in 2021 (2020: € 4 million excluding gas).

## 3. OTHER OPERATING INCOME

Other operating income comprises income not directly related to core activities.

Operating subsidies are recognised in the results of the period to which they relate. Subsidies are only recognised as soon as the receipt of these subsidies can be determined with reasonable certainty.

| € Million                      | 2021     | 2020     |
|--------------------------------|----------|----------|
| Subsidies and received refunds | 1        | 1        |
| Other income                   | 1        | 0        |
| <b>Total</b>                   | <b>2</b> | <b>1</b> |

## 4. EMPLOYEE BENEFIT EXPENSES

Expenses are allocated to the financial year to which they relate.

| € Million   | 2021       | 2020       |
|---|------------|------------|
| Salaries  | 305        | 284        |
| Social security contributions                       | 39         | 34         |
| Pension costs                                       | 46         | 39         |
| External staff                                      | 135        | 129        |
| Charges to/release from employee-related provisions | 1          | 2          |
| Other employee-related expenses                     | 22         | 13         |
| <b>Total</b>  | <b>548</b> | <b>501</b> |

The development of the workforce in 2021 can be specified as follows:

|  | 2021         | 2020         |
|--|--------------|--------------|
| Own staff                                | 4,772        | 4,591        |
| External staff with temporary employment | 1,099        | 1,088        |
| <b>Total FTE at year-end</b>             | <b>5,871</b> | <b>5,679</b> |

The average number of FTEs in 2021 amounted to 5,775 (2020: 5,555). There are no employees working outside the Netherlands.

Employee benefit expenses rose by € 47 million to € 548 million in 2021. This increase is the balance of a € 41 million increase in expenses for own personnel and a € 6 million increase in expenses for external personnel.



This increase in own personnel expenses compared to 2020 is due to an increase in FTEs, regular salary increases, higher pension premiums and social security contributions as well as an increase in other personnel expenses mainly due to one-off payments, such as an extra bonus paid to technical personnel and a one-off payment pursuant to the Collective Labour Agreement.

Expenses in connection with hiring temporary staff rose by € 6 million due to temporarily filling job vacancies with external personnel and the higher number of improvement and transition projects.

#### PENSION OBLIGATIONS

Enexis employees participate in the pension scheme of Stichting Pensioenfond ABP (the Dutch pension fund for employees in the government, public and education sectors). The coverage ratio of pension fund ABP at the end of 2021 amounted to 110.2% (year-end 2020: 93.2%). The government temporarily lowered the lower limit of this coverage ratio from 104% to 90%. The current coverage ratio of the ABP on 31 December 2021 is well above the minimum limit. Therefore, the likelihood of a pension cut in 2022 is very small.

The policy coverage ratio (the average of the last 12 actual monthly coverage ratios) was 102.8%. This means that the pensions cannot be increased at present. To be able to increase pensions, the policy coverage ratio must amount to at least 110%.

The pension premium for the retirement pension and surviving dependants' pension amounted to 25.9% in 2021. The pension premium for the retirement pension and surviving dependants' pension will remain 25.9% in 2022, of which 17.97% is paid by the employer and 7.93% is paid by the employee.

As Enexis does not have access to the necessary specific information, these schemes are treated as defined contribution plans and the pension contributions payable for the financial year are recognised in the financial statements as pension expenses.

#### 5. DEPRECIATION AND DECOMMISSIONING

The depreciation charges can be specified as follows:

| € Million                                     | 2021       | 2020       |
|---|------------|------------|
| Depreciation of property, plant and equipment | 333        | 323        |
| Amortisation of intangible assets             | 34         | 32         |
| Depreciation of right-of-use assets           | 34         | 34         |
| Decommissioning                               | 28         | 16         |
| <b>Total</b>                                  | <b>429</b> | <b>405</b> |

#### PROPERTY, PLANT AND EQUIPMENT

Depreciation is calculated in accordance with the straight-line method. The expected future useful life of the asset is taken into account in determining the depreciation. The useful life and residual value of assets are assessed each year. Any adjustments are recognised prospectively. Land is not depreciated. A tangible fixed asset is no longer recognised on the balance sheet when it is divested or when no future economic benefits are expected from the further use of the asset or in the event of disposal of the asset. Any profit or loss arising from the de-recognition of an asset is recognised through profit or loss.

The expected useful lives of the main categories of property, plant and equipment are as follows:

|                                 | Period      |
|---------------------------------|-------------|
| Buildings                       | 25-50 year  |
| Cables, pipelines and equipment | 25-55 year  |
| Other non-current assets        | 5 - 15 year |
| Work in progress                | n/a         |

#### INTANGIBLE FIXED ASSETS

Depreciation is calculated in accordance with the straight-line method. The expected future useful life is taken into account in determining the depreciation. The useful life is assessed each year. Any adjustments are recognised prospectively.

The estimated useful life of the main intangible fixed asset categories is as follows:

|                  | Period |
|------------------|--------|
| Software         | 5 year |
| Goodwill         | n/a    |
| Work in progress | n/a    |

#### DEPRECIATION OF RIGHT-OF-USE ASSETS

Leases are recognised on the balance sheet as right-of-use assets. Right-of-use assets are then depreciated on a straight-line basis over the total term of the lease.

#### IMPAIRMENTS

For a more detailed specification of the impairments, reference is made to note 13: Intangible fixed assets. There were no impairments in 2021.

## 6. COST OF SUBCONTRACTED WORK, MATERIALS AND OTHER EXTERNAL EXPENSES

Expenses are allocated to the financial year to which they relate.

| € Million               | 2021       | 2020       |
|-------------------------|------------|------------|
| Subcontracted work      | 85         | 82         |
| Materials               | 25         | 24         |
| IT costs                | 73         | 76         |
| Other external expenses | 46         | 46         |
| <b>Total</b>            | <b>229</b> | <b>228</b> |

Cost of subcontracted work, materials and other external expenses in the financial year 2021 were in line with the financial year 2020.

### AUDIT EXPENSES

Fees charged by Ernst & Young Accountants LLP in the financial year for the audit of the financial statements of Enexis Holding N.V. and Enexis Netbeheer B.V. amounted to € 0.7 million in 2021 (2020: € 0.8 million), and for other audit services € 0.1 million (2020: € nil), and assurance services € 0.1 million (2020: € 0.1 million).

No other type of service has taken place. The audit fees for 2020 have been paid to PricewaterhouseCoopers accountants N.V. (the former external auditor of Enexis Groep).

## 7. OTHER OPERATING EXPENSES

| € Million                           | 2021      | 2020      |
|-------------------------------------|-----------|-----------|
| Charges to/releases from provisions | -5        | 11        |
| Other                               | 20        | 19        |
| <b>Total</b>                        | <b>15</b> | <b>30</b> |

Other operating expenses mainly concern allocations to and/or releases from non-employee-related provisions, corporate taxes, as well as expenses for compensation and service guarantees. Other operating expenses decreased by € 15 million in 2021 compared to 2020, mainly due to lower additions to non-personnel related provisions and a higher release from non-personnel related provisions.

## 8. CAPITALISED EXPENSES OF OWN PRODUCTION

| € Million                             | 2021        | 2020        |
|---------------------------------------|-------------|-------------|
| Capitalised employee benefit expenses | -179        | -163        |
| Capitalised other direct expenses     | -52         | -42         |
| <b>Total</b>                          | <b>-231</b> | <b>-205</b> |

Capitalised production costs relate to the hours of the company's employees and contracted employees allocated to the company's investment projects, additional charges recognised in connection with investment projects and logistical warehousing.

The increase in capitalised expenses of own production compared to 2020 is mainly related to the growing work package. The increase in the work package also leads to more material being transported and thus to higher storage and transport costs. As a result, the capitalised mark-up for logistics is also higher.

## 9. FINANCIAL INCOME AND EXPENSES

Interest income and expenses are allocated to the period to which they relate based on time proportionality, using the effective interest method. Construction period interest is applied to investment projects with estimated durations of more than 12 months (see note 12: Property, plant and equipment).

| € Million                            | 2021       | 2020       |
|--------------------------------------|------------|------------|
| Financial income                     | 1          | 2          |
| <b>Total financial income</b>        | <b>1</b>   | <b>2</b>   |
| Other financial expenses             | 44         | 43         |
| <b>Total financial expenses</b>      | <b>44</b>  | <b>43</b>  |
| <b>Financial income and expenses</b> | <b>-43</b> | <b>-41</b> |

Financial expenses mainly consist of interest payments related to borrowings. For further details on these loans, please refer to note 23: Interest-bearing liabilities (non-current) and note 29: Interest-bearing liabilities (current).

The increase in financial expenses was caused by the refinancing of the bond loan of € 500 million with an interest rate of 1,875%, which was repaid in November 2020. This bond loan was refinanced mid-2020 with the convertible hybrid shareholders' loan (Tranche A and B) of € 500 million with a higher average interest rate of 2.03%. In addition, the interest expenses of this shareholders' loan as well as the interest expenses of the first green bond of € 500 million with an interest rate of 0.625% issued in June 2020 are completely recognised in the financial income and expenses in 2021.

The increase was also caused by the issue of a second green bond in April 2021 of € 500 million with an interest rate of 0.375% as well as higher interest expenses for excess cash placed in deposits and in money market funds.

## 10. NON-RECURRING ITEMS

Non-recurring items include income and expense items which do not arise in the normal course of business and which, because of their nature and size, should be considered separately for a better analysis of the results.

No items were identified in 2021 which do not arise directly from the normal course of business and which, because of their nature and size, should be considered separately for a better analysis of the results.

A non-recurring tax expense of € 42 million was recognised as a non-recurring item in 2020 due to an increase in the deferred tax liabilities. With the adoption of the 2021 Tax Plan in 2020, a previously announced decrease in the highest corporate income tax rate as of 2021 was reversed. The highest corporate income tax rate was maintained at 25% as of 2021 in the 2021 Tax Plan. This change leads to higher future corporate income tax expenses and therefore € 42 million was added to the deferred tax liability in 2020 from the result in 2020.

It is stipulated in the 2022 Tax Plan that the highest corporate income tax rate will be increased from 25% to 25.8% as of 1 January 2022. This led to an increase of the deferred tax liability by € 11 million from the result in 2021. This increase of the deferred tax liability was not qualified as a non-recurring item due to the limited size of the increase. For more detailed information, reference is made to note 11. Taxes.

The effect of the above items on the profit before and after tax is as follows:

| € Million  | 2021       | 2020       |
|--|------------|------------|
| <b>Profit for the year (including non-recurring items)</b> | <b>199</b> | <b>108</b> |
| Total non-recurring items                                  | -          | -          |
| Tax on non-recurring items                                 | -          | -          |
| <b>Profit for the year (excluding non-recurring items)</b> | <b>199</b> | <b>108</b> |
| Non-recurring corporate income tax expense/income          | -          | -42        |
| <b>Normalized profit for the year</b>                      | <b>199</b> | <b>150</b> |

## 11. TAXES

### BASIC TAX RULES AND TAX RISK MANAGEMENT

Fulfilling its tax obligations correctly and fully is an important area of attention for Enexis Groep. This concerns both corporate income tax and other taxes that apply to Enexis. A Horizontal Supervision covenant has been concluded with the Dutch Tax and Customs Administration. This covenant will expire no later than 31 December 2022. The aim is to conclude a new covenant well before this date.

When it comes to payment of taxes and social security contributions, Enexis stands for:

- Compliance with laws and regulations: Enexis Groep acts in accordance with the applicable tax laws and regulations. In doing so, Enexis does not make use of unconventional tax structures.
- Transparency: The way in which Enexis operates is aimed at maintaining an open, constructive and respectful relationship with all bodies involved in levying taxation and social security contributions.

In order to realise these objectives use is made of:

- A clear assignment of taxation responsibilities within the organisational structure (tax governance);
- Up-to-date taxation process descriptions;
- Automation and technology for preparing correct and comprehensive tax returns;
- The Enexis Internal Control Framework, of which the functioning is assessed twice a year via a Control Self-Assessment (CSA), in which specific identified tax risks and the corresponding mitigating measures have been laid down;
- A working relationship with the bodies involved in the levying of taxes and social security contributions that is based on trust, understanding and transparency; and
- Internal and external communication about tax matters with the aim of having contact with employees (and representatives of employees) and other stakeholders about the impact of the levy of taxes and social security contributions on the organisation.

### CORPORATE INCOME TAX

The business activities of Enexis Groep are subject to corporate income tax. Enexis Holding N.V. is head of the fiscal unity for corporate income tax and, in this capacity, it is jointly and severally liable for the obligations of the companies within the fiscal unity. The companies that were members of the fiscal unity at year-end 2021 are: Enexis Netbeheer B.V., Enexis Personeel B.V., Enexis Vastgoed B.V., Fudura B.V., Enpuls B.V. and Enpuls Projecten B.V. and Mijwater Warmte Infra B.V. Within this group of companies, the corporate income tax that Enexis Holding N.V. owes the Dutch Tax and Customs Administration is apportioned among the companies included in the fiscal unity based on realised commercial results taking into account the applicable exemptions and non-deductible amounts. In the event of changes in the composition of the fiscal unity, deferred tax items are settled between Enexis Holding N.V. and the relevant group company or companies.

The tax on the result for the reporting period comprises current, offsetable and deferred corporate income tax. The corporate income tax is included on the income statement, except when it relates to items recognised directly in equity.

In 2021, corporate income tax amounted to € 80 million (2020: € 93 million). This amount includes a non-recurring allocation to the deferred tax liability in the amount of € 11 million. This non-recurring allocation to the deferred tax liability is due to the increase in the highest corporate income tax rate as of 1 January 2022. The rate was increased by 0.8% to 25.8% as of that date. This increase in the future corporate income tax rate has led to a recalculation of the deferred tax liability and thus to a non-recurring tax expense. A non-recurring tax expense was also recognised in 2020. The addition to the deferred tax liability in that year was € 42 million and was due to an adjustment in the 2021 Tax Plan compared to the (announced) highest corporate income tax rate.

The corporate income tax can be specified as follows:

| € Million  | 2021      | 2020      |
|--|-----------|-----------|
| Current income tax expense   | 61        | 44        |
| Deferred income tax expense  | 8         | 7         |
|  | <b>69</b> | <b>51</b> |
| Change in deferred corporate tax liability following future tax rate changes | 11        | 42        |
|  | <b>80</b> | <b>93</b> |
| Current income tax expense prior years                                       | 0         | 0         |
| Deferred income tax expense prior years                                      | 0         | 0         |
| <b>Total corporate income tax expense</b>                                    | <b>80</b> | <b>93</b> |

The corporate income tax was calculated as follows:

| € Million  | 2021       | 2020       |
|--|------------|------------|
| Profit before tax  | 279        | 201        |
| Non-taxable results and non-deductible expenses  | 6          | 2          |
| Permanent differences between the taxable and commercial results (i.a. energy- and environmental investment deduction) | -8         | 0          |
| <b>Profit for calculation of corporate income tax expense</b>  | <b>277</b> | <b>203</b> |
| <b>Tax on current year</b>   | <b>69</b>  | <b>51</b>  |
| Change in deferred tax liability following future tax rate changes   | 11         | 42         |
| Adjustment(s) for preceding years  | 0          | 0          |
| <b>Total corporate income tax expense</b>  | <b>80</b>  | <b>93</b>  |

There were no uncertain tax liabilities arising from previous years as at year-end 2021.

The reconciliation of the statutory income tax rate with the reported income tax rate (€ 80 million), expressed as a percentage of profit before tax (€ 279 million), was as follows:

|  | 2021          | 2020          |
|--|---------------|---------------|
| Nominal statutory corporate income tax rate in the Netherlands                               | 25.00%        | 25.00%        |
| Effect from non-taxable results and non-deductible expenses                                  | 0.55%         | 0.29%         |
| Effect of permanent differences between the calculation of the taxable and commercial result | -0.70%        | 0.00%         |
| Change in deferred tax liability following future tax rate changes                           | 3.96%         | 20.84%        |
| Effect of adjustments for preceding years  | -0.20%        | 0.05%         |
| <b>Effective tax rate<sup>1</sup></b>  | <b>28.61%</b> | <b>46.18%</b> |

<sup>1</sup> Total corporate income tax as a percentage of profit before tax.

As was the case in the previous year, the higher effective tax rate in 2021 compared to the statutory rate was mainly due to the non-recurring tax expense resulting from the adjustment of the highest corporate income tax rate.



## 12. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment (tangible fixed assets) are valued at acquisition price or (internal) production cost, less depreciation calculated on this value and any impairments. Investment subsidies are deducted from the acquisition costs of the asset concerned and credited to the result based on the useful life of the asset. Costs are only capitalised if it is likely that future economic benefits will result from the use of a specific asset and the costs can be determined reliably. Assets ordered but not yet received are not recognised in the balance sheet.

Changes in property, plant and equipment in 2021 were as follows:

| € Million                                    | Land and Buildings | Cables, pipelines and equipment | Other non-current assets | Work in progress | Total 2021    |
|--|--------------------|---------------------------------|--------------------------|------------------|---------------|
| Cost at 1 January 2021                       | 768                | 13,430                          | 122                      | 455              | 14,775        |
| Accumulated depreciation at 1 January 2021   | 369                | 6,263                           | 52                       | -                | 6,684         |
| <b>Carrying amount at 1 January 2021</b>     | <b>399</b>         | <b>7,167</b>                    | <b>70</b>                | <b>455</b>       | <b>8,091</b>  |
| Reclassified work in progress                | 14                 | 224                             | 22                       | -260             | 0             |
| Additions                                    | 13                 | 464                             | 10                       | 354              | 841           |
| Depreciated                                  | -14                | -308                            | -11                      | -                | -333          |
| Decommissioning                              | 0                  | -13                             | 0                        | -                | -13           |
| Held for sale <sup>1</sup>                   | 0                  | -160                            | -2                       | -4               | -166          |
| <b>Carrying amount at 31 December 2021</b>   | <b>412</b>         | <b>7,374</b>                    | <b>89</b>                | <b>545</b>       | <b>8,420</b>  |
| Accumulated depreciation at 31 December 2021 | 381                | 6,434                           | 53                       | -                | 6,868         |
| <b>Cost at 31 December 2021</b>              | <b>793</b>         | <b>13,808</b>                   | <b>142</b>               | <b>545</b>       | <b>15,288</b> |

<sup>1</sup> As per 1 September 2021 Fudura BV, a 100% subsidiary of Enexis Holding NV, classifies as disposal group held for sale. For further explanation reference is made to note 21 Assets held for sale.

The comparative overview for 2020 is as follows:

| € Million                                    | Land and Buildings | Cables, pipelines and equipment | Other non-current assets | Work in progress | Total 2020    |
|--|--------------------|---------------------------------|--------------------------|------------------|---------------|
| Cost at 1 January 2020                       | 737                | 12,833                          | 117                      | 331              | 14,018        |
| Accumulated depreciation at 1 January 2020   | 354                | 6,012                           | 54                       | -                | 6,420         |
| <b>Carrying amount at 1 January 2020</b>     | <b>383</b>         | <b>6,821</b>                    | <b>63</b>                | <b>331</b>       | <b>7,598</b>  |
| Reclassified work in progress                | 15                 | 179                             | 0                        | -194             | 0             |
| Reclassified                                 | 0                  | 1                               | 0                        | 0                | 1             |
| Acquired through acquisition                 | 0                  | 14                              | 0                        | 10               | 24            |
| Additions                                    | 14                 | 466                             | 18                       | 308              | 806           |
| Depreciated                                  | -13                | -299                            | -11                      | -                | -323          |
| Impairment                                   | 0                  | -1                              | 0                        | 0                | -1            |
| Decommissioning                              | 0                  | -14                             | 0                        | -                | -14           |
| <b>Carrying amount at 31 December 2020</b>   | <b>399</b>         | <b>7,167</b>                    | <b>70</b>                | <b>455</b>       | <b>8,091</b>  |
| Accumulated depreciation at 31 December 2020 | 369                | 6,263                           | 52                       | -                | 6,684         |
| <b>Cost at 31 December 2020</b>              | <b>768</b>         | <b>13,430</b>                   | <b>122</b>               | <b>455</b>       | <b>14,775</b> |

### IMPAIRMENTS OF PROPERTY, PLANT AND EQUIPMENT

The recoverable value of property, plant and equipment is calculated if events or changes in circumstances give cause to do so ("triggering event" analysis). The results of this calculation are used to determine if any impairment exists. An assessment is performed annually and in the event of interim publication in order to ascertain whether such events or changes have occurred. As a result, there were no impairments in 2021.

For the future outlook of the gas grid and its impact on valuation, please refer to note 13. Intangible fixed assets.

### 13. INTANGIBLE FIXED ASSETS

Intangible fixed assets consist of goodwill, acquired or self-created application software and capitalised leases. Intangible fixed assets, except for goodwill, are valued at acquisition costs, less amortisation calculated on this value and any impairments. Costs are only capitalised if it is likely that future economic advantages will result from the use of a specific asset.

Changes in intangible fixed assets in 2021 were as follows:

| € Million                                    | Goodwill   | Software   | Lease contracts | Work in Progress | Total 2021 |
|--|------------|------------|-----------------|------------------|------------|
| Cost at 1 January 2021                       | 115        | 326        | 7               | 44               | 492        |
| Accumulated depreciation at 1 January 2021   | -          | 223        | 3               | -                | 226        |
| <b>Carrying amount at 1 January 2021</b>     | <b>115</b> | <b>103</b> | <b>4</b>        | <b>44</b>        | <b>266</b> |
| Reclassified work in progress                | -          | 34         | 0               | -34              | 0          |
| Additions                                    | 0          | 22         | 0               | 23               | 45         |
| Amortisation                                 | -          | -34        | 0               | -                | -34        |
| Decommissioning                              | -          | -15        | 0               | -                | -15        |
| Held for sale <sup>1</sup>                   | -19        | -11        | -4              | -1               | -35        |
| <b>Carrying amount at 31 December 2021</b>   | <b>96</b>  | <b>99</b>  | <b>0</b>        | <b>32</b>        | <b>227</b> |
| Accumulated depreciation at 31 December 2021 | -          | 227        | 0               | -                | 227        |
| <b>Cost at 31 December 2021</b>              | <b>96</b>  | <b>326</b> | <b>0</b>        | <b>32</b>        | <b>454</b> |

<sup>1</sup> As per 1 September 2021 Fudura BV, a 100% subsidiary of Enexis Holding NV, classifies as disposal group held for sale. For further explanation reference is made to note 21 Assets held for sale.

Assets classified as software consist mainly of the grid registration system, various operating systems, connection registrations, customer information systems, job order management systems, and other support systems.

Due to the proposed sale of Fudura B.V., € 19 million in goodwill was allocated to Fudura B.V. from the operational segment Enexis Other of which reclassification took place to assets held for sale in 2021.

The comparative overview for 2020 is as follows:

| € Million                                    | Goodwill   | Software   | Lease contracts | Work in Progress | Total 2020 |
|--|------------|------------|-----------------|------------------|------------|
| Cost at 1 January 2020                       | 115        | 293        | 7               | 50               | 465        |
| Accumulated depreciation at 1 January 2020   | -          | 210        | 3               | -                | 213        |
| <b>Carrying amount at 1 January 2020</b>     | <b>115</b> | <b>83</b>  | <b>4</b>        | <b>50</b>        | <b>252</b> |
| Reclassified work in progress                | -          | 33         | 0               | -33              | 0          |
| Reclassified                                 | 0          | 0          | 0               | -1               | -1         |
| Additions                                    | 0          | 20         | 0               | 28               | 48         |
| Amortisation                                 | -          | -32        | 0               | -                | -32        |
| Decommissioning                              | -          | -1         | 0               | -                | -1         |
| <b>Carrying amount at 31 December 2020</b>   | <b>115</b> | <b>103</b> | <b>4</b>        | <b>44</b>        | <b>266</b> |
| Accumulated depreciation at 31 December 2020 | -          | 223        | 3               | -                | 226        |
| <b>Cost at 31 December 2020</b>              | <b>115</b> | <b>326</b> | <b>7</b>        | <b>44</b>        | <b>492</b> |

#### IMPAIRMENTS OF INTANGIBLE FIXED ASSETS

The recoverable value of intangible fixed assets is calculated if events or changes in circumstances give cause to do so ("triggering event" analysis). The results of this calculation are used to determine if any impairment exists. An assessment is performed annually and in the event of interim publications in order to ascertain whether such events or changes have occurred. As a result, there were no impairments in 2021.

#### GOODWILL IMPAIRMENT TEST

In this case, goodwill relates to the acquisitions of Intergas Energie B.V. in 2011, Endinet Groep B.V. in 2016 and N.V. Stedin Netten Weert in 2017 and is the result of the difference between the cost of the acquisition and the fair value of the net assets at the time of the acquisition. Enexis Groep performed a goodwill impairment test at year-end 2021 for the segments in which goodwill is included.

Goodwill due to acquisitions has been allocated to the segments as follows:

| € Million                | Enexis Regulated | Total     |
|--------------------------|------------------|-----------|
| Intergas Energie B.V.    | 15               | 15        |
| Endinet Groep B.V.       | 78               | 78        |
| N.V. Stedin Netten Weert | 3                | 3         |
| <b>Total</b>             | <b>96</b>        | <b>96</b> |

#### OUTCOMES

The calculated value in use of the regulated assets are considerably higher than the carrying values of the corresponding assets, plus the goodwill allocated to them. As a result, there is no necessity for an impairment of goodwill.

#### ASSUMPTIONS

The value in use of the regulated assets are determined based on the most recent Long-Term Financial Calculation. This calculation comprises a forecast period of fifteen years. The forecast period was adjusted in 2020 from five to fifteen years as this corresponds better with the investments and the revenue generated by these investments in connection with the energy transition. The main assumptions included in the Long-Term Financial Calculation are an estimate of the discount rate based on the Weighted Average Cost of Capital (WACC) rates used by ACM, regulated tariffs, and changes in the number of connections and services, as well as operating and other costs. The chosen assumptions concern estimates, mainly based on the most recent information with regard to tariff regulation (Method Decision 2022-2026), the investment programme (quality and capacity document, and strategic asset management plan), the smart meter roll-out programme, and Enexis Groep's efficiency objectives.

The ACM published the final Method Decisions Electricity and Gas for the new regulation period 2022-2026 on 20 September 2021. The most important changes regarding gas concern the switch from the real to the nominal method for the WACC calculation (so that the compensation for inflation is no longer shifted to the future), the switch from a straight-line depreciation method to a variable declining balance depreciation method, accelerated compensation of divestments and disposal expenses, and improved compensation for investments for facilitating the feeding in of green gas. With these amendments, ACM is taking the changes and challenges in connection with the energy transition into account. The most important changes regarding electricity concern the switch from the real method to a method in which only half of the inflation is shifted to the future and the other half is compensated directly ('the real-plus method'), accelerated compensation of the purchasing costs paid to the national electricity grid operator TenneT, and extra revenues when feeding-in volumes rise during the regulation period.

Despite these changes in the Method Decisions 2022-2026, challenges still remain regarding the financing of the energy transition. Besides increased uncertainty due to the post-calculation of interest in the WACC and the rising prices of procurement costs for grid losses, the amount and impact of the costs for congestion management are uncertain and depend on a large number of variables. Therefore, Enexis Groep has made use of the possibility to appeal against the Method Decisions.

There will be a strong increase in revenue in 2022 relative to 2021. This increase is mainly due to a one-off correction of the tariffs for pre-financed increases in 2020 of the purchasing costs paid to TenneT. In addition, the increase is caused by a further increase of the TenneT tariffs in 2022 and one-off adjustments in connection with adjusting the tariffs in accordance with the newly determined efficient costs at the beginning of the new regulation period. Together with the inflation adjustment and the reduction imposed by the ACM to stimulate efficient business operations, i.e., the x-factor, this leads to a tariff increase for electricity of nearly 8% and a tariff increase for gas of nearly 3% higher than in 2021.

Due to the x-factors laid down in the Method Decisions, which is a reduction to stimulate efficient business operations, revenues in the years 2023-2026 will decrease yearly. This is offset by a revenue increase due to an inflation adjustment and a combination of growth of the number of connections and the expected capacity demand of customers. The revenue growth as a result of these effects is expected to show a slight cumulative increase of between 0.5% and 1.0% over the whole period 2023-2026. Subsequent calculations of the ACM are not included in this forecast.

Enexis Groep devotes a great deal of attention to efficient operations, initiating programmes designed to achieve a level of efficiency that is at least equal to the increase in costs due to inflation. Despite these efforts, operating cost levels are expected to increase, mainly due to extra work as a result of the energy transition.

The efficient (average) costs are covered in the tariffs to be set by the ACM as determined in the regulation. It is estimated that Enexis Netbeheer B.V.'s performance will be average compared with other grid operators in the field of investments, as the grids of all grid operators in the sector are comparable.

A growth rate for the regulated activities of 0% is used to determine the terminal value under the assumption that the whole sector shall be operating equally efficiently at that time. The terminal value is therefore assumed to be equal to the efficient book value (Standardised Asset Value). The assumption is that the regional grid operator will continue to receive compensation for its efficient costs including a reasonable return in accordance with the existing tariff regulation method. For more information regarding Enexis Groep's views on the future outlook for the gas grid and the consequences thereof for the valuation of gas assets, reference is made to the paragraph 'Future outlook for the gas grid' at the end of this note.

The impairment assessment is based on the variables:

| Variables                                 | 2021                            | 2020                            |
|---|---------------------------------|---------------------------------|
| Segments                                  | Enexis Regulated                | Enexis Regulated                |
| Source: financial results in future years | Long Term Financial Calculation | Long Term Financial Calculation |
| Cost of debt                              | 1.6%                            | 1.7%                            |
| Cost of equity                            | 4.2%                            | 3.1%                            |
| Discount rate after taxes                 | 2.1%                            | 2.2%                            |

#### SENSITIVITY ANALYSIS

Enexis Groep performed a sensitivity analysis on the most important criteria used to determine the value in use of the regulated assets to obtain insight into the degree of uncertainty of estimates. This has resulted in the following outcomes:

- A decrease in the expected market share, expressed in Compound Output, of Enexis Netbeheer B.V. by 0.1% leads to a decrease in the value in use by € 25 million;
- A delay of the convergence assumption, the year in which all regional grid operators operate equally efficiently, by one year leads to a decrease in the value in use by € 47 million;
- An increase in the discounting rate after tax by 0.1% leads to a decrease in the value in use by € 120 million;
- A structural increase in the expected operating expenses by € 10 million a year leads to a decrease in the value in use by € 22 million, due to the delay of the compensation in the future tariffs;
- A structural increase in the expected operating expenses by € 50 million a year leads to a decrease in the value in use by € 24 million, due to the delay of the compensation for capital costs in the tariffs.

It can be concluded that a reasonable change of the criteria on which the value in use is based will not lead to an impairment of the goodwill.

#### FUTURE OUTLOOK FOR THE GAS GRID

Part of the National Energy Agenda of the Ministry of Economic Affairs and Climate Policy is the aim of the Netherlands to achieve a low-carbon energy supply by 2050. An interim target was set whereby total emissions in the Netherlands must fall by at least 49% below 1990 levels by 2030. In the coalition government agreement of December 2021, the cabinet raised this target to a decrease of the CO<sub>2</sub> emissions in the Netherlands by at least 55% compared to 1990 by 2030. Various measures were proposed in the Climate Agreement in 2019 to realise this ambition. The share of natural gas in the total energy supply will be limited strongly and terminated where possible. The abolition of the gas connection obligation for new buildings is one of the first concrete measures in built-up areas. The Regional Energy Strategies and Municipal Heating Transition

Proposals will also reduce the dependence of existing buildings on natural gas as from 2020. A potential risk associated with this development might be that the useful lives of the gas grids transporting this natural gas become shorter than the currently applied depreciation periods.

However, Enexis Netbeheer B.V. does not believe that the gradual phasing out of natural gas will also lead to the large-scale decommissioning of gas grids. The Climate Agreement also acknowledges that it is virtually impossible to meet the heating demand without a gaseous energy carrier. Use of electricity alone is not always a technically and economically feasible option. A heating grid is by no means suitable for use everywhere. In such situations, the use of sustainable gaseous energy carriers – such as hydrogen produced from sustainable electricity or green gas – in combination with the use of hybrid heat pumps is the most viable route to sustainability. To this end, road maps have been drawn up for both green hydrogen and green gas together with colleague grid operators within Netbeheer Nederland and the Ministry of Economic Affairs and Climate Policy. A safe and reliable gas grid is expected to continue to be necessary - even within a (more) sustainable energy supply.

In the new Method Decision Gas for the regulation period 2022-2026, ACM has taken the expected future decrease in the number of users of the gas grid into account. The ACM also did this by switching to the nominal method instead of the real method for the calculation of the WACC so that inflation compensation is no longer shifted to the future. Another important change concerns the switch to a variable declining balance depreciation method for gas assets as of 2022. The ACM has opted for a variable declining balance depreciation method as this method is more suitable in view of the expected future decrease in the number of users of the gas grid. This way, the ACM avoids fewer and fewer users having to bear the annual depreciation charges which would otherwise be the case if a straight-line depreciation method was used. The ACM sees no reason to revise the economic and technical useful life of the gas assets. Despite these changes in the Method Decision Gas for the regulation period 2022-2026, the regional grid operator continues to receive compensation for its efficient costs including a reasonable return.

Enexis Groep does not see any need at present to shorten the depreciation periods of the existing gas grids or to start impairing the existing gas grids. However, to further limit this risk, Enexis Netbeheer B.V. is extremely reluctant to construct new or replace existing gas grids when alternative heating systems, such as heating grids or all-electric solutions, are available. Furthermore, Enexis Netbeheer B.V. is closely involved in consultations regarding the Regional Energy Strategies, Heating Transition Proposals, and pilot projects in gas-free districts. Within these pilot projects, consultations are held frequently with the parties involved such as provinces, municipalities, project developers, and housing corporations. Analyses performed by both the Netherlands Environmental Assessment Agency and Enexis Groep in connection with the Heating Transition Proposals also indicate that a hybrid solution continues to be an option, which means that an infrastructure for gaseous energy carriers remains necessary.



#### 14. RIGHT-OF-USE ASSETS

Enexis Groep has recognised assets with right-of-use and lease liabilities for those leases that classify as a lease under IFRS 16, with the exception of short-term leases, leases for low value assets, and agreements which do not qualify as a lease under IFRS 16.

Right-of-use assets relate to lease agreements for company and employee cars and property where the right-of-use is depreciated in accordance with the total expected lease term.

Changes in right-of-use assets in 2021 were as follows:

| € Million                                    | Land and Buildings | Lease cars | Total 2021 |
|--|--------------------|------------|------------|
| Cost at 1 January 2021                       | 57                 | 121        | 178        |
| Accumulated depreciation at 1 January 2021   | 16                 | 46         | 62         |
| <b>Carrying amount at 1 January 2021</b>     | <b>41</b>          | <b>75</b>  | <b>116</b> |
| Additions                                    | 8                  | 19         | 27         |
| Decommissioning                              | 0                  | 0          | 0          |
| Depreciation                                 | -8                 | -26        | -34        |
| Held for sale <sup>1</sup>                   | 0                  | -3         | -3         |
| <b>Carrying amount at 31 December 2021</b>   | <b>41</b>          | <b>65</b>  | <b>106</b> |
| Accumulated depreciation at 31 December 2021 | 24                 | 72         | 96         |
| <b>Cost at 31 December 2021</b>              | <b>65</b>          | <b>137</b> | <b>202</b> |

<sup>1</sup> As per 1 September 2021 Fudura BV, a 100% subsidiary of Enexis Holding NV, classifies as disposal group held for sale. For further explanation reference is made to note 21 Assets held for sale.

Changes in right-of-use assets in 2020 were as follows:

| € Million                                    | Land and Buildings | Lease cars | Total 2020 |
|--|--------------------|------------|------------|
| Cost at 1 January 2020                       | 46                 | 88         | 134        |
| Accumulated depreciation at 1 January 2020   | 8                  | 20         | 28         |
| <b>Carrying amount at 1 January 2020</b>     | <b>38</b>          | <b>68</b>  | <b>106</b> |
| Additions                                    | 11                 | 33         | 44         |
| Depreciation                                 | -8                 | -26        | -34        |
| <b>Carrying amount at 31 December 2020</b>   | <b>41</b>          | <b>75</b>  | <b>116</b> |
| Accumulated depreciation at 31 December 2020 | 16                 | 46         | 62         |
| <b>Cost at 31 December 2020</b>              | <b>57</b>          | <b>121</b> | <b>178</b> |

For the lease liabilities related to the right-of-use of assets, reference is made to note 23. Interest-bearing liabilities (non-current).

#### LEASE EXPENSES

Expenses arising from right-of-use assets can be specified as follows:

| € Million                        | Land and Buildings | Lease cars | Total 2021 |
|----------------------------------|--------------------|------------|------------|
| Depreciation and decommissioning | 8                  | 26         | 34         |
| Financial expenses               | 0                  | 0          | 0          |
| <b>Total</b>                     | <b>8</b>           | <b>26</b>  | <b>34</b>  |

## 15. ASSOCIATES AND JOINT ARRANGEMENTS

### ASSOCIATES

The valuation of economic interests not included in the consolidation but over which Enexis exercises significant influence takes place using the equity method based on the accounting principles governing the valuation and the determination of the result of Enexis Holding N.V. According to this method, the economic interest is initially valued at cost whereby the carrying amount is increased or decreased after the initial recognition with the share of Enexis Holding N.V. in the result. Dividends received are deducted from the carrying amount.

In the event of a negative net asset value, losses on associates are recognised up to the amount of the net investment in the associate. This net investment also includes loans that have been provided to associates insofar as these loans actually form part of the net investment. A provision is recognised for the share of further losses only if and to the extent that Enexis has entered into legal obligations guaranteeing the debts of the associate or in the event that there is an actual obligation (in proportion to Enexis's share) to enable the associate to repay its debts.

The accounting treatment included in the section on 'Impairments' in 'Accounting policies' applies to potential impairments of associates.

### JOINT ARRANGEMENTS

The financial figures of entities that qualify as joint arrangements are classified as joint ventures or joint operations depending on the statutory and contractual rights and obligations that each investor has stipulated. The existing contractual agreements qualify as joint ventures. Joint ventures are entities in which Enexis, together with one or several other investors, has joint control. These are valued based on the equity method.

Associates and joint ventures consist of the following:

| € Million                             | 2021     | 2020     |
|---------------------------------------|----------|----------|
| Associates:                           |          |          |
| -Energie Data Services Nederland B.V. | 0        | 0        |
| -Other associates and foundations     | 0        | 0        |
| Joint ventures:                       |          |          |
| -ZEBRA Gasnetwerk B.V.                | 0        | 8        |
| <b>At 31 December</b>                 | <b>0</b> | <b>8</b> |

ZEBRA Gasnetwerk B.V., in which Enexis holds a 67% share, has not been included in the consolidation because a majority of 75% is required for decisions. The sale of the extra high pressure grids, which were owned by Zebra Gasnetwerk B.V., Enexis Netbeheer B.V. and Enduris B.V., to the national grid operator Gasunie Transport Services (GTS) was agreed in 2019. The transfer of the assets to GTS took place in 2020.

The value in use of this participation at year-end 2020, taking into account the agreed sales price as at 31 December 2020 and the result from ordinary business operations, amounted to € 12 million. Enexis's share (67%) amounted to € 8 million. The proceeds of the sale of the assets in 2020 were paid as dividend to the shareholders by ZEBRA Gasnetwerk B.V. in 2021. Enexis received a dividend payment of € 8 million in 2021; therefore, the associate is valued at nil at year-end 2021.

Changes in the value of joint arrangements were as follows:

| € Million             | 2021     | 2020     |
|-----------------------|----------|----------|
| At 1 January          | 8        | 8        |
| Profits for the year  | 0        | 0        |
| Impairments           | 0        | 0        |
| Dividends received    | -8       | 0        |
| <b>At 31 December</b> | <b>0</b> | <b>8</b> |

The relevant information regarding the participation of Enexis Holding N.V. in all associates and joint arrangements is provided below.

| € Million                                       | 2021     | 2020     |
|---|----------|----------|
| Non-current assets                              | 12       | 12       |
| Current assets                                  | 3        | 12       |
| Non-current liabilities                         | -8       | -14      |
| Current liabilities                             | -7       | -2       |
| <b>Book value at 31 December</b>                | <b>0</b> | <b>8</b> |
| Revenue   | 18       | 20       |
| Costs (including financial income and expenses) | -18      | -20      |
| <b>Profit before tax</b>                        | <b>0</b> | <b>0</b> |
| Corporate income tax expense                    | 0        | 0        |
| <b>Profit for the year</b>                      | <b>0</b> | <b>0</b> |

A list of all associates and joint arrangements (group companies, joint arrangements and other associates) is included in note 54. Associates and joint arrangements. None of the associates and joint ventures are listed on a stock exchange.

## 16. OTHER FINANCIAL FIXED ASSETS

Other financial fixed assets consist of the following:

| € Million             | 2021      | 2020      |
|-----------------------|-----------|-----------|
| Loans and receivables | 12        | 15        |
| <b>Total</b>          | <b>12</b> | <b>15</b> |

Changes in financial fixed assets in 2021 were as follows:

| € Million                        | Loans granted to staff | Other loans | Deposits   | Total 2021 |
|----------------------------------|------------------------|-------------|------------|------------|
| <b>At 1 January 2020</b>         | <b>2</b>               | <b>20</b>   | <b>0</b>   | <b>22</b>  |
| New loans                        | 0                      | 6           | 125        | 131        |
| Repayments                       | -1                     | -7          | -25        | -33        |
| <b>At 31 December 2020</b>       | <b>1</b>               | <b>19</b>   | <b>100</b> | <b>120</b> |
| Less: current portion            | 0                      | 8           | 100        | 108        |
| <b>Total non-current portion</b> | <b>1</b>               | <b>11</b>   | <b>0</b>   | <b>12</b>  |

Other financial fixed assets concern loans provided to EDSN B.V., Stichting Mijnaansluiting.nl, and loans provided to employees in connection with financing arrangements. The average weighted effective interest rate amounted to 1.4% (2020: 1.3%).

The interest rate charged for the loans included in other financial fixed assets differed from the market interest rate at the end of 2021. Due to the limited size, the deviation from the market rate did not have a significant effect on fair value.

The agreed interest rate on the loans provided to EDSN B.V. and Stichting Mijnaansluiting.nl was determined on an arm's length basis at the time these loans were concluded, which resulted in a market interest surcharge for each associate in addition to the standard market interest rate.

On 15 December 2020, Enexis together with other regional grid operators and EDSN agreed to a change in the financing structure of EDSN as from 2021. On 25 February 2021, the outstanding loans at that moment of in total € 20 million were transferred to a new current-account facility. Subsequently, drawdowns took place under this current account facility of in total € 6 million and repayments were made of in total € 7 million in 2021.

As at 31 December 2021, € 8 million of the in total € 19 million outstanding loans to EDSN are presented under other financial assets (current).

In addition, the loan that was provided to Stichting Mijnaansluiting.nl was repaid in full in 2021.

Excess liquidity of € 100 million was transferred to short-term deposits as at 31 December 2021.

## 17. INVENTORIES

Inventories are recognised at costs or lower net value in use (the estimated selling price in the normal course of business less selling costs). Cost is calculated based on the weighted average cost method. Cost comprises all expenses and costs directly attributable to the purchase of the inventories and to bringing them to their present location and condition.

| € Million                  | 2021      | 2020      |
|----------------------------|-----------|-----------|
| Materials                  | 45        | 39        |
| Provision for obsolescence | -4        | -3        |
| <b>Total</b>               | <b>41</b> | <b>36</b> |

Materials refer to items held as inventory for investment, maintenance and emergency repair activities, as well as for work performed for third parties.

## 18. RECEIVABLES

| € Million                            | 2021       | 2020       |
|--------------------------------------|------------|------------|
| Trade receivables                    | 40         | 47         |
| Amounts receivable                   | 122        | 112        |
| Other receivables                    | 12         | 19         |
| Provision for expected credit losses | -16        | -13        |
| <b>Total</b>                         | <b>158</b> | <b>165</b> |

Amounts receivable concern mainly the monthly additional estimate of transmission fees from large-volume and small-volume consumers.

As at 31 December 2021, the age of trade receivables without deduction of the provision for doubtful debts was as follows:

| € Million              | 2021                   |           |            |                        |            |           |                   | Total      |
|------------------------|------------------------|-----------|------------|------------------------|------------|-----------|-------------------|------------|
|                        | Trade receivables      |           |            | Amounts receivable     |            |           | Other receivables |            |
|                        | Expected credit losses | Gross     | Provision  | Expected credit losses | Gross      | Provision | Gross             |            |
| Not past due           | 13%                    | 9         | -1         | 0.2%                   | 122        | 0         | 12                | 142        |
| 0-30 days past due     | 13%                    | 10        | -1         | 0.0%                   | 0          | 0         | 0                 | 9          |
| 31-60 days past due    | 56%                    | 2         | -1         | 0.0%                   | 0          | 0         | 0                 | 1          |
| 61-90 days past due    | 80%                    | 2         | -1         | 0.0%                   | 0          | 0         | 0                 | 1          |
| 91-365 days past due   | 32%                    | 5         | -2         | 0.0%                   | 0          | 0         | 0                 | 3          |
| Over 365 days past due | 82%                    | 12        | -10        | 0.0%                   | 0          | 0         | 0                 | 2          |
| <b>Total</b>           |                        | <b>40</b> | <b>-16</b> |                        | <b>122</b> | <b>0</b>  | <b>12</b>         | <b>158</b> |

As at 31 December 2020, the age of trade receivables without deduction of the provision for doubtful debts was as follows:

| € Million              | 2020                   |           |            |                        |            |           |                   | Total      |
|------------------------|------------------------|-----------|------------|------------------------|------------|-----------|-------------------|------------|
|                        | Trade receivables      |           |            | Amounts receivable     |            |           | Other receivables |            |
|                        | Expected credit losses | Gross     | Provision  | Expected credit losses | Gross      | Provision | Gross             |            |
| Not past due           | 4%                     | 18        | -1         | 0.2%                   | 112        | 0         | 19                | 148        |
| 0-30 days past due     | 4%                     | 10        | 0          | 0.0%                   | 0          | 0         | 0                 | 10         |
| 31-60 days past due    | 8%                     | 2         | 0          | 0.0%                   | 0          | 0         | 0                 | 2          |
| 61-90 days past due    | 36%                    | 1         | 0          | 0.0%                   | 0          | 0         | 0                 | 1          |
| 91-365 days past due   | 57%                    | 3         | -2         | 0.0%                   | 0          | 0         | 0                 | 1          |
| Over 365 days past due | 78%                    | 13        | -10        | 0.0%                   | 0          | 0         | 0                 | 3          |
| <b>Total</b>           |                        | <b>47</b> | <b>-13</b> |                        | <b>112</b> | <b>0</b>  | <b>19</b>         | <b>165</b> |

## 19. OTHER FINANCIAL ASSETS (CURRENT)

| € Million                    | 2021       | 2020     |
|------------------------------|------------|----------|
| Short-term deposits          | 100        | 0        |
| Loans with maturity < 1 year | 8          | 7        |
| <b>At 31 December</b>        | <b>108</b> | <b>7</b> |

The share of the loans provided to EDSN B.V. that will be repaid in 2022 amounts to € 8 million and is recognised as a current portion of the other financial assets.

Excess liquidity of € 100 million was transferred to short-term deposits as at 31 December 2021.

## 20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are recognised at nominal value. The item only includes cash and cash equivalents payable on demand. Cash and cash equivalents not payable on demand are recognised under other current financial assets, depending on the applicable maturities and conditions.

| € Million                      | 2021       | 2020      |
|--------------------------------|------------|-----------|
| Cash at bank and cash balances | 2          | 47        |
| Money market funds             | 105        | 0         |
| <b>Total</b>                   | <b>107</b> | <b>47</b> |

For a breakdown of cash flows, reference is made to the cash flow statement and the explanatory notes to the cash flow statement included in note 31. Notes to the cash flow statement.

Enexis Holding N.V., Enexis Netbeheer B.V., Enexis Vastgoed B.V., Enexis Personeel B.V., Fudura B.V. and Enpuls B.V. have placed all bank accounts in a cash pool at the Rabobank. Credit balances of Enexis Holding N.V., Fudura B.V., Enexis Vastgoed B.V., Enexis Personeel B.V. and Enpuls B.V. in the cash pool at the Rabobank have been pledged as security for the credit facility of Enexis Netbeheer B.V. and for amounts owed to each other.

Cash and cash equivalents of the group companies that form part of the cash pool are reported on a net basis, as zero balancing is applied. As part of this, the companies' bank balances are automatically concentrated in the main account or negative bank balances are compensated from this main account. The cash and cash equivalents of the group companies that do not form part of the cash pool (Enpuls Projecten B.V. and Mijwater Warmte Infra B.V.) are not reported on a net basis. These group companies had positive balances on their bank accounts at year-end 2021. Bank and cash balances amounted to € 2 million at year-end 2021.



Excess liquidity of € 105 million was placed in money market funds on 31 December 2021. The excess liquidity placed in money market funds is available on demand and therefore qualifies as cash and cash equivalents.

## 21. ASSETS HELD FOR SALE

The Executive Board of Enexis Holding N.V. has decided in 2021 to sell Fudura B.V. in order to focus more on Enexis's core activities in order to optimally facilitate the realisation of the energy transition. It is highly probable that the sale will take place within a year after the balance sheet date 2021. The assets and liabilities of Fudura B.V. are thus presented as held for sale and recognised at the carrying value in the consolidated financial statements 2021 of Enexis Holding N.V. Fudura B.V. is included in the operational segment 'Enexis Other', as explained in paragraph 3. Segments. The table below provides an overview of the assets and liabilities held for sale.

| € Million   | 2021       | 2020     |
|---|------------|----------|
| Assets held for sale  |            |          |
| Property, plant and equipment                                 | 166        | -        |
| Intangible assets   | 35         | -        |
| Right-of-use assets   | 3          | -        |
| Inventories   | 2          | -        |
| Receivables   | 9          | -        |
| Deferred tax asset  | 1          | -        |
| <b>Total</b>  | <b>216</b> | <b>-</b> |
| Liabilities directly associated with the assets held for sale |            |          |
| Trade and other payables                                      | 15         | -        |
| Current provisions  | 1          | -        |
| Interest bearing liabilities                                  | 3          | -        |
| <b>Total</b>  | <b>19</b>  | <b>-</b> |

## 22. EQUITY

The company's authorised share capital amounts to three hundred million euros (€ 300,000,000) and is divided into three hundred million (300,000,000) ordinary shares of one euro (€ 1.00). Of these shares, 149,682,196 shares with a total nominal value of € 149,682,196 have been issued and fully paid up.

The share premium reserve is recognised for tax purposes.

The cash flow hedge reserve relates to the equivalent value of the interest rate swaps settled in 2012 that Enexis concluded in order to hedge the risks arising from expected future interest payments. The loss recorded in the cash flow hedge reserve is debited from the income statement over the remaining term of the borrowings. The change in the hedge reserve was € 1 million (2020: € 1 million), therefore the hedge reserve amounted to nil at year-end 2021.

The proposed dividend distribution for 2021 is based on 50% of the profit from ordinary business operations after tax and shall be distributed to the shareholders as an exact amount pro rata to the number of shares. The proposed dividend distribution for 2021 amounts € 0.66 per share (2020: € 0.50 per share). The proposed dividend payment amounts to € 99 million; and, as a result, the reservation to be credit to the general reserve amounts to € 100 million. This profit appropriation proposal has not been taken into account in the balance sheet as at 31 December 2021.

The result before taxes for the financial year 2021 presented on the income statement exclusively relates to realised results. At year-end 2021, equity amounted to € 4,241 million (2020: € 4,116 million). At year-end 2021, total equity per share amounted to € 28.33 (2020: € 27.50).

Reference is made to the consolidated statement of changes in equity on page 58 for further details.

## 23. INTEREST-BEARING LIABILITIES (NON-CURRENT)

| € Million                             | 2021         | 2020         |
|---------------------------------------|--------------|--------------|
| Euro Medium-Term Notes                | 2,481        | 2,287        |
| Convertible hybrid shareholders' loan | 500          | 500          |
| Private green loan                    | 2            | 2            |
| Lease liabilities                     | 75           | 83           |
| <b>Total</b>                          | <b>3,058</b> | <b>2,872</b> |

Non-current interest-bearing liabilities include borrowings that are available to Enexis for a period longer than one year. The amounts for repayments due within one year are included in the current interest-bearing liabilities.

For more information on the non-current and current interest-bearing liabilities, reference is made to note 32. Financing policy and risks associated with financial instruments.

The total nominal value of listed bonds with a term > 1 year amounted to € 2,500 million; deducting the costs to be amortised from these loans results in a residual value of € 2,481 million.

Enexis Holding N.V. issued a green bond in April 2021 for a nominal amount of € 500 million with an interest rate of 0.375% and a term of 12 years to 14 April 2033. The loan will be used to fund existing and new sustainable investments. Which investments qualify as sustainable and which do not is laid down in Enexis Holding N.V.'s Green Finance Framework. This framework has been positively endorsed by ISS ESG, an external consultancy and credit rating agency. Enexis Holding N.V. will use the bond specifically for investments in grid expansions that are required to accommodate renewable energy, for distribution automation, for smart meters and for its green buildings.

In June 2021, Enexis accounted for the use of proceeds of the first and second green bond issued on 17 June 2020 and 14 April 2021 in its Green Bond Impact & Allocation Report 2021. The Green Bond Impact & Allocation Report 2021 is available on the Enexis Holding N.V. website.

The nominal value of the convertible hybrid shareholders' loan amounted to € 500 million at year-end 2021. The convertible hybrid shareholders' loan was issued in 2020 in two tranches. Tranche A was issued on 29 July 2020 with a nominal value of € 422 million and an interest rate of 2.15%. Tranche B was issued on 30 November 2020 with a nominal value of € 78 million and an interest rate of 1.40%. Both tranches have a maximum term to maturity up to 30 November 2080. An interest revision on 30 November 2030 and after that every 10 years applies for both tranches. Early redemption is possible at each interest revision or under agreed conditions.

Enexis Holding N.V. has the right to convert the loan into shares if one of the credit ratings falls below Enexis's policy level (A/A2) or if it is threatened with a downgrade under credit watch. Enexis Holding N.V. can also obtain the right to convert the loan into shares in other cases with the consent of at least two-thirds of the shareholders. If Enexis Holding N.V. chooses to convert the loan into shares, then the nominal value of the loan (including still to be paid interest at that point in time) will be converted into an equal market value of the shares whereby the market value of the shares will be determined by an independent party. The conversion right is a right but not an obligation of Enexis Holding N.V.

The convertible hybrid shareholders' loan is a hybrid financial instrument that includes various embedded derivatives in the base contract. The embedded derivatives concern, for example, the conditional right of Enexis to convert the loan into shares as well as the conditional right of Enexis to redeem the loan earlier. Based on the assessment of these embedded derivatives, Enexis concludes that the embedded derivatives do not have to be separated from the base contract and that the whole convertible hybrid shareholders' loan must be recognised as a non-current interest-bearing liability with valuation at amortised cost. On 30 November 2030 Enexis expects to use the option to repay the convertible hybrid shareholders' loan early. For this reason, a term to maturity up to 30 November 2030 has been taken into account in determining the amortised cost.

Lease liabilities amounted to € 106 million at year-end 2021, of which € 31 million is classified as the current portion. Lease liabilities are recognised at the present value of the remaining lease payments, discounted at the marginal interest rate. The weighted average marginal interest rate for the lease liabilities at year-end 2021 was 0.20%. The financial expenses in connection with leases amounted to € 0.3 million for 2021.

The average term of the liability arising from the right-of-use assets at year-end 2021 was 7.2 years and can be broken down as follows:

| € Million    | Land and Buildings | Lease cars | Total 2021 |
|--------------|--------------------|------------|------------|
| < 1 year     | 8                  | 23         | 31         |
| > 1 year     | 32                 | 43         | 75         |
| <b>Total</b> | <b>40</b>          | <b>66</b>  | <b>106</b> |

The table below shows the changes in the lease liability for 2021.

| € Million                                    | Land and Buildings | Lease cars | Total 2021 |
|--|--------------------|------------|------------|
| Lease liabilities at 1 January 2021          | 41                 | 75         | 116        |
| Additions                                    | 8                  | 19         | 27         |
| Payments                                     | -8                 | -26        | -34        |
| Interest                                     | 0                  | 0          | 0          |
| Held for sale <sup>1</sup>                   | 0                  | -3         | -3         |
| <b>Lease liabilities at 31 December 2021</b> | <b>41</b>          | <b>65</b>  | <b>106</b> |

<sup>1</sup> As per 1 September 2021 Fudura BV, a 100% subsidiary of Enexis Holding NV, classifies as disposal group held for sale For further explanation reference is made to note 21 Assets held for sale.

The comparative overview for 2020 is as follows:

| € Million                                    | Land and Buildings | Lease cars | Total 2020 |
|--|--------------------|------------|------------|
| Lease liabilities at 1 January 2020          | 39                 | 68         | 107        |
| Additions                                    | 10                 | 33         | 43         |
| Payments                                     | -8                 | -26        | -34        |
| Interest                                     | 0                  | 0          | 0          |
| <b>Lease liabilities at 31 December 2020</b> | <b>41</b>          | <b>75</b>  | <b>116</b> |

## 24. PROVISIONS

Provisions are recognised for obligations enforceable by law or factual obligations of an uncertain amount or timing as a result of past events. If the effect of an obligation is material, the provision is calculated by discounting expected future cash flows at a current discount rate, taking into account any specific risks inherent in the obligation. The present value of employee-related provisions is calculated using the project unit credit method. Actuarial results are recognised directly in the result.

Any expenditure expected within one year after the balance sheet date is recognised as a separate item under current liabilities.

Provisions at year-end 2021 can be specified as follows:

| € Million                        | Service-related benefits | Other employee benefits | Other     | Total 2021 |
|----------------------------------|--------------------------|-------------------------|-----------|------------|
| Obligations at beginning of year | 18                       | 5                       | 26        | 49         |
| Additions                        | 2                        | 1                       | 5         | 8          |
| Utilisation                      | -2                       | 0                       | -1        | -3         |
| Released                         | -2                       | -1                      | -14       | -17        |
| Held for sale <sup>1</sup>       | 0                        | -1                      | 0         | -1         |
| <b>Total</b>                     | <b>16</b>                | <b>4</b>                | <b>16</b> | <b>36</b>  |
| Less: current portion            | 1                        | 0                       | 4         | 5          |
| <b>Total non-current portion</b> | <b>15</b>                | <b>4</b>                | <b>12</b> | <b>31</b>  |

<sup>1</sup> As per 1 September 2021 Fudura BV, a 100% subsidiary of Enexis Holding NV, classified as disposal group held for sale. For further explanation reference is made to note 21 Assets held for sale.

The current portion of provisions amounting to € 5 million (2020: € 5 million) has been included separately under the current liabilities.

The comparative overview for 2020:

| € Million                        | Service-related benefits | Other employee benefits | Other     | Total 2020 |
|----------------------------------|--------------------------|-------------------------|-----------|------------|
| Obligations at beginning of year | 19                       | 4                       | 17        | 40         |
| Additions                        | 2                        | 1                       | 10        | 13         |
| Utilisation                      | -2                       | 0                       | 0         | -2         |
| Released                         | -1                       | 0                       | -1        | -2         |
| <b>Total</b>                     | <b>18</b>                | <b>5</b>                | <b>26</b> | <b>49</b>  |
| Less: current portion            | 1                        | 0                       | 4         | 5          |
| <b>Total non-current portion</b> | <b>17</b>                | <b>5</b>                | <b>22</b> | <b>44</b>  |

### LONG-SERVICE BENEFITS

In accordance with the provisions of the collective labour agreement (CLA), Enexis grants long-service benefits to employees. As of the commencement of employment, a provision is formed for the long-service benefits based on the past number of years of employment, anticipated price and salary increases, as well as the probability of mortality, disability and dismissal.

The most important assumptions on which the calculations of the long-service benefits are based are the following:

|   | 2021         | 2020         |
|---|--------------|--------------|
| Discount rates                              | -0,42%-1,08% | -0,41%-0,76% |
| Estimated future annual CLA wage increases  | 1.5%         | 1.5%         |
| Company-specific annual periodic indexation | 1.0%         | 1.0%         |
| Estimate future resignation probability     | 4.0%         | 4.0%         |
| Markup social security expenses             | 8.2%         | 8.0%         |

### PROVISION FOR OTHER EMPLOYEE-RELATED EXPENSES

This provision covers various employee-related expenses, including expenses related to the voluntary termination of employment and severance payments, healthcare costs for former employees and retention and reorganisation costs.

The reorganisation provisions are calculated on an individual basis taking into account the employee's gross salary, length of employment, expected duration of redundancy and an addition of 35% for employer's contributions. An estimate has been made for part of the provisions regarding the future termination of employment of redundant employees.

## OTHER PROVISIONS

At year-end 2021, other provisions consisted mainly of provisions for claims and disputes. In order not to harm Enexis's legal position, no further details are provided regarding the provisions for claims and disputes.

## 25. ADVANCE CONTRIBUTIONS FOR THE INSTALLATION OF GRIDS AND CONNECTIONS

Enexis does not regard advance payments from customers for providing a connection and installing the grid as a separate performance obligation. This means that a connection fee received before the connection is established can be regarded as an advance payment for a service still to be provided. Due to the causal relationship between the connection payments received and the capital expenditure incurred for the realisation of the connection, Enexis has opted to spread recognition of revenue from the payments received over the useful life of the connection.

Advance payments received for investments in the construction of grids and connections can be specified as follows:

| € Million   | 2021         | 2020       |
|---|--------------|------------|
| At 1 January  | 972          | 881        |
| Received during the year                                    | 120          | 114        |
| Amortised   | -26          | -23        |
| <b>Total</b>  | <b>1,066</b> | <b>972</b> |
| Current portion to be amortised in following financial year | 27           | 25         |
| <b>Total non-current portion as of 31 December</b>          | <b>1,039</b> | <b>947</b> |

## 26. DEFERRED CORPORATE INCOME TAX

Deferred corporate income tax assets and liabilities are created to reflect temporary differences between the carrying value of assets and liabilities in these financial statements and the value in the corporate income tax return. Deferred taxes are recognised at nominal value. The calculation is based on the tax rates expected to apply when the temporary differences are realised. The tax rates in question are those that apply on the reporting date or that already have been materially decided as at the balance sheet date. At year-end 2021, the increase of 0.8% in the highest corporate income tax rate as of 1 January 2022 (as from this date the highest rate is 25.8%) was taken into account in the calculation.

A deferred corporate income tax asset is recognised on the balance sheet if and to the extent that sufficient taxable profits will likely be available. Offsetting deferred tax assets and liabilities only takes place if a formal right to offset exists and the company has the intention to settle the deferred taxes at the same time. The deferred tax liability is mainly of a long-term nature.

The deferred corporate income tax liability is mainly formed due to a lower tax valuation of property, plant and equipment. The differences in valuation originated from the start of the tax obligation (1998), a commercial revaluation (2009), and the tax incentive scheme arbitrary depreciation in 2009, 2010, 2011 and in the second half of 2013. In addition, deferred tax liabilities were recognised for the impact of IFRS 16 (leases).

A deferred tax liability of € 1 million attributable to Fudura B.V. was recognised at year-end 2021 under note. 21. Assets held for sale.

An amount of € 11 million of the increase in the deferred tax liability is attributable to a non-recurring addition to the deferred tax liability due to the increase in the highest corporate income tax rate as of 1 January 2022. The rate was increased by 0.8% to 25.8% as of that date.

The deferred tax liability can be broken down as follows:

| € Million  | 2021       | 2020       |
|--|------------|------------|
| Deferred corporate income tax liabilities related to fixed assets        | 355        | 335        |
| Deferred corporate income tax liabilities related to right-of-use assets | 27         | 28         |
| Deferred corporate income tax asset related to lease liabilities         | -27        | -28        |
| <b>Total</b>   | <b>355</b> | <b>335</b> |

## 27. OTHER NON-CURRENT LIABILITIES

| € Million             | 2021     | 2020     |
|-----------------------|----------|----------|
| Payments to employees | 1        | 1        |
| <b>Total</b>          | <b>1</b> | <b>1</b> |

These liabilities relate to employee entitlements to leave.



**28. TRADE AND OTHER PAYABLES**

| € Million                             | 2021       | 2020       |
|---------------------------------------|------------|------------|
| Suppliers                             | 94         | 110        |
| Tax and social security contributions | 74         | 67         |
| Payments to employees                 | 37         | 34         |
| Other                                 | 81         | 85         |
| <b>Total</b>                          | <b>286</b> | <b>296</b> |

**29. CURRENT INTEREST-BEARING LIABILITIES**

| € Million                          | 2021       | 2020       |
|------------------------------------|------------|------------|
| Euro Medium-Term Notes             | 300        | 0          |
| Cash loan                          | 0          | 20         |
| Lease liabilities                  | 31         | 33         |
| Euro Commercial Paper              | 0          | 50         |
| Interest-bearing deposits received | 0          | 1          |
| <b>Total</b>                       | <b>331</b> | <b>104</b> |

Current interest-bearing liabilities include borrowings that are available to Enexis for a period shorter than one year.

The bond for an amount of € 300 million with an interest rate of 3.375% will be repaid in January 2022 and is therefore recognised under current interest-bearing liabilities. Due to the issue of the second green bond in April 2021, the drawdowns under the Euro Commercial Paper programme and the cash loan were repaid in 2021.

The current portion of the interest-bearing lease liabilities concerns lease contracts that will be paid in 2022.

**30. CORPORATE INCOME TAX EXPENSE**

The item corporate income tax consists of the corporate income tax payable less the amounts paid under provisional tax assessments. To be paid corporate income tax amounted to € 2 million at year-end 2021. This amount pertains to the financial years 2020 and 2021. The corporate income tax return 2020 has been submitted; however, a final tax assessment has not yet been received.

| € Million                    | 2021     | 2020     |
|------------------------------|----------|----------|
| Corporate income tax payable | 2        | 6        |
| <b>Total</b>                 | <b>2</b> | <b>6</b> |

**31. NOTES TO THE CASH FLOW STATEMENT**

For the consolidated cash flow statement, the following items have been included in net cash and cash equivalents:

| € Million                      | 2021       | 2020      |
|--------------------------------|------------|-----------|
| Cash at bank and cash balances | 2          | 47        |
| Money market funds             | 105        | 0         |
| <b>Total</b>                   | <b>107</b> | <b>47</b> |

The main items of the cash flow statement are specified below.

Changes in net working capital can be specified as follows:

| € Million  | 2021      | 2020      |
|--|-----------|-----------|
| Corporate income tax expense recognised through profit or loss | 60        | 44        |
| Corporate income tax paid or received                          | -65       | -31       |
| Interest received and paid recognised through profit or loss   | 43        | 40        |
| Interest received and paid                                     | -39       | -39       |
| Working capital before tax and interest                        | -6        | 49        |
| <b>Total</b>   | <b>-7</b> | <b>63</b> |

Specification net working capital:

| € Million                | 2021        | 2020        | Delta     |
|--------------------------|-------------|-------------|-----------|
| Inventories              | 43          | 36          | -7        |
| Receivables              | 167         | 165         | -2        |
| <b>Subtotal</b>          | <b>210</b>  | <b>201</b>  | <b>-9</b> |
| Trade and other payables | -301        | -296        | 5         |
| Corporate income tax     | -2          | -6          | -4        |
| (Current) provisions     | -6          | -5          | 1         |
| <b>Subtotal</b>          | <b>-309</b> | <b>-307</b> | <b>2</b>  |
| <b>Total<sup>1</sup></b> | <b>-99</b>  | <b>-106</b> | <b>-7</b> |

<sup>1</sup> The breakdown of net working capital includes the movements in financial line items that were reclassified as 'held-for-sale' at the end of 2021 (note 21).

Changes in net interest-bearing liabilities in 2021 can be specified as follows:

| € Million                                    | Other assets              |            | Liabilities from financing activities    |                                      | Total         |
|--|---------------------------|------------|--|--------------------------------------|---------------|
|  | Cash and cash equivalents | Deposits   | Non-current interest-bearing liabilities | Current interest-bearing liabilities |               |
| <b>At 1 January</b>                          | <b>47</b>                 | <b>0</b>   | <b>-2,872</b>                            | <b>-104</b>                          | <b>-2,929</b> |
| Cash flows <sup>1</sup>                      | 60                        | 100        | -491                                     | 104                                  | -227          |
| Reclassification from non-current to current | 0                         | 0          | 331                                      | -331                                 | 0             |
| Other non-cash movements                     | 0                         | 0          | -26                                      | 0                                    | -26           |
| <b>At 31 December</b>                        | <b>107</b>                | <b>100</b> | <b>-3,058</b>                            | <b>-331</b>                          | <b>-3,182</b> |

<sup>1</sup> The total incoming cash flow from borrowings in 2021 amounts to € 866 million and the total outgoing cash flow from loans repaid in 2021 amounts to € 479 million.

Changes in net interest-bearing liabilities in 2020 can be specified as follows:

| € Million                                    | Other assets              |          | Liabilities from financing activities    |                                      | Total         |
|--|---------------------------|----------|--|--------------------------------------|---------------|
|  | Cash and cash equivalents | Deposits | Non-current interest-bearing liabilities | Current interest-bearing liabilities |               |
| <b>At 1 January</b>                          | <b>62</b>                 | <b>0</b> | <b>-1,868</b>                            | <b>-828</b>                          | <b>-2,634</b> |
| Cash flows <sup>1</sup>                      | -15                       | 0        | -997                                     | 760                                  | -252          |
| Reclassification from non-current to current | 0                         | 0        | 33                                       | -33                                  | 0             |
| Changes in other non-cash generating units   | 0                         | 0        | -40                                      | -3                                   | -43           |
| <b>At 31 December</b>                        | <b>47</b>                 | <b>0</b> | <b>-2,872</b>                            | <b>-104</b>                          | <b>-2,929</b> |

<sup>1</sup> The total incoming cash flow from borrowings in 2020 amounts to € 2,804 million and the total outgoing cash flow from loans repaid in 2020 amounts to € 2,568 million.

### 32. FINANCING POLICY AND RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

#### GENERAL

The financing policy of Enexis Groep is aimed at securing the independent financing of Enexis by providing timely, permanent and sufficient access to capital and money markets while optimising the financing structure, costs and risks. The execution of the financing policy is laid down in the Treasury Charter, which contains the Treasury department's objectives, task description and mandate, reporting, risk management, and organisational and administrative frameworks for financing.

The funding of Enexis Groep takes place by means of external funding raised by Enexis Holding N.V., which funding is then loaned inter-company to the group companies. As part of its business operations, Enexis Holding N.V. is exposed to a number of risks, including market risk, credit risk, solvency risk, liquidity risk and process risk. One of the objectives of the financing policy is to minimise the effect of the above-mentioned risks on the financial results and equity position. Enexis Holding N.V. can make use of financial instruments and derivatives for this purpose.

#### MARKET RISK

Market risk relates to changes in the value of cash flows and financial instruments as a result of changes in market interest rates, foreign exchange rates and market prices. Enexis Holding N.V. and its group companies do not hold any financial instruments for trading purposes.

Market risk consists of interest rate risk, foreign exchange rate risk, and commodity price risk:

#### INTEREST RATE RISK

The interest rate risk partly consists of the risk that the interest component in the regulatory return will be lower in the future. This will have a dampening effect on Enexis's income. The compensation for interest expenses may also be lower than the interest payments laid down in existing loan agreements, while there is also a risk that the interest rates to be paid for future financing will be higher than the current market interest rate. Furthermore, there exists a risk that the value of a financial instrument will change as a result of fluctuations in market interest rates.

The basis for the interest rate risk policy is diversification. By means of diversification in refinancing, financing and maturities of loans, interest rate fixing and interest-typical maturity (fixed or floating), type of loan and possibly geographical diversification over financing markets, availability is ensured and the interest rate risk is reduced.

Within the adopted policy, Enexis Holding N.V. has the option to use derivatives to hedge specific risk positions, including but not limited to the interest rate risk. As in 2020, Enexis Holding N.V. did not use derivatives to hedge interest rate risks in 2021, nor does it have any derivatives outstanding.

#### Receivables

Enexis limits the interest rate risk on receivables in two ways:

- by matching the maturities of the receivables, including the financial assets such as short-term deposits, with the liquidity forecast; and
- by agreeing contractual interest rates beforehand with regard to the financial assets until the expiry date of the concluded contracts. Only part of the surplus cash and cash equivalents may be invested with a short horizon or at a floating interest rate to ensure diversification and flexibility.

### Borrowed capital

Interest-bearing loans had the following maturities, interest rates and maturity dates at year-end 2021:

| € Million                                       | Nominal value | Book value   | Contractual maturity date | Initial contract period (years) | Remaining period (years) | Interest |
|---|---------------|--------------|---------------------------|---------------------------------|--------------------------|----------|
| Convertible hybrid shareholders' loan Tranche A | 422           | 422          | 30 november 2080          | 60                              | 58.9                     | 2.1%     |
| Convertible hybrid shareholders' loan Tranche B | 78            | 78           | 30 november 2080          | 60                              | 58.9                     | 1.4%     |
| Euro Medium-Term Notes (Green bond)             | 500           | 491          | 14 april 2033             | 12                              | 11.3                     | 0.4%     |
| Euro Medium-Term Notes (Green bond)             | 500           | 498          | 17 june 2032              | 12                              | 10.5                     | 0.6%     |
| Euro Medium-Term Notes                          | 500           | 497          | 2 july 2031               | 12                              | 9.5                      | 0.8%     |
| Euro Medium-Term Notes                          | 500           | 496          | 28 april 2026             | 10                              | 4.3                      | 0.9%     |
| Euro Medium-Term Notes                          | 500           | 499          | 20 october 2023           | 8                               | 1.8                      | 1.5%     |
| Euro Medium-Term Notes                          | 300           | 300          | 26 january 2022           | 10                              | 0.1                      | 3.4%     |
| Private green loan                              | 2             | 2            | 26 april 2023             | 10                              | 1.4                      | 1.7%     |
| Lease liabilities                               | 106           | 106          | miscellaneous             | miscellaneous                   | 7.2                      | 0.2%     |
| <b>Total</b>                                    | <b>3,408</b>  | <b>3,389</b> |                           |                                 |                          |          |

The fair value of the interest-bearing loans (excluding lease liabilities) amounted to approximately € 3,350 million at year-end 2021 (year-end 2020: € 3,025 million). The fair value of bond loans is based on their listed prices and the fair value of other loans, including the convertible hybrid shareholders' loan, is based on the calculation method based on the Euro Utility (A) BFV yield curve as at 31 December 2021. In the calculation of the fair value of the convertible hybrid shareholders' loan a mark-up for the subordinated and illiquid character of the loan is taken into account. The fair value of the interest-bearing loans has increased due to the listed green bond of € 500 million issued in 2021. On the other hand, the issue of Euro Commercial Paper and bilateral cash loans decreased at year-end 2021 compare to year-end 2020 by in total € 70 million.

At year-end 2021, all interest-bearing loans were fixed-interest loans.

The bonds concern "level 1" financial instruments. For Enexis Holding N.V., this means that the fair value is based on listed prices in an active market. The other loans, including the convertible hybrid shareholders' loan, concern "level 2" financial instruments. This means that for Enexis Holding N.V., the fair value is based on the discounting of the nominal cash flows at applicable market discounting curves.

### FOREIGN EXCHANGE RATE RISK

Enexis may be exposed to foreign exchange rate risk when issuing financial instruments and when making purchases in currencies other than the euro. It is Enexis Holding N.V.'s policy to directly hedge most of the exchange rate risk when issuing financial instruments in foreign currencies.

The total amount of cash and cash equivalents, receivables, and liabilities held in foreign currencies was minimal at the end of 2021, which means that foreign exchange rate risks and sensitivity to foreign exchange rate fluctuations were not relevant. As in 2020, Enexis Holding N.V. did not use derivatives to hedge foreign exchange rate risks in 2021, nor does it have any derivatives outstanding to hedge foreign exchange rate risks.

### COMMODITY PRICE RISK

Enexis is mainly exposed to fluctuations in energy prices. Grid losses are set off by means of the purchase of energy. The energy price risk is largely limited by repeatedly fixing the price a number of years in advance by means of the purchase of forward contracts so that the forecast quantity has already been purchased physically at the beginning of the year.

The forward contracts are concluded for own use and therefore do not qualify as derivatives in accordance with IFRS 9. Therefore, the forward contracts have not been recognised in the balance sheet at year-end 2021. For more information about the long-term financial liabilities in connection with forward contracts, reference is made to note 34. Off-balance sheet liabilities.

### CREDIT RISK

The credit risk is the risk of sustaining a loss in the event that a counter party is unable or unwilling to fulfil its obligations. The majority of the activities of Enexis Holding N.V. and its group companies are regulated. The debtor risks in regulated markets are lower than the debtor risks in liberalised energy markets. For all low-volume consumer debtors with regard to the to be paid grid payments, the receivables are collected by the energy suppliers who bear the debtor risk with regard to the end customer. However, Enexis Netbeheer B.V. does run a debtor risk with regard to the energy suppliers. Despite the higher energy prices in 2021, the debtor risk with regard to energy suppliers did not increase significantly.

The maximum credit risk is, in principle, equal to the carrying amount of the receivables and current assets.

Liquidity surpluses are placed, at market terms and conditions, with financial institutions and investment funds that are subject to the supervision of a central bank or legally appointed supervisor and with Dutch national or regional grid operators that satisfy the specified minimal rating requirements, or with the Dutch government in securities guaranteed by the Dutch government. In addition, Enexis aims to spread investment risks by observing counter party limits in combination with minimum rating requirements.

## SOLVENCY AND LIQUIDITY RISK

### SOLVENCY RISK

Solvency risk is the risk that Enexis's equity or capital base is insufficient to allow it to meet its obligations in the long term. We aim for at least an A credit rating profile (A/A2 with a stable outlook) for both Enexis Holding N.V. and Enexis Netbeheer B.V. This objective is monitored on the basis of defined minimum financial ratios as set out in the section 'Capital Management'. This credit rating ensures that Enexis Holding N.V. has sufficient access to international capital markets.

### LIQUIDITY RISK AND CONTRACTUAL TERM ANALYSIS

#### Liquidity risk

Liquidity risk concerns the risk that Enexis Groep will not be able to meet its short-term payment obligations.

As a minimum, Enexis Holding N.V. aims for an "adequate" liquidity profile in accordance with the current definitions applied by rating agency S&P for regulated grid operators, which includes liquidity requirements always being covered for a year in advance with a safety buffer of 10%. Enexis Holding N.V. regularly evaluates and adjusts its liquidity profile for the long, medium and short term.

To hedge the liquidity risk, Enexis Holding N.V. has access to a € 850 million committed revolving credit facility (RCF) of which € 164 million mature in December 2024 and € 686 million mature in December 2025.

Enexis Holding N.V. did not make use of this RCF in 2021; however, Enexis retains this facility for any unforeseen liquidity requirements. In order to retain the RCF, Enexis Holding N.V. has contractual obligations to the participating banks.

In addition to an availability fee, these obligations mainly concern providing information to the banks involved, satisfying the usual financial covenants and other general covenants that are customary for these facilities, such as pari passu and negative pledge. There are no financial covenants tied to the RCF.

Furthermore, Enexis Holding N.V., Enexis Netbeheer B.V., Enexis Vastgoed B.V., Enexis Personeel B.V., Fudura B.V. and Enpuls B.V. have placed all bank accounts in a cash pool. An uncommitted credit facility of € 30 million has been made available to this cash pool.

Enexis Holding N.V. had a consolidated positive cash balance of € 107 million at the end of 2021, of which €105 million in excess liquidity was placed in money market funds (year-end 2020: a positive net balance of € 47 million).

### Contractual term analysis

The table below shows the contractual non-discounted cash flows at year-end 2021:

| € Million                                | < 1 month  | < 3 month | 3-12 month | 1-5 year     | > 5 year     | Total        |
|--|------------|-----------|------------|--------------|--------------|--------------|
| Non-current interest-bearing liabilities | 0          | 0         | 0          | 1,072        | 1,986        | 3,058        |
| Trade and other payables                 | 168        | 0         | 118        | 0            | 0            | 286          |
| Current interest-bearing liabilities     | 303        | 5         | 23         | 0            | 0            | 331          |
| Interest on interest-bearing liabilities | 1          | 0         | 31         | 96           | 86           | 214          |
| <b>Total</b>                             | <b>472</b> | <b>5</b>  | <b>172</b> | <b>1,168</b> | <b>2,072</b> | <b>3,889</b> |

The contractual and non-discounted cash flows at year-end 2020 amounted to:

| € Million                                | < 1 month  | < 3 month | 3-12 month | 1-5 year   | > 5 year     | Total        |
|--|------------|-----------|------------|------------|--------------|--------------|
| Non-current interest-bearing liabilities | 0          | 0         | 0          | 883        | 1,989        | 2,872        |
| Trade and other payables                 | 177        | 0         | 119        | 0          | 0            | 296          |
| Current interest-bearing liabilities     | 73         | 5         | 26         | 0          | 0            | 104          |
| Interest on interest-bearing liabilities | 0          | 0         | 39         | 100        | 92           | 231          |
| <b>Total</b>                             | <b>250</b> | <b>5</b>  | <b>184</b> | <b>983</b> | <b>2,081</b> | <b>3,503</b> |

### PROCESS RISK

Process risk consists of the risks associated with setting up the organisation, the procedures and the activities of the Treasury department of Enexis Holding N.V. These risks are hedged by an organisational segregation of duties between the front office and the back office, as well as by means of the adopted financing policy, the Treasury Charter, the Treasury Control Framework and related internal assessments and internal audits.

### CAPITAL MANAGEMENT

The capital managed by the company includes the share capital paid up by shareholders and the accrued general reserves.

The capital management of Enexis Groep is aimed at maintaining a financially healthy capital structure and at least an A credit rating profile (A2/A with a stable outlook) for Enexis Holding N.V. and Enexis Netbeheer B.V. to support the continuity of its operations and to be able to realise planned investments.

In this process, Enexis Groep aims to achieve a return on equity for the shareholders as defined by the Netherlands Authority for Consumers & Markets (ACM) taking into account the interests of lenders and other stakeholders of Enexis Groep.



In order to achieve the objective of maintaining at least an A credit rating profile and a financially robust capital structure, the following financial ratios are pursued:

|   | Standard | Actual 2021 | Actual 2020 |
|---|----------|-------------|-------------|
| FFO-interest coverage <sup>1</sup>  | ≥ 3,5    | 19.3        | 15.8        |
| FFO/net interest-bearing liabilities <sup>1</sup>   | ≥ 16%    | 22%         | 20%         |
| Net interest-bearing liabilities / (equity + net interest-bearing liabilities) <sup>1</sup> | ≤ 60%    | 41%         | 39%         |

<sup>1</sup> For definitions, please refer to the glossary.

The long-term credit rating issued by Standard & Poor's (S&P) for Enexis Holding N.V. and Enexis Netbeheer B.V. was changed to A+ with a negative outlook (was previously A+ with a stable outlook). Due to the lower regulatory cost of capital compensation during 2022-2026, S&P does not consider it likely that Enexis can maintain the financial ratio FFO/net interest-bearing liabilities above the threshold value that corresponds with the current credit rating within the coming 24 months without extra measures. Moody's only issues a credit rating for Enexis Holding N.V. and this remained unchanged at Aa3 stable outlook. The long-term credit ratings at year-end 2021 of Aa3/A+ satisfy the internal requirements for maintaining an A credit rating profile.

The short-term credit rating of Enexis Holding N.V. at year-end 2021 was: P-1 (Moody's) and A-1 (Standard and Poor's) and was unchanged.

By complying with the key financial ratios and maintaining the current credit rating, Enexis Groep amply satisfies its statutory requirements concerning capital ratios and creditworthiness (Besluit financieel beheer netbeheerders - Network Operator Financial Management Decree) as well as the financial covenants under existing financing agreements.

Enexis Groep manages its capital structure and adjusts its capital structure to changes in economic conditions and statutory or regulatory requirements taking into account the target minimum key financial ratios. In order to maintain or adjust its capital structure, subject to specific conditions, Enexis Groep can revise its dividend policy, distribute capital to shareholders, or issue new shares.

### GROUP FUNDING

Group funding takes place within Enexis Groep, which means that Enexis Holding N.V. raises the necessary funding for the whole Enexis Groep on external capital markets and money markets, as well as, if necessary, makes use of credit facilities agreed with banks. All companies also have a current account relationship with Enexis Holding N.V. so that inter-company receivables and liabilities can be set off against one another internally.

Externally-raised funding is loaned to other group companies via inter-company loans and settled via the bank accounts or internal current account of the group companies and included in the joint cash pool. Interest and balance compensation takes place within the cash pools (notional cash pooling). The inter-company loans and cash-pool structure comply with the legal requirements for the group financing of grid companies, under which the grid operator may not provide security or assume liability for the financing of non-regulated activities.

Distinction is made between regulated and non-regulated activities when determining the financing conditions and interest rates of inter-company loans. Group funding for regulated activities takes place based on equal conditions and interest rates relative to financing externally raised by Enexis Holding N.V., assuming that Enexis Holding N.V. and Enexis Netbeheer B.V., as grid operators with regulated activities, both have equivalent creditworthiness / credit ratings. Group funding for non-regulated activities occurs according to conditions and at interest rates established on an arm's length basis, resulting in a market interest surcharge on top of the standard market interest rates that corresponds to the estimated credit risk of the relevant company.

Funding of associates is also carried out by Enexis Holding N.V. on an arm's length basis according to conditions and a market interest surcharge on top of the standard market interest rates established for each associate.

For the interest rates within the joint cash pool, a distinction is also made between regulated and non-regulated activities by setting up two sub-cash pools. The regulated sub-cash pool comprises the bank accounts of grid operator Enexis Netbeheer B.V. and the interest calculation is based on the current account rate agreed with the bank. The non-regulated sub-cash pool comprises the bank accounts of the other group companies, including Enexis Holding N.V., with a market interest surcharge applied above the bank's rate.

The benefits of the group funding are allocated to Enexis Holding N.V. and Enexis Netbeheer B.V.

### 33. RELATED PARTY DISCLOSURES

Transactions with related parties are conducted at arm's length prices and conditions. Year-end receivables and payables are settled in cash. No guarantees were received or issued in connection with assets and liabilities of related parties. The adjustment for doubtful receivables was zero.

In 2021, Enexis Holding N.V. classified the shareholders and their affiliates, associates and senior officials as related parties. The shares of Enexis Holding N.V. are held by Dutch provinces and municipalities.

No purchase transactions outside the course of the company's regular operations took place with major shareholders (interest >20%) in 2021. The total amount of liabilities at the end of 2021 amounted to nil.



Shareholders' loans provided by the shareholders amounted to € 500 million at year-end 2021 (2020: € 500 million). Interest payments on these loans amounted to € 10 million in 2021 (2020: € 3 million). Dividend payments to shareholders amounted to € 75 million (2020: € 105 million).

There were no transactions with affiliates of shareholders other than in the course of regular operations.

With own associates and participations, sales transactions were concluded amounting to € 2 million (2020: € 2 million) and purchase transactions were concluded amounting to € 30 million (2020: € 21 million).

The total value of liabilities to associates at year-end 2021 amounted to nil (2020: nil).

Loans provided by Enexis Holding N.V. to associates at year-end 2021 amounted to € 19 million (2020: € 20 million). Loans provided to Enexis Holding N.V. by associates at year-end 2021 amounted to nil (2020: nil).

A dividend of € 8 million was received from an associate in 2021 (2020: nil).

The term "senior officials" is used to refer to members of the Executive and Supervisory Boards. Transactions with senior officials only concern remunerations. For more information, please refer to note 35. Remuneration of the Executive Board and the Supervisory Board.

The non-consolidated associates of Enexis Holding N.V. or its affiliates are listed below.

|                                      | Registered office | Equity stake held by Enexis Holding N.V. 31 December 2021 | Equity stake held by Enexis Holding N.V. 31 December 2020 | Structure of division of |
|--------------------------------------|-------------------|---|---|--------------------------|
| ZEBRA Gasnetwerk B.V. <sup>1</sup>   | Bergen op Zoom    | 67%   | 67%   | Enexis Netbeheer B.V.    |
| Energie Data Services Nederland B.V. | Arnhem            | 23%   | 23%   | Enexis Netbeheer B.V.    |

<sup>1</sup> Associate is not included in the consolidation as there is no significant influence (decisions are made with a majority of 75%).

### 34. OFF-BALANCE SHEET COMMITMENTS AND ASSETS

#### LONG-TERM FINANCIAL LIABILITIES

The long-term financial liabilities (with the exception of the purchase of materials) amounted to € 333 million at year-end 2021 (2020: € 200 million).

| € Million                           | 2021       |            |          | 2020       |           |          |
|-------------------------------------|------------|------------|----------|------------|-----------|----------|
|                                     | < 1 year   | 1-5 year   | > 5 year | < 1 year   | 1-5 year  | > 5 year |
| Service agreements                  | 13         | 0          | 0        | 12         | 0         | 0        |
| IT                                  | 32         | 21         | 0        | 26         | 30        | 0        |
| Grid loss                           | 79         | 170        | 0        | 65         | 50        | 0        |
| Investment and financing obligation | 12         | 3          | 0        | 11         | 3         | 0        |
| Others                              | 1          | 2          | 0        | 0          | 2         | 1        |
| <b>Total</b>                        | <b>137</b> | <b>196</b> | <b>0</b> | <b>114</b> | <b>85</b> | <b>1</b> |

#### LEGAL PROCEEDINGS AND DISPUTES

Enexis Holding N.V. and its group companies were involved in various legal proceedings and disputes at year-end 2021. Based on the financial risk, provisions have been made or liabilities have been included in the financial statements with respect to the claims received.

#### GUARANTEES ISSUED

Enexis Holding N.V. has issued guarantees to third parties through its group companies Enexis Netbeheer B.V., Enexis Personeel B.V., Fudura B.V., Enexis Vastgoed B.V. and Enpuls B.V. for a total of € 6 million (2020: € 6 million).

Guarantees were issued to SPIE at the time of Ziut's sale in 2017. This concerns title guarantees, taxation-related guarantees and securities that were issued in the period prior to the sale, whereby liability is limited to a maximum of 7 years after the transaction date and where threshold amounts were also agreed.

#### LESSOR RECEIVABLES

As lessor, Enexis Groep has made assets available under operating leases, mainly related to compact substations, fields and transformers. The lease receivables have a term between 5 and 15 years. All lease agreements contain a clause providing for an annual adjustment to the lease amounts based on the price level as at 1 July. No guarantees are provided for the residual values of any assets supplied under lease. Rental income from operating leases amounted to € 114 million (2020: € 128 million). The assets made available in operational lease are owned by Fudura B.V. These assets have been classified as assets held for sale at year-end 2021. For more information, reference is made to note 21. Assets held for sale.

**RISK MANAGEMENT**

Enexis Groep has incorporated retention of title in its lease agreements in order to reduce the risks associated with assets supplied under lease (as lessor). In addition, the general terms and conditions include a section on compensation in the event of breach of contract.

The minimum lease receivables under non-cancellable operating leases as at 31 December 2021 (and 2020) were as follows:

| € Million        | < 1 year  | 1-5 years | > 5 years | Total 2021 |
|------------------|-----------|-----------|-----------|------------|
| Compact stations | 4         | 11        | 7         | 22         |
| Fields           | 4         | 12        | 6         | 22         |
| Transformators   | 15        | 36        | 17        | 68         |
| Other            | 0         | 1         | 1         | 2          |
| <b>Total</b>     | <b>23</b> | <b>60</b> | <b>31</b> | <b>114</b> |

| € Million        | < 1 year  | 1-5 years | > 5 years | Total 2020 |
|------------------|-----------|-----------|-----------|------------|
| Compact stations | 4         | 12        | 7         | 23         |
| Fields           | 5         | 14        | 6         | 25         |
| Transformators   | 16        | 43        | 20        | 79         |
| Other            | 0         | 0         | 1         | 1          |
| <b>Total</b>     | <b>25</b> | <b>69</b> | <b>34</b> | <b>128</b> |

**35. REMUNERATION OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD****THE DUTCH STANDARDS FOR REMUNERATION OF SENIOR OFFICIALS IN THE PUBLIC AND SEMI-PUBLIC SECTOR ACT (WNT) ACCOUNTABILITY**

The Dutch Standards for Remuneration of Senior Officials in the Public and Semi-Public Sector Act (WNT) is not applicable to Enexis Holding N.V.; however, it is applicable to Enexis Netbeheer B.V. Up to and including the financial year 2020, Enexis included the WNT accountability information in the consolidated financial statements of Enexis Holding N.V. Accountability regarding the compliance with the WNT, based on the remuneration that Executive Board and Supervisory Board members receive for their activities for the whole Enexis Groep, was included in the financial statements. Recent developments in the interpretation of the WNT have led to Enexis's choice to no longer include the WNT accountability in these financial statements as of the financial year 2021.

The statutory mandatory WNT accountability pertaining to the remuneration of the senior officials for their activities for Enexis Netbeheer B.V. is included in the financial statements of Enexis Netbeheer B.V. The total remuneration of the Executive Board and the Supervisory Board of Enexis Holding N.V., that they receive for their activities for the whole Enexis Groep, is included in the financial statements of Enexis Holding N.V.

**REMUNERATION EXECUTIVE BOARD**

The remuneration policy for the Executive Board of Enexis Holding N.V. was adopted by the General Meeting of Shareholders on 5 December 2012 and came into effect on 1 January 2013. The decision was taken at the time to set the remuneration level of the Executive Board of Enexis within the framework of the WNT. The remuneration of Executive Board members consists of a gross annual salary, a pension provision, and other employee benefits.

**FIXED GROSS MONTHLY SALARY**

As the remuneration level of positions with comparable complexity and impact on society is considerably higher than the absolute maximised WNT norm, the decision was taken to set the remuneration of the Executive Board and the Supervisory Board of Enexis at the maximum level permitted by the WNT. A variable remuneration component has not been included in the remuneration policy.

**PENSION**

Executive Board members participate in the pension scheme that is administrated by the Stichting Pensioenfonds ABP, in accordance with the pension rules that apply to the employees of Enexis. Executive Board members are required to pay a contribution for participation in the pension scheme.

**OTHER EMPLOYEE BENEFITS**

Enexis Personeel B.V., a subsidiary of Enexis Holding N.V., acts as the employer of the members of the Executive Board. A contract for an indefinite period has been entered into with all members of the Executive Board, in accordance with the remuneration policy adopted at the end of 2012. This policy deviates from the guidelines in the Corporate Governance Code. However, the Supervisory Board sees no reason to opt for a remuneration policy in which contracts are concluded for a fixed term. A remuneration policy with employment contracts for an indefinite period suffices, as there are sufficient possibilities to take measures in the event that a member of the Executive Board does not function properly.

The point of departure is that the Grid Operators collective labour agreement and the Enexis company collective labour agreement, which both apply to the personnel employed by Enexis, do not apply to the members of the Executive Board. Relevant employee benefits pursuant to these collective labour agreements can, however, be declared applicable, if and insofar as they are admissible within the WNT. Executive Board members are thus entitled to holiday and leave days, a pension



scheme, and the occupational disability scheme in accordance with the Grid Operators collective labour agreement. Furthermore, the remuneration policy comprises a fixed expense allowance, a company car, accident insurance, and a directors' liability insurance. No loans or advances have been provided to Executive Board members.

#### EXECUTION OF REMUNERATION POLICY

The Supervisory Board is responsible for the execution of the adopted remuneration policy for the Executive Board.

#### REMUNERATION OF THE SUPERVISORY BOARD

The General Meeting of Shareholders adopted the remuneration policy for Supervisory Board members on 18 April 2016. The maximum remuneration of the chairman of the Supervisory Board is set at 15% and that of the members is set at 10% of the general maximum WNT remuneration level. The Supervisory Board members are also entitled to an expense allowance. Liability insurance has been concluded for the Supervisory Board members.

#### REMUNERATION OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD

The remuneration of the Executive Board amounted to € 1.02 million in 2021 (2020: € 0.79 million). This increase is mainly attributable to the fact that the number of Executive Board members was increased from two to four members as of September 2020. The remuneration of the Supervisory Board amounted to € 0.11 million in 2021 (2020: € 0.10 million)<sup>1</sup>. A specification is provided of the remuneration of the Executive Board of Enexis Holding N.V. in the table below. Such a specification is not included for the Supervisory Board as the total compensation pertains to the category 'Periodic fees'.

| € Million   | 2021        | 2020        |
|---|-------------|-------------|
| Short-term employee benefits                        | 0.82        | 0.60        |
| Pension costs and other long-term employee benefits | 0.12        | 0.11        |
| Termination benefits                                | 0.08        | 0.08        |
| <b>Total</b>  | <b>1.02</b> | <b>0.79</b> |

#### 36. EVENTS AFTER THE BALANCE SHEET DATE

There are no events after the balance sheet date that have an impact on these financial statements.

<sup>1</sup> The remuneration of the Executive Board and the Supervisory Board specified in note 35 includes the social security contributions based on the expenses that can be attributed to the financial year. The remuneration concept applied thus deviates from the remuneration concept set out in the The Dutch Standards for Remuneration of Senior Officials in the Public and Semi-Public Sector Act (WNT).





# COMPANY FINANCIAL STATEMENTS 2021

## COMPANY INCOME STATEMENT

| € Million                            | Notes | 2021       | 2020       |
|--------------------------------------|-------|------------|------------|
| Share of result of group companies   | 37    | 216        | 152        |
| Other operating expenses             | 38    | 1          | 0          |
| <b>Operating profit</b>              |       | <b>215</b> | <b>152</b> |
| Financial income                     | 39    | 38         | 41         |
| Financial expenses                   | 39    | 44         | 43         |
| <b>Financial income and expenses</b> |       | <b>-6</b>  | <b>-2</b>  |
| <b>Profit before tax</b>             |       | <b>209</b> | <b>150</b> |
| Corporate income tax expense         | 40    | -10        | -42        |
| <b>Profit for the year</b>           |       | <b>199</b> | <b>108</b> |

**COMPANY BALANCE SHEET****(BEFORE PROFIT APPROPRIATION PROPOSAL)**

| € Million                        | Notes | 31 December 2021 | 31 December 2020 |
|----------------------------------|-------|------------------|------------------|
| <b>Assets</b>                    |       |                  |                  |
| Investments in group companies   | 41    | 4,663            | 4,519            |
| Other financial assets           | 42    | 2,542            | 2,351            |
| <b>Non-current assets</b>        |       | <b>7,205</b>     | <b>6,870</b>     |
| Receivables                      | 43    | 173              | 404              |
| Other financial assets (current) | 44    | 415              | 13               |
| Cash and cash equivalents        | 45    | 107              | 47               |
| <b>Current assets</b>            |       | <b>695</b>       | <b>464</b>       |
| <b>Total assets</b>              |       | <b>7,900</b>     | <b>7,334</b>     |

| € Million                                | Notes | 31 December 2021 | 31 December 2020 |
|--|-------|------------------|------------------|
| <b>Liabilities</b>                       |       |                  |                  |
| Issued and paid-up share capital         |       | 150              | 150              |
| Share premium reserve                    |       | 2,436            | 2,436            |
| Hedge reserve                            |       | 0                | -1               |
| General reserve                          |       | 1,456            | 1,423            |
| Profit for the year                      |       | 199              | 108              |
| <b>Equity</b>                            | 46    | <b>4,241</b>     | <b>4,116</b>     |
| Deferred tax liability                   | 47    | 354              | 335              |
| <b>Provisions</b>                        |       | <b>354</b>       | <b>335</b>       |
| Non-current interest-bearing liabilities | 48    | 2,983            | 2,789            |
| <b>Non-current liabilities</b>           |       | <b>2,983</b>     | <b>2,789</b>     |
| Trade and other payables                 | 49    | 20               | 18               |
| Current interest-bearing liabilities     | 50    | 300              | 70               |
| Corporate income tax                     | 51    | 2                | 6                |
| <b>Current liabilities</b>               |       | <b>322</b>       | <b>94</b>        |
| <b>Total liabilities</b>                 |       | <b>7,900</b>     | <b>7,334</b>     |



# EXPLANATORY NOTES TO THE COMPANY FINANCIAL STATEMENTS

## **ACCOUNTING PRINCIPLES GOVERNING THE FINANCIAL REPORTING**

The company financial statements of Enexis Holding N.V. have been prepared in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code. The accounting principles applied are the same as those applied to the consolidated financial statements in accordance with the provisions of Section 362:8, Title 9, Book 2 of the Dutch Civil Code, in which investments in group companies are recognised based on the equity method of the assets.

The company financial statements of Enexis Holding N.V. consist of the company income statement, the company statement of comprehensive income and the company balance sheet. The notes to the financial summaries included in the company financial statements form an integral part of the company financial statements of Enexis Holding N.V.

Enexis Holding N.V. is a public limited liability company under Dutch law. Approximately 76% of the shares of Enexis are held by five Dutch provinces and approximately 24% of the shares are held by 85 municipalities.

The carrying amounts of the parties included in the consolidation are determined according to the equity method, which is based on the accounting principles governing the consolidated financial statements. The economic interest is initially valued at cost, whereby the carrying amount is increased or decreased after initial recognition in tandem with the share in the results. Dividends received are deducted from the carrying amount.

Enexis Holding N.V. uses the euro as its functional currency. Unless stated otherwise, all amounts are in millions of euros. For the accounting principles, please refer to the accounting principles for the financial reporting of the consolidated financial statements.

# NOTES TO THE COMPANY FINANCIAL STATEMENTS

## 37. SHARE IN RESULTS OF GROUP COMPANIES

| € Million             | 2021       | 2020       |
|-----------------------|------------|------------|
| Enexis Netbeheer B.V. | 185        | 143        |
| Fudura B.V.           | 23         | 20         |
| Enexis Vastgoed B.V.  | 0          | 0          |
| Enexis Personeel B.V. | 16         | 0          |
| Enpuls B.V.           | -8         | -11        |
| <b>Total</b>          | <b>216</b> | <b>152</b> |

Enexis Personeel B.V. and Enexis Vastgoed B.V. only provide services to the other operating entities within Enexis Groep, consequently a full settlement of costs has taken place.

## 38. OTHER OPERATING EXPENSES

| € Million                | 2021     | 2020     |
|--------------------------|----------|----------|
| Other operating expenses | 1        | 0        |
| <b>Total</b>             | <b>1</b> | <b>0</b> |

## 39. FINANCIAL INCOME AND EXPENSES

Interest income and expenses are allocated to the period to which they relate based on time proportionality, using the effective interest method. Construction period interest is applied to investment projects with estimated durations of more than 12 months.

| € Million                            | 2021      | 2020      |
|--------------------------------------|-----------|-----------|
| Interest income                      | 38        | 41        |
| <b>Total financial income</b>        | <b>38</b> | <b>41</b> |
| Other financial expenses             | 44        | 43        |
| <b>Total financial expenses</b>      | <b>44</b> | <b>43</b> |
| <b>Financial income and expenses</b> | <b>-6</b> | <b>-2</b> |

The increase in financial expenses was caused by the refinancing of the bond loan of € 500 million with an interest rate of 1,875%, which was repaid in November 2020. This bond loan was refinanced mid-2020 with the convertible hybrid shareholders' loan (Tranche A and B) of € 500 million with a higher average interest rate of 2.03%. In addition, the interest expenses of this shareholders' loan as well as the interest expenses of the first green bond of € 500 million with an interest rate of 0.625% issued in June 2020 are completely recognised in the financial income and expenses in 2021.

The increase was also caused by the issue of a second green bond in April 2021 of € 500 million with an interest rate of 0.375% as well as higher interest expenses for excess cash placed in deposits and in money market funds.

## 40. TAXES

As head of the fiscal unity, Enexis Holding N.V. is liable for the corporate income tax payable by the fiscal unity. The tax on the result for the reporting period comprises payable corporate income tax, deferred corporate income tax, and corrections from previous years. The corporate income tax that Enexis Holding N.V. charges to the group companies in the fiscal unity is offset with these amounts.

Taxes are recognised in the income statement, except insofar as they relate to items recognised directly in equity.

| € Million                                 | 2021      | 2020      |
|---|-----------|-----------|
| Corporate income tax expense              | 10        | 42        |
| <b>Total corporate income tax expense</b> | <b>10</b> | <b>42</b> |

Corporate income tax amounted to € 10 million for 2021, which is mainly attributable to a non-recurring tax expense of € 11 million. The highest corporate income tax rate will be increased to 25.8% as of the year 2022 (2021: 25%). This change has led to a recalculation of the deferred tax liability and thus to a non-recurring tax expense of € 11 million. The non-recurring tax expense in connection with the adjustment of the (announced) highest corporate income tax rate amounted to € 42 million in the financial year 2020.

The to be paid corporate income tax is settled with the underlying group companies based on realised commercial results taking into account the applicable exemptions and non-deductible amounts. In the event of changes in the composition of the fiscal unity, deferred tax items are settled between Enexis Holding N.V. and the relevant group company or companies.



The effective tax rate for the whole group was 28.61% in 2021 (2020: 46.18%) as set out in note 11. Taxes in the consolidated financial statements. Due to the fact that a substantial share of the corporate income tax was attributed to group companies, the effective tax rate for Enexis Holding N.V. amounted to 3.73% in 2021 (2020: 28.07%). The effective tax rate for Enexis Holding N.V. was largely influenced by a non-recurring tax expense of € 11 million in 2021.

#### 41. INVESTMENTS IN GROUP COMPANIES

| € Million             | 2021         | 2020         |
|-----------------------|--------------|--------------|
| Enexis Netbeheer B.V. | 4,431        | 4,318        |
| Fudura B.V.           | 174          | 151          |
| Enexis Vastgoed B.V.  | 14           | 14           |
| Enexis Personeel B.V. | 16           | 0            |
| Enpuls B.V.           | 28           | 36           |
| <b>Total</b>          | <b>4,663</b> | <b>4,519</b> |

Changes in the investments in group companies were as follows:

| € Million             | 2021         | 2020         |
|-----------------------|--------------|--------------|
| At 31 January         | 4,519        | 4,440        |
| Profit for the year   | 216          | 152          |
| Dividends paid        | -72          | -111         |
| Capital contribution  | 0            | 38           |
| <b>At 31 December</b> | <b>4,663</b> | <b>4,519</b> |

For the specification of the results for 2021, please refer to note 37. Share in results of group companies. In 2021, dividends of € 72 million for 2020 were received from Enexis Netbeheer B.V. No capital was paid-in in 2021 (2020: € 38 million).

For more information about the investments in group companies, please refer to note 54. Associates and joint arrangements.

#### 42. OTHER FINANCIAL FIXED ASSETS

In the consolidated financial statements, expected credit loss from loans and receivables involving consolidated associates are eliminated. This also applies to loans and receivables involving the consolidated associate with regard to the company's financial statements. When valuing the associate according to the changes in equity method, the associate is regarded as a collection of assets and liabilities rather than an indivisible asset. The effect of expected credit loss on loans and receivables involving associates is also eliminated.

| € Million                        | 2021         | 2020         |
|----------------------------------|--------------|--------------|
| Loans granted to group companies | 2,531        | 2,338        |
| Loans granted to associates      | 11           | 13           |
| <b>Total</b>                     | <b>2,542</b> | <b>2,351</b> |

The conditions as laid down in the current financing arrangements stipulate that no contractual or structural subordination of existing loans in relation to new external financing may occur. In order to avoid 'structural subordination', external financing is contracted by Enexis Holding N.V. The necessary funds for the business operations or investments in the energy grids are lent to Enexis Netbeheer B.V. by Enexis Holding N.V. as a back-to-back loan under the same conditions.

For the relevant conditions, reference is made to note 32. Financing policy and risks associated with financial instruments.

Loans to group companies rose by € 193 million. This increase is mainly attributable to Enexis Holding N.V. subsequently lending the green bond with a nominal value of € 500 million issued in 2021 to Enexis Netbeheer B.V. and also due to the presentation of the bond (€ 300 million) that will be repaid in January 2022 under current liabilities.

In addition, a repayment of in total € 7 million of loans to the group companies Fudura B.V. and Enexis Vastgoed B.V. took place in 2021 and a new current-account facility was agreed with Mijwater Warmte Infra B.V. in 2021. Mijwater Warmte Infra B.V. drew down € 7 million under this current-account facility in 2021. The current-account facility was agreed at arm's length rates and conditions. The drawdown of in total € 7 million by Mijwater Warmte Infra B.V. was recognised under other non-current financial fixed assets.

The loans to associates pertain to drawdowns by EDSN B.V. under the current-account facility with Enexis Holding N.V. Excess liquidity of € 100 million was transferred to short-term deposits as at 31 December 2021.

The fair value of the loans to group companies (including the current portion) amounted to € 2,902 million at year-end 2021 (2020: € 2,503 million).

Changes in other financial fixed assets, including the current portion, are as follows:

| € Million                        | Loans granted to group companies | Loans granted to associates | Deposits   | Total 2021   |
|----------------------------------|----------------------------------|-----------------------------|------------|--------------|
| <b>At 1 January 2019</b>         | <b>2,345</b>                     | <b>19</b>                   | <b>0</b>   | <b>2,364</b> |
| New loans                        | 498                              | 7                           | 125        | 630          |
| Repayments                       | -7                               | -7                          | -25        | -39          |
| Amortisation                     | 2                                | 0                           | 0          | 2            |
| <b>At 31 December 2019</b>       | <b>2,838</b>                     | <b>19</b>                   | <b>100</b> | <b>2,957</b> |
| Less: current portion            | 307                              | 8                           | 100        | 415          |
| <b>Total non-current portion</b> | <b>2,531</b>                     | <b>11</b>                   | <b>0</b>   | <b>2,542</b> |

#### 43. RECEIVABLES

| € Million                                | 2021       | 2020       |
|--|------------|------------|
| Receivables from group companies         | 154        | 389        |
| Interest receivable from group companies | 19         | 15         |
| <b>Total</b>                             | <b>173</b> | <b>404</b> |

Receivables from group companies mainly concern the current account position created by group financing and the settlement of payable corporate income tax.

The item interest receivable relates to the interest to be paid by Enexis Netbeheer B.V.

#### 44. OTHER FINANCIAL ASSETS (CURRENT)

| € Million                        | 2021       | 2020      |
|----------------------------------|------------|-----------|
| Loans granted to group companies | 307        | 7         |
| Loans granted to associates      | 8          | 6         |
| Short-term deposits              | 100        | 0         |
| <b>Total</b>                     | <b>415</b> | <b>13</b> |

The loans granted to group companies relate to the current portion of the loans granted to Enexis Netbeheer B.V., Fudura B.V. and Enexis Vastgoed B.V.

The bond for an amount of € 300 million with an interest rate of 3.375%, which was subsequently lent to Enexis Netbeheer B.V., will be repaid in January 2022 and is therefore recognised under current interest-bearing liabilities.

The loans to associates pertain to the current portion of the drawdowns by EDSN B.V. under the current-account facility with Enexis Holding N.V.

Excess liquidity of € 100 million was transferred to short-term deposits as at 31 December 2021.

#### 45. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are recognised at fair value, which is normally the same as the nominal value. The item only includes cash and cash equivalents payable on demand. Cash and cash equivalents not immediately payable on demand are recognised under other current financial assets, depending on the applicable maturities and conditions.

| € Million                      | 2021       | 2020      |
|--------------------------------|------------|-----------|
| Cash at bank and cash balances | 2          | 47        |
| Money market funds             | 105        | 0         |
| <b>Total</b>                   | <b>107</b> | <b>47</b> |

#### 46. EQUITY

No statutory reserve has been recognised for the cumulative result from minority interests because this result, insofar as not paid out, was nil. For more information, reference is made to note 22. Equity.

#### 47. DEFERRED TAXES

As Enexis Holding N.V. settles the corporate income tax with group companies based on the commercial result, the deferred tax position is presented at the level of Enexis Holding.

Deferred corporate income tax assets and liabilities are created to reflect temporary differences between the carrying value of assets and liabilities in these financial statements and the value in the corporate income tax return. Deferred taxes are recognised at nominal value. The calculation is based on the tax rates expected to apply when the temporary differences are realised. The tax rates in question are those that apply on the reporting date or that already have been materially decided as at the balance sheet date. At year-end 2021, the increase of 0.8% in the highest corporate income tax rate as of 1 January 2022 (as from this date the highest rate is 25.8%) was taken into account in the calculation.

A deferred corporate income tax asset is recognised on the balance sheet if and to the extent that sufficient taxable profits will likely be available. Offsetting deferred tax assets and liabilities only takes place if a formal right to offset exists and the company has the intention to settle the deferred taxes at the same time. The deferred tax liability is mainly of a long-term nature.

The deferred corporate income tax liability is mainly formed due to a lower tax valuation of property, plant and equipment. The differences in valuation originated from the start of the tax obligation (1998), a commercial revaluation (2009), and the tax incentive scheme arbitrary depreciation in 2009, 2010, 2011 and in the second half of 2013. In addition, deferred tax liabilities were recognised for the impact of IFRS 16 (leases).

An amount of € 11 million of the increase in the deferred tax liability is attributable to a non-recurring addition to the deferred tax liability due to the increase in the highest corporate income tax rate as of 1 January 2022. The rate was increased by 0.8% to 25.8% as of that date.

The deferred tax liability can be broken down as follows:

| € Million  | 2021       | 2020       |
|--|------------|------------|
| Deferred corporate income tax liabilities related to fixed assets        | 354        | 335        |
| Deferred corporate income tax liabilities related to right of use assets | 27         | 28         |
| Deferred corporate income tax liabilities related to lease liabilities   | -27        | -28        |
| <b>Total</b>   | <b>354</b> | <b>335</b> |

#### 48. INTEREST-BEARING LIABILITIES (NON-CURRENT)

| € Million                             | 2021         | 2020         |
|---------------------------------------|--------------|--------------|
| Listed notes                          | 2,481        | 2,287        |
| Convertible hybrid shareholders' loan | 500          | 500          |
| Private green loan                    | 2            | 2            |
| <b>Total</b>                          | <b>2,983</b> | <b>2,789</b> |

Non-current interest-bearing liabilities include borrowings that are available to Enexis for a period longer than one year.

The non-current interest-bearing liabilities can be specified as follows, according to the remaining term and interest rate percentages:

| € Million                                       | Interest | Remaining period (years) |          | 2021     |          | 2020  |  |
|---|----------|--------------------------|----------|----------|----------|-------|--|
|   |          | 1-5 year                 | > 5 year | 1-5 year | > 5 year |       |  |
| Convertible hybrid shareholders' loan Tranche A | 2.150%   | 58.9                     | -        | 422      | -        | 422   |  |
| Convertible hybrid shareholders' loan Tranche B | 1.400%   | 58.9                     | -        | 78       | -        | 78    |  |
| Euro Medium-Term Notes (Green bond)             | 0.375%   | 11.3                     | -        | 491      | -        | -     |  |
| Euro Medium-Term Notes (Green bond)             | 0.625%   | 10.5                     | -        | 498      | -        | 497   |  |
| Euro Medium Term Notes                          | 0.750%   | 9.5                      | -        | 497      | -        | 497   |  |
| Euro Medium Term Notes                          | 0.875%   | 4.3                      | 496      | -        | -        | 495   |  |
| Euro Medium Term Notes                          | 1.500%   | 1.8                      | 499      | -        | 498      | -     |  |
| Euro Medium Term Notes                          | 3.375%   | 0.1                      | -        | -        | 300      | -     |  |
| Green loan                                      | 1.700%   | 1.4                      | 2        | -        | 2        | -     |  |
| <b>Total</b>                                    |          |                          | 997      | 1,986    | 800      | 1,989 |  |

The non-current interest-bearing liabilities amount to in total nominal € 3,002 million; deducting the costs to be amortised from these loans results in a book value of € 2,983 million.

The fair value of the non-current interest-bearing liabilities amounted to approximately € 3,040 million at year-end 2021 (year-end 2020: € 2,955 million).

#### 49. TRADE AND OTHER PAYABLES

| € Million        | 2021      | 2020      |
|------------------|-----------|-----------|
| Interest payable | 20        | 18        |
| <b>Total</b>     | <b>20</b> | <b>18</b> |

Interest payable relates to the interest due at year-end on the interest-bearing liabilities.

## 50. INTEREST-BEARING LIABILITIES (CURRENT)

| € Million                   | 2021       | 2020      |
|-----------------------------|------------|-----------|
| Listed notes                | 300        | 0         |
| Euro Commercial Paper Loans | 0          | 50        |
| Cash loans                  | 0          | 20        |
| <b>Total</b>                | <b>300</b> | <b>70</b> |

Current interest-bearing liabilities include borrowings that are available for a period shorter than one year. The amounts for repayments due within one year are included in the current interest-bearing liabilities.

The bond for an amount of € 300 million with an interest rate of 3.375% will be repaid in January 2022 and is therefore recognised under interest-bearing liabilities (current). Due to the issue of the second green bond in April 2021, the drawdowns under the Euro Commercial Paper programme and the cash loan were repaid in 2021.

## 51. CORPORATE INCOME TAX EXPENSE

The corporate income tax consists of the corporate income tax payable less the amounts paid under provisional tax assessments.

For a further explanation of this item, see notes 11 Taxes and 30. Corporate income tax expense of the consolidated financial statements of Enexis Holding N.V.

| € Million                    | 2021     | 2020     |
|------------------------------|----------|----------|
| Corporate Income tax payable | 2        | 6        |
| <b>Total</b>                 | <b>2</b> | <b>6</b> |

## 52. RELATED PARTY DISCLOSURES

Transactions with related parties are conducted at arm's length prices and conditions. Year-end receivables and payables are usually settled in cash. No guarantees were received or issued in connection with assets and liabilities of related parties. The adjustment for doubtful receivables was zero.

Shareholders' loans provided by the shareholders amounted to € 500 million at year-end 2021 (2020: € 500 million). Interest payments on the shareholders' loans amounted to € 10 million in 2021 (2020: € 3 million). Dividend payments to shareholders amounted to € 75 million (2020: € 105 million).

Loans provided to group companies at year-end 2021 amounted to € 2,838 million (2020: € 2,345 million). Loans provided to associates at year-end 2021 amounted to € 19 million (2020: € 19 million).

## 53. REMUNERATION OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD

### REMUNERATION OF THE EXECUTIVE BOARD

For more detailed information, reference is made to note 35. Remuneration of the Executive Board and the Supervisory Board.

### REMUNERATION OF THE SUPERVISORY BOARD

For more detailed information, reference is made to note 35. Remuneration of the Executive Board and the Supervisory Board.

## 54. ASSOCIATES AND JOINT ARRANGEMENTS

### ASSOCIATES

The valuation of economic interests that are not included in the consolidation takes place based on the equity method based on the accounting principles governing the valuation and the determination of the result of Enexis Holding N.V. According to this method, the economic interest is initially valued at cost whereby the carrying amount is increased or decreased after the initial recognition with the share of Enexis Holding N.V. in the result. Dividends received are deducted from the carrying amount.

In the event of a negative net asset value, losses on associates are recognised up to the amount of the net investment in the associate. This net investment also includes loans that have been provided to associates insofar as these loans actually form part of the net investment. A provision is only recognised for the share in further losses in the event and insofar as, based on legal obligations, the debts of the associate are guaranteed.

In the event of a possible impairment of an associate, reference is made to the accounting method as included in the paragraph 'Impairments' in the 'Accounting principles for financial reporting'.

### JOINT ARRANGEMENTS

The financial figures of entities that qualify as joint arrangements are classified as joint ventures or joint operations depending on the statutory and contractual rights and obligations that each investor has stipulated. The existing contractual agreements qualify as joint ventures. Joint ventures are entities in which Enexis, together with one or several other investors, has joint control. These are valued based on the equity method.

| Registered office  | Equity stake held by Enexis Holding N.V. | Equity stake held by Enexis Holding N.V. | division of | Joint and several liability statement |     |
|--|--|--|-------------|---------------------------------------|-----|
|  | 31 December 2021                         | 31 December 2020                         |             |                                       |     |
| <b>Group companies</b>   |  |  |             |                                       |     |
| Enexis Netbeheer B.V.  | 's-Hertogenbosch                         | 100%                                     | 100%        | Enexis Holding N.V.                   | No  |
| Enexis Personeel B.V.  | 's-Hertogenbosch                         | 100%                                     | 100%        | Enexis Holding N.V.                   | Yes |
| Enpuls B.V.  | 's-Hertogenbosch                         | 100%                                     | 100%        | Enexis Holding N.V.                   | Yes |
| Fudura B.V.  | Zwolle                                   | 100%                                     | 100%        | Enexis Holding N.V.                   | Yes |
| Enexis Vastgoed B.V.   | 's-Hertogenbosch                         | 100%                                     | 100%        | Enexis Holding N.V.                   | Yes |
| Enpuls Projecten B.V.  | 's-Hertogenbosch                         | 100%                                     | 100%        | Enpuls B.V.                           | No  |
| Mijnwater Warmte Infra B.V.  | Heerlen                                  | 100%                                     | 100%        | Enpuls Projecten B.V.                 | No  |
| <b>Other associates and joint ventures (non-controlling interests)</b> |  |  |             |                                       |     |
| ZEBRA Gasnetwerk B.V. <sup>1</sup>                                     | Bergen op Zoom                           | 67%                                      | 67%         | Enexis Netbeheer B.V.                 | No  |
| Energie Data Services Nederland B.V.                                   | Baarn                                    | 23%                                      | 23%         | Enexis Netbeheer B.V.                 | No  |
| Entrade Pipe B.V. <sup>2</sup>   | Tilburg                                  | Liquidated                               | 67%         | Zebra Gasnetwerk B.V.                 | No  |
| ZEBRA Activa B.V. <sup>2</sup>   | Middelburg                               | Liquidated                               | 67%         | Zebra Gasnetwerk B.V.                 | No  |
| ZEBRA Pijpleiding V.O.F. <sup>2</sup>                                  | Middelburg                               | Liquidated                               | 67%         | Entrade Pipe B.V.                     | No  |
| Maxem Energy Solutions B.V. <sup>3</sup>                               | Amsterdam                                | 0%                                       | 5%          | Fudura B.V.                           | No  |

<sup>1</sup> Associate is not included in the consolidation because there is no significant influence (decisions are taken with a majority of 75%).

<sup>2</sup> Entrade Pipe BV, ZEBRA Activa BV en ZEBRA Pijpleiding VOF have been liquidated in 2021.

<sup>3</sup> At 31 December 2021 Fudura BV's interest in Maxem Energy Solutions BV (formerly Cohere Energy Solutions BV) was sold. The sale is not material for the financial statements.

## 55. PROFIT APPROPRIATION

Under the articles of association, the profit remaining after the addition to the reserves is at the disposal of the General Meeting of Shareholders (Article 36.2). In addition to these provisions, it has been agreed with the shareholders that the dividend payable during the Strategic Plan period shall not exceed 50% of the net profit, while aiming to distribute a minimum annual dividend of € 100 million. This percentage shall be reduced if this dividend payment places the company at risk of losing its A rating profile within five years.

The proposed dividend distribution for 2021 is based on 50% of the profit from ordinary business operations after tax of € 199 million and shall be distributed to the shareholders as an exact amount pro rata to the number of shares. The proposed dividend distribution for 2021 amounts to € 0.66 per share (2020: € 0.50 per share). This profit appropriation proposal has not been taken into account in the balance sheet as at 31 December 2021.

The proposal for the appropriation of the 2021 result is as follows:

| € Million                         | 2021      | 2020      |
|-----------------------------------|-----------|-----------|
| Profit for the year               | 199       | 108       |
| Allocation to the general reserve | -100      | -33       |
| <b>Proposed dividend</b>          | <b>99</b> | <b>75</b> |

## 56. EVENTS AFTER THE BALANCE SHEET DATE

There are no events after the balance sheet date that have an impact on these financial statements.





The following is an English translation of the combined independent auditor's report and assurance report issued 9 March 2022.

# COMBINED INDEPENDENT AUDITOR'S REPORT AND ASSURANCE REPORT

To: the shareholders and supervisory board of Enexis Holding N.V.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2021 AND SUSTAINABILITY INFORMATION INCLUDED IN THE ANNUAL REPORT

### OUR OPINION ON THE FINANCIAL STATEMENTS

We have audited the financial statements 2021 of Enexis Holding N.V. based in 's-Hertogenbosch. The financial statements comprise the consolidated and company financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Enexis Holding N.V. as at 31 December 2021 and of its result and its cash flows for 2021 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code
- the accompanying company financial statements give a true and fair view of the financial position of Enexis Holding N.V. as at 31 December 2021 and of its result for 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the following statements for 2021: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows;
- the notes comprising a summary of the significant accounting policies and other explanatory information.

The consolidated financial statements comprise:

- the company balance sheet as at 31 December 2021;
- the company profit and loss account for 2021;
- the notes comprising a summary of the accounting policies and other explanatory information.

### OUR CONCLUSION ON THE SUSTAINABILITY INFORMATION

We have reviewed the sustainability information in the annual report for the year 2021 of Enexis Holding N.V. based in 's-Hertogenbosch, the Netherlands. A review is aimed at obtaining a limited level of assurance.

Based on our review nothing has come to our attention that causes us to believe that the sustainability information does not present, in all material respects, a reliable and adequate view of:

- The policy and business operations with regard to sustainability information
  - The thereto related events and achievements for the year 2021
- in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards) and the applied supplemental reporting criteria as disclosed in section "about this report" of the annual report.

The sustainability information within the scope of our review is included in the following sections of the annual report:

- Foreword by the executive board;
- Key figures
- About Enexis, with the exception of the impact columns in the model of value creation and the section 'Sustainable development goals'
- Our impact of society
- Preconditions for a sustainable results
- About this report
- Facts and figures.

### BASIS FOR OUR OPINION ON THE FINANCIAL STATEMENT AND OUR CONCLUSION ON THE SUSTAINABILITY INFORMATION

We conducted our audit on the financial statements and our review of the sustainability information in accordance with Dutch law, including the Dutch Standards on Auditing and Dutch Standard 3810N, "Assurance-opdrachten inzake maatschappelijke verslagen" (Assurance engagements relating to sustainability reports), which is a specific Dutch Standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 (Revised), 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'. *Our responsibilities under these standards are further described in the Our responsibilities for the audit of the financial statements and the review of the sustainability information section of our report.*



We are independent of Enexis Holding N.V. (hereinafter also referred to as: 'Enexis' or 'the company') in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements and our conclusion on the sustainability information.

**REPORTING CRITERIA SUSTAINABILITY INFORMATION**

The sustainability information needs to be read and understood together with the reporting criteria. Enexis is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The absence of an established practice on which to draw, to evaluate and measure sustainability information allows for different, but acceptable, measurement techniques and can affect comparability between companies and over time.

**LIMITATIONS TO THE SCOPE OF OUR REVIEW OF THE SUSTAINABILITY INFORMATION**

The sustainability information includes prospective information such as ambitions, strategy, plans, expectations and estimates and risk assessments. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the sustainability information.

In the section 'Conditions for sustainable results', the calculations of the non-financial impact in euros (hereinafter: the non-financial impact) are often performed using sources from external parties and on the basis of various assumptions. The assumptions and sources used are explained in the document "Measuring the Impact of Network Organizations (September 2020)" (hereinafter: the methodology of the non-financial impact) as available on the Enexis website. We have not performed any work with regard to the content of these assumptions and external sources, other than assessing the suitability and plausibility of these assumptions and external sources.

The references to external sources or websites in the sustainability information are not part of the sustainability information as reviewed by us. We therefore do not provide assurance on this information.

Our conclusion is not modified in respect to these matters.

**INFORMATION IN SUPPORT OF OUR OPINION ON THE FINANCIAL STATEMENTS**

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

**OUR UNDERSTANDING OF THE BUSINESS**

Enexis Holding N.V. is the parent company of a group of companies, including Enexis Netbeheer B.V., which manages the electricity and gas grid in the provinces of Groningen, Drenthe, Overijssel, Noord-Brabant and Limburg. Enexis is responsible for the construction, maintenance, management and development of these distribution grids and related activities. Because of the energy transition and preparing the grid to transport more sustainable energy, Enexis is faced with a number of challenges.

We start by determining materiality and identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**MATERIALITY**

|                   |   |
|-------------------|---|
| Materiality       | € 70 million.   |
| Benchmark applied | 0.75% of the total assets.  |
| Explanation       | We have used total assets as the basis, as the assets are primarily used by the grid operator to provide services, because of the typology of Enexis and the regulatory model in which fees depend on the asset base. Therefore, we consider that the total assets are key for the users of the financial statements. |

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of € 3 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

**SCOPE OF THE GROUP AUDIT**

Enexis Holding N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on significant group entities Enexis Netbeheer B.V. and Enexis Personeel B.V. We have performed analytical procedures at group level on the financial information of the other group entities, among other things, to confirm our assessment that these components do not contain any significant risks of material errors.

In total these procedures represent 96% of the group's total assets and 93% of gross revenues.

By performing the procedures mentioned above at components of the group, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

**TEAMING AND USE OF SPECIALISTS**

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of grid operator. We included specialists in the areas of IT audit, sustainability, and income tax.

**OUR FOCUS ON CLIMATE RISKS AND THE ENERGY TRANSITION**

Climate objectives affect the public agenda in the next decades. Issues such as CO<sub>2</sub> reduction impact financial reporting, as these issues entail risks for the business operation, the valuation of assets ('stranded assets') and provisions or the sustainability of the business model and access to financial markets of companies with a larger CO<sub>2</sub> footprint.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the possible effects of the energy transition are taken into account in estimates and significant assumptions as well as in the design of relevant internal control measures by Enexis. Furthermore, we read the management report and considered whether there is any material inconsistency between the financial statements and the non-financial information in sections: About Enexis, our impact on society, preconditions for a sustainable result, financial position, corporate governance and risk management and the additional information.

Based on our procedures performed, we determined the impact of the energy transition on the valuation of the gas grid as a key audit matter.

**OUR FOCUS ON FRAUD AND NON-COMPLIANCE WITH LAWS AND REGULATIONS****Our responsibility**

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.

**Our audit response related to fraud risks**

We identify and assess the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and the executive board's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes. We refer to section "risk management" of the for management's (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as, for example, the code of conduct and the compliance protocol for employees, the whistleblower policy and the incident registration. We evaluated the design and implementation of internal controls aimed at mitigating fraud risks and inspected the policy to prevent corruption or bribery of employees, the system of consultation and supervision of suppliers and any measures imposed, as described in the management report under 'Conditions for sustainable results' and in the additional information to the annual report under 'Corporate Social Responsibility – Chain Responsibility'.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

As in all of our audits, we addressed the risks related to management override of controls and when identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition.

Due to the risk that the executive board may override controls, we have reviewed accounting estimates for biases that may represent a risk of material misstatement due to fraud, in particular in key areas requiring judgment and significant accounting estimates, as disclosed under "Estimates and Assumptions" (part of note 2.4) in the financial statements. We also used data analysis to identify and test journal entries with an increased risk. However, these risks did not require significant attention in addition to the following fraud risk identified by us in our audit.



**Risk that investments in property, plant and equipment do not meet the criteria for capitalization in accordance with IFRS**

**Fraud risk** The regulated revenues received by the grid operator are higher for capitalized hours and costs than for hours and costs that are immediately expensed through the income statement. This may raise an incentive to capitalize more costs than would be allowed according to the accounting framework. As a consequence, we consider the risk that the executive board overrides internal controls with the aim of capitalizing as many hours and costs as possible.

**Our audit approach** We refer to the key audit matter 'Risk that investments in tangible fixed assets do not meet the criteria for capitalization in accordance with IFRS', in which we address this fraud risk and describe our audit approach.

We considered available information and made enquiries of relevant executives, directors (including internal audit, legal, compliance, human resources and regional directors) and the supervisory board.

The fraud risk we identified, enquires and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

**Our audit response related to risks of non-compliance with laws and regulations**

We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the executive board, reading minutes, inspection of internal audit and compliance reports, and performing substantive tests of details of classes of transactions, account balances and disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

**OUR AUDIT RESPONSE RELATED TO GOING CONCERN**

The executive board made a specific assessment of the company's ability to continue as a going concern and to continue its operations for at least the next 12 months on which the executive board made assertions in the statement by the executive board.

We discussed and evaluated the specific assessment with the executive board exercising professional judgment and maintaining professional skepticism.

We considered whether the executive board's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all events or conditions that may cast significant

doubt on the company's ability to continue as a going concern. In particular, we considered the impact of the energy transition and the challenge for Enexis in terms of liquidity and solvency in the medium to long term. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify serious doubts on the company's ability to continue as a going concern for the next 12 months.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

**OUR KEY AUDIT MATTERS**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

**Risk that investments in property, plant and equipment do not meet the criteria for capitalization in accordance with IFRS**

**Risk** The regulated revenues received by the grid operator are higher for capitalized hours and costs than for hours and costs that are immediately expensed through the income statement. This may raise an incentive to capitalize more costs than would be allowed according to the accounting framework. As a consequence, we consider the risk that the executive board overrides internal controls with the aim of capitalizing as many hours and costs as possible. The criteria for capitalizing costs are disclosed in note 12 to the financial statements.

**Our audit approach** We performed the following audit procedures, among others, tailored to address this fraud risk:

- Obtaining an understanding of ongoing and new projects through interviews with responsible management;
- Evaluating the design of internal controls for those processes that affect the investments for expansion, replacement and maintenance of the grid;
- Auditing on a sample basis whether projects are accurately classified as an investment (usually capitalized) or as an exploitation project (usually expensed);
- Evaluating whether the assumptions and estimates applied in capitalizing costs are reasonable;
- Performing audit procedures on hours and costs that were capitalized;
- Finally we applied data analytics to identify and test manual capitalizations of property, plant and equipment outside the standard operational infra process.

**Key observations** We established that the investments are capitalized in accordance with IFRS.



### The impact of the energy transition on the valuation of the gas grid

|                           |  |
|---------------------------|--|
| <b>Risk</b>               | <p>The energy transition comes with uncertainties over the future use of the gas grid. The published Method Decision 'regionaal netbeheer gas' in 2021 for the period 2022-2026 (hereinafter: Method Decision gas) allows for changes in the revenues for grid operators in future years.</p> <p>The method decision gas assumes a future decline in gas consumption as a consequence of the energy transition, and allows grid operators to pull forward charging users of the gas grid for costs related to that grid. We identify a risk that the impact of the changed method decision gas on the valuation of the gas grid is not accurately assessed by Enexis.</p> <p>For the future outlook of the gas grid and its impact on valuation, reference is made to note 13. Intangible fixed assets. According to this note, the gas grid does not need to be impaired.</p> |
| <b>Our audit approach</b> | <p>We performed the following audit procedures, among others, tailored to address this risk:</p> <ul style="list-style-type: none"> <li>■ Take note of the method decision gas;</li> <li>■ Take note of the analysis made by Enexis of the impact of the method decision gas on the valuation of the gas grid;</li> <li>■ Testing whether the method decision gas has been accurately included in the assessment of the valuation of the gas grid.</li> </ul>  |
| <b>Key observations</b>   | <p>The impact of the method decision gas is accurately included in the assessment of the valuation of the gas grid. We agree with management's position that the gas grid does not need to be impaired.</p>  |

### MATERIALITY

Based on our professional judgement we determined materiality levels for each relevant part of the sustainability information and for the sustainability information as a whole. When evaluating our materiality levels, we have taken into account quantitative and qualitative considerations as well as the relevance of information for both stakeholders and the company.

We agreed with the supervisory board that misstatements which are identified during the review and which in our view must be reported on quantitative or qualitative grounds, would be reported to them.

### KEY REVIEW MATTERS

Key review matters are those matters that, in our professional judgement, were of most significance in our review of the sustainability information. We have communicated the key review matters to the supervisory board. The key review matters are not a comprehensive reflection of all matters discussed.

## INFORMATION IN SUPPORT OF OUR CONCLUSION ON THE SUSTAINABILITY INFORMATION

We designed our review procedures in the context of the sustainability information as a whole and in forming our conclusion thereon. The following information in support of our conclusion and any findings were addressed in this context, and we do not provide a separate conclusion on these matters.

### OUR UNDERSTANDING OF THE BUSINESS

As a starting point for our review, we perform an analysis of the external environment and obtain an understanding of relevant social themes and issues and the characteristics of Enexis. As a regional grid operator, the energy transition and the preparation of the infrastructure for more sustainable energy, Enexis is faced with a number of challenges. We paid particular attention in our review to a number of topics based on the activities and characteristics of the company and its environment.

After determining materiality and identifying and assessing the risks that sustainability information may be materially misstated due to fraud or error, we determine review procedures in response to these risks to obtain evidence that is sufficient and appropriate as a basis for our conclusion. In fraud, the risk that sustainability information is misleading, unbalanced or that material misstatement is not detected is higher than in error.





The impact of the energy transition on the disclosures in the annual report

Risk In conducting our review we identify the risk that disclosures in the annual report do not fully reflect the impact of the energy transition on Enexis. We also identify the risk that estimates and assumptions do not properly take into account the uncertainties in future developments and relevant current information, and the consequences for the financial position of the grid operator.

The information with respect to the impact of the energy transition is disclosed in the annual report in the paragraphs 'About Enexis', 'our impact on society' and 'preconditions for a sustainable result'.

Because of the comprehensive impact of the energy transition on the operations and financial position of Enexis, and the relevance of this matter for its stakeholders, we identify it as a key matter in our review of the sustainability information.

- Our approach Our review procedures with respect to the impact of the energy transition and the impact on the disclosures in the annual report, included among others:
- Interviewing members of the executive board regarding the impact of the energy transition on the business operations;
- Obtaining an understanding of the reporting processes relevant for the disclosures in the annual report;
- Evaluating whether the communications published on the website of Enexis with respect to the impact of the energy transition are consistent with the disclosures in the annual report;
- Reviewing whether the wordings with respect to the energy transition in the annual report are consistent with each other;
- Performing substantive procedures on the disclosures in the annual report with respect to future investments needed for the energy transition;
- Evaluating whether relevant current information, including that in the method decisions for electricity and gas for the period 2022-2026, is included in the disclosures in the annual report; recorded;
- Take note of the updated long-term financial forecast, which includes the effects of the new Method Decision electricity and gas;
- Reviewing the sustainability information in the annual report with respect to environment and climate, including the CO2 footprint.

Key observations Nothing has come to our attention that causes us to believe that the impact of the energy transition on Enexis has not been properly disclosed in the annual report.

Reporting non-financial impact in euro's

Risk Stakeholders' expectations about accounting for the impact of an organization's business operations on society continue to grow. Non-financial information takes a more important role in this. Expressing the non-financial information impact in euro's enables stakeholders to better compare organizations. Enexis discloses in its annual report a few impact key performance indicators.

In calculating the non-financial impact in euro's as disclosed in paragraph 'Preconditions for a sustainable result', Enexis uses a methodology. The methodology uses information from external parties and includes several assumptions.

Because of the impact of estimates and assumptions in the calculation of the impact, the importance of having a complete set of reporting criteria, and the increased interest of stakeholders in reported impact and in contributions of organizations to the sustainable development goals (SDGs), we consider the reported impact key performance indicators as a key review matter.

- Our approach Our review procedures with respect to the reporting of the non-financial impact in euro's, included among others:
- Evaluating the appropriateness of the reporting criteria applied in the calculation of the impact key performance indicators;
- Obtaining an understanding of the reporting processes that are relevant for the calculation of the impact, including obtaining a high level understanding of the internal controls, to the extent they are relevant for our review;
- Considering the consistent application of the reporting criteria;
- Reviewing the disclosures for the impact related reporting criteria in the annual report;
- Performing substantive procedures on the input parameters for the impact calculation;
- Evaluating the reasonableness of estimates and assumptions in the impact calculation, which have been disclosed as part of the non-financial impact in euro's;
- Considering whether the information from external parties that has been used in the calculation of the impact key performance indicators, is appropriate and reasonable.

Key observations Nothing has come to our attention that causes us to believe that the non-financial impact in euro's as included in the annual report of Enexis has not been disclosed in accordance with the relevant reporting criteria.



## REPORT ON OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The annual report contains other information in addition to the financial statements, the sustainability information and our combined auditor's report and assurance report thereon.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The executive board is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### ENGAGEMENT

We were engaged by the general meeting as auditor of Enexis Holding N.V. on 18 November 2020, as of the audit of for the year 2021.

### NO PROHIBITED NON-AUDIT SERVICES

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

## DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS AND SUSTAINABILITY INFORMATION

### RESPONSIBILITIES OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD FOR THE FINANCIAL STATEMENTS AND SUSTAINABILITY INFORMATION

The executive board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code and for the preparation of reliable and adequate sustainability information in accordance with the reporting criteria as included in the section Reporting criteria, including the identification of stakeholders and the definition of material matters. The choices made by the executive board regarding the scope of the sustainability information and the reporting policy are summarized in chapter "about this report" of the annual report.

Furthermore, the executive board is responsible for such internal control as the executive board determines is necessary to enable the preparation of the financial statements and the sustainability information that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the executive board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the executive board should prepare the financial statements using the going concern basis of accounting unless the executive board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The executive board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.



## OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS AND THE REVIEW OF THE SUSTAINABILITY INFORMATION

Our objective is to plan and perform the audit engagement and the review engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion and our conclusion.

Our audit of the financial statements has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Our review of the sustainability information has been performed to obtain a limited level of assurance. The procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in a review is therefore substantially less than the assurance obtained in an audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

For the review of the sustainability information 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 other applicable legal and regulatory requirements.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, the Dutch Standard 3810N, ethical requirements and independence requirements.

The ‘Information in support of our opinion on the financial statements’ section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion. Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The ‘Information in support of our conclusion on the sustainability information’ section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion. Our review included amongst others:

- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the sustainability information. This includes the evaluation of the results of the stakeholders’ dialogue and the reasonableness of estimates made by the executive board
- Obtaining an understanding of the reporting processes for the sustainability information, including obtaining a general understanding of internal control relevant to our review
- Identifying areas of the sustainability information with a higher risk of misleading or unbalanced information or material misstatements, whether due to fraud or errors. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability information responsive to this risk analysis. These further review procedures consisted amongst others of:
  - Interviewing the executive board and/or relevant staff at corporate and business/division/cluster/local level responsible for the sustainability strategy, policy and results
  - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the sustainability information
  - Obtaining assurance information that the sustainability information reconciles with underlying records of the company
  - Reviewing, on a limited test basis, relevant internal and external documentation
  - Performing an analytical review of the data and trends
- Reconciling the relevant financial information with the financial statements
- Evaluating the consistency of the sustainability information with the information in the annual report which is not included in the scope of our review
- Evaluating the overall presentation, structure and content of the sustainability information
- Considering whether the sustainability information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.



## COMMUNICATION

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and review and significant findings from our audit and review, including any significant findings in internal control that we identify.

In this respect we also submit an additional report to the audit committee of the supervisory board in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine the key audit matters for our audit of the financial statements and the key review matters for our review of the sustainability information. We describe these matters in our combined auditor's report and assurance report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Eindhoven, 9 March 2022

**Ernst & Young Accountants LLP**

P.A.E. Dirks



# ABOUT THIS REPORT

## SCOPE

The scope of the report is Enexis Holding N.V., registered at 's Hertogenbosch. This also includes the activities of Enexis Netbeheer B.V., Fudura B.V., Enexis Personeel B.V., Enexis Vastgoed B.V. and Enpuls B.V. The activities of other associates are not included in the scope. The statutory board report is included on pages 17 through 52. The reporting period runs from 01 January 2021 up to and including 31 December 2021. Enexis reports semi-annually on its strategic and financial performance. The annual report is published in the first quarter of each year on the website [www.enexisgroep.com](http://www.enexisgroep.com); this year on 10 March 2022. The report for 2020 was published on 04 March 2021.

## INTEGRATED REPORT

This is an integrated annual report incorporating financial, operational and corporate social responsibility (CSR) information.

- The financial information is consolidated. The financial report was prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted within the European Union, and the provisions of Title 9, Book 2 of the Dutch Civil Code.
- The non-financial information is consolidated. In general, we aim to integrate non-financial information of new acquisitions as soon as possible and by no later than after a full year of ownership.
- The non-financial information was compiled in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the Electric Utilities Sector Supplement.

## TRANSPARENCY

Our stakeholders attach great value to transparency – and so do we. Our ambition is to secure a permanent position among the leaders in the Transparency Benchmark of the Ministry of Economic Affairs and Climate Policy. This report complies with the:

- Sustainability Reporting Standards of the GRI, application level CORE;
- Internal reporting criteria;
- Transparency Benchmark Guidelines;
- Dutch Corporate Governance Code insofar as applicable;
- EU Directive on disclosure of non-financial information and diversity information;
- EU Taxonomy - A European classification system for sustainable activities;
- Impact Measurement Grid Organisations Manual (September 2020)
- Accountability Document Impact Analysis Enexis Holding N.V. (2021)

## DIALOGUE WITH STAKEHOLDERS

In order to do our work well, we maintain regular contact with our stakeholders. Since 1 January 2021, we distinguish eight groups. Our stakeholder classification has been revised based on an internal assessment, analysis of the stakeholder classification of other infrastructure companies and the interests of stakeholders and/or Enexis.

The stakeholder overview provides a general outline of how we are in contact with our stakeholders and what (based on the material themes) are the most important discussion points. We discussed material themes such as a reliable and accessible energy grid, a sustainable energy supply, and efficient business operations. This is not an exhaustive summary. In this dialogue with our stakeholders, in addition to current topics, we also address wider societal developments in the long term, such as the Sustainable Development Goals and our contributions to these goals. As this is directly related to our daily work, the dialogue focused mainly on affordable and renewable energy (SDG 7), industry, innovation, and infrastructure (SDG 9), and sustainable cities and communities (SDG 11). The Executive Board spoke with all of our stakeholders in 2021, and in particular with employees and shareholders, about the development of the new strategy.

## COLLABORATIONS

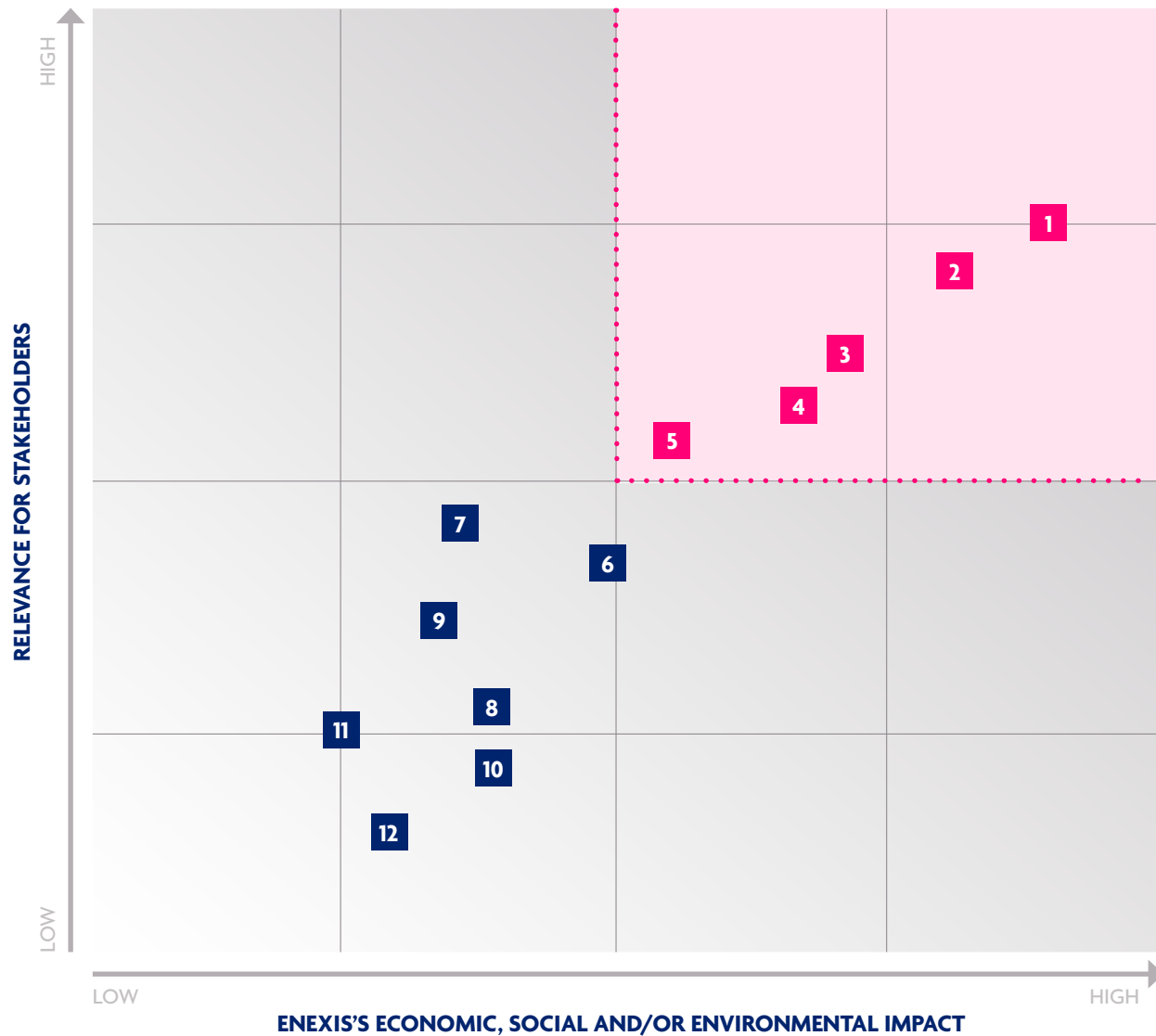
We are convinced that collaboration is required to realise the energy transition. As a grid operator, we believe we have a role to fulfill in bringing parties together. In 2021, we met with representatives of provincial councils, the industry and universities in order to collaborate on devising innovative, scalable solutions that work for all parties. Within the sector we are combining forces to increase our social impact. Enexis is a member of organisations among other Netbeheer Nederland, MVO Nederland, Dutch Power, Nederlandse Vereniging Duurzame Energie, EDSO for smart grids, KVGn and the Coalitie Groene Netten.





| STAKEHOLDER GROUP:   | CUSTOMERS   | EMPLOYEES  | SHAREHOLDERS  | ENERGY MARKET PARTIES  | INVESTORS                              | CHAIN PARTNERS  | POLICYMAKERS  | LOCAL ENERGY TRANSITION PARTNERS  |
|--|---|--|---|--|--|---|---|---|
| <b>OUR STAKEHOLDERS</b>                                      | Low-volume customers (consumers and SMEs), high-volume customers (corporates)   | Works Council, Business Unit committees, trade unions  | Provinces and municipalities in the role of shareholders  | Energy suppliers, Independent Service Providers (ODAs), start-ups  | Bond investors, banks, rating agencies | Contractors, suppliers, infrastructure companies, technology companies  | Political parties, the Dutch Ministry of Economic Affairs and Climate Policy, the Netherlands Authority for Consumers and Markets (ACM), State Supervision of the Mines (SODM), the Dutch Data Protection Authority, Uneto-VNI and KVGn | Municipalities, energy cooperatives, water boards, project developers, housing associations   |
| <b>MOST IMPORTANT STAKEHOLDER DIALOGUE ITEMS<sup>1</sup></b> | Customer-oriented services, reliability and accessibility of the energy grid, safe energy grid, sustainable energy supply, affordable energy supply | Safe and healthy working environment, employment and skilled employees, efficient business operations, employment conditions, strategy   | Sustainable energy supply, financially sound, sustainable organisation  | Reliable and accessible energy grid, efficient market facilitation, information security, influencing policy | Financial value                        | Reliability and accessibility of the energy grid, safe energy grid, sustainable energy supply, affordable energy supply, customer-oriented services, information security | Reliable and accessible energy grid, safe energy grid, sustainable energy supply, affordable energy supply, customer-oriented services, information security  | Reliable and accessible energy grid, sustainable energy supply, effective market facilitation |
| <b>INTERACTION WITH ENEXIS VIA:</b>                          | Periodic customer satisfaction surveys, customer service, account managers  | Internal media, work consultations, consultations between the Works Council and the Executive Board (around 8 times a year), consultations between Business Unit Committees and directors/managers of the business units concerned | Annual General Meeting of Shareholders, Shareholders' Committee that meets with the Executive Board 3 to 4 times a year | Periodic consultations within the NEDU, via account managers   | Investor presentations, annual report  | Periodic Cables and Pipelines consultation  | Consultations, Public Affairs, periodic consultation with supervisors   | Regional teams, stakeholder managers, regional scouts, FD Energy debate                       |

<sup>1</sup> This concerns our own interpretation of what has come to the fore in various stakeholder dialogues.



- 1 RELIABLE AND ACCESSIBLE ENERGY GRID
- 2 SAFE ENERGY GRID
- 3 SUSTAINABLE ENERGY SUPPLY
- 4 AFFORDABLE ENERGY SUPPLY
- 5 CUSTOMER-ORIENTED SERVICES

- 6 EFFECTIVE MARKET FACILITATION
- 7 SAFE AND HEALTHY WORKING ENVIRONMENT
- 8 EMPLOYMENT AND SKILLED EMPLOYEES
- 9 EFFICIENT BUSINESS OPERATIONS
- 10 INFLUENCING POLICY
- 11 FINANCIALLY SOUND
- 12 INFORMATION SECURITY

**DETERMINING THE MATERIALITY**

In our annual report, we provide accountability of our performance on topics that are relevant to internal and external stakeholders and on which Enexis has a large economic, environmental and/or social impact. We refer to these topics as 'material topics'. The materiality matrix was revised in 2021 prior to the formulation of the new strategic plan. This matrix is subsequently validated every two years by means of internal and external reflection.

**THE PROCESS**

In order to achieve at the new materiality matrix, we drew up an initial list of material topics based on the topics that stakeholders brought forward in 2020 and an evaluation of the stakeholder dialogue in 2021. In an online questionnaire, we invited internal and external stakeholders to rank topics according to impact and relevance. We asked what is the economic, environmental and/or societal impact that Enexis can have with this topic? And: how relevant is each topic from the perspective of the stakeholder? Each vote counted equally. Stakeholders were constantly given the opportunity to suggest new topics. These topics will serve as input for the next materiality analysis. The outcomes of the online questionnaire were used as input for the final materiality matrix. The outcomes and conclusions of the materiality analysis and the qualification of the material topics were discussed with the Executive Board. A stable top 5 of material topics came to the fore in the analysis. These topics are closely related to Enexis Groep's core tasks. The top 5 topics, which have remained unchanged since 2018, have been qualified as highly material by the Executive Board. These topics contribute to determining the focus in corporate planning, reporting and communication. In our annual report, we report extensively on the top 12 material topics. We show the connectivity between the topics, strategic risks and opportunities, formulated targets and results for 2021, and our contribution to the SDGs in the table on page 16. Although CO<sub>2</sub> emissions and the circularity of our business operations are not included in the top 12 material topics, we still report on a sustainable organisation in the 'Preconditions for a sustainable result' section. Corporate social responsibility is an important aspect for Enexis Groep.



## DEFINITIONS OF MATERIAL TOPICS

### RELIABLE AND ACCESSIBLE ENERGY SUPPLY

The degree in which everyone has access to a reliable energy grid.

### SAFE ENERGY GRID

The degree in which customers can rest assured that the energy infrastructure is safe.

### SUSTAINABLE ENERGY SUPPLY

The degree in which investments are made in the energy infrastructure to realise the energy transition.

### AFFORDABLE ENERGY SUPPLY

The degree in which the energy grid is installed and managed at acceptable costs for society.

### CUSTOMER-ORIENTED SERVICES

The degree in which the customer's needs and satisfaction form the point of departure for the service level and clear communication in the customer processes. This also comprises the environment management in the event of infrastructural and other projects that effect individuals and companies.

### EFFECTIVE MARKET FACILITATION

The degree in which market facilitation processes are carried out timely and flawlessly (available energy data) for a well-functioning energy market.

### SAFE AND HEALTHY WORKING ENVIRONMENT

The degree in which employees work in safe labour conditions. This also includes the attention and care for the well-being and vitality of employees

### EMPLOYMENT AND SKILLED EMPLOYEES

The degree in which employment is provided (also indirectly at suppliers and contractors) and in which we invest in the skills and personal development of employees.

### EFFICIENT BUSINESS OPERATIONS

The degree in which business operations are organised cost-efficiently (for example, by means of digitalisation and active collaboration with chain partners and market parties).

### INFLUENCING POLICY

The degree in which knowledge, expertise and vision are contributed to arrive at endorsed and feasible plans and suitable laws and regulations for the realisation of the energy transition.

### FINANCIALLY SOUND

The degree in which investments can be financed from a short- and long-term perspective.

### INFORMATION SECURITY

The degree in which data transmission, data storage, systems, and privacy-sensitive information is safeguarded by means of data security, privacy and cybersecurity.

## MANAGEMENT OF MATERIAL ISSUES

The management directs the company based on various aspects of social entrepreneurship, as part of the strategy card. These aspects include promoting health and safety at work, ensuring a reliable and safe energy supply, reducing energy consumption and CO<sub>2</sub> emissions, contributing to the energy transition and controlling costs. As part of the strategy card, these aspects also fall within the scope of audits and are reported to the Supervisory Board.

Enexis applies an integrated management system, comprising both financial and non-financial material issues. This is described in the 'Governance and risk management' section. Within the annual business planning cycle, strategic goals are translated into concrete objectives for the coming year. These annual objectives are then incorporated into the business plan and the strategy card. Progress is reported monthly to the Executive Board and also discussed in the Supervisory Board. A formal risk management process, internal audit function and compliance function are in place to ensure the timely identification and recognition of strategic risks. The Netherlands Authority for Consumers & Markets (ACM) and the Dutch State Supervision of Mines (SodM) oversee our core activities. The 'Preconditions for a sustainable result' section contains an explanation of the manner in which the topic sustainability is substantiated. In addition, a clarification of the management approach to individual corporate responsibility issues, as based on ISO 26000, can be found in the CSR principles on the Enexis Groep website.

## MEASURING METHODS AND DATA COLLECTION

Where possible, Enexis derived the quantitative information in this report from its own systems. Internal control measures are applicable to these systems. Corporate Control & Reporting of the Finance Department is responsible – with the involvement of Business Control – for the collection and substantiation of the non-financial data. The GRI Index is included in the 'Additional Information' section.

The qualitative information was supplied and substantiated by the staff members in the organisation responsible for the various topics. The reported data was generated with the highest level of reliability; however, we are aware that some of the information could contain uncertainties that are inherent in the limitations of measuring methods and data collection. The composition of the data collected for the material topics is outlined below:

### Reliable and accessible energy grid

Reports on outage time for electricity and gas, transmitted quantities and section lengths.

### Safe energy grid

Reports on State of Supervision of Mines (SSM) notifications, measurement of public safety, WAVE integrated permit management system reports. Reports of any data leaks, reports of any fines imposed by supervisors

### Sustainable energy supply

Reports on the development of connections and renewable installed capacity.

**Affordable energy supply**

Overview of controllable costs and revenues of Enexis Netbeheer B.V. (including corporate staff departments).

**Customer-oriented services**

Reports from GfK market research institute, reports from Perspective and Avaya, results of visits to the Enexis.nl website.

**Safe and healthy working environment**

Reported accidents and incidents in 2021, reports on HSE and VGWM (Safety, Health, Welfare and Environment), calculation of the number of accidents with absenteeism per 1 million hours worked. Fatal commuter accidents are out of scope for the Lost Time Injury Frequency.

**Employment and skilled employees**

Employee surveys, workforce reports including the number of FTEs, inflow and outflow, the development budget, the male/female ratio, age categories, and absenteeism.

**Efficient business operations**

Reports on the number of stations equipped with Distribution Automation (light) Influencing policy Reports on any fines imposed by supervisors (fine register).

**Policy influencing**

Reporting of any fines imposed by supervisors (fine register).

**Financially sound**

Consolidated financial statements.

**Sustainable organisation**

Overview of measures and CO<sub>2</sub> savings in 2020, results and analysis of surveys. Waste materials reports and waste processors. All waste materials are stored and processed in a manner that is suited to the type of waste, as there are specific risks attached to each type of waste. Source documentation about CO<sub>2</sub> emissions resulting from grid and leakage losses.

**METHOD, CRITERIA AND ASSUMPTIONS OF IMPACT MEASUREMENTS**

The various aspects of the impact measurement are explained below. The [Accountability Document Impact Analysis Enexis Holding N.V.](#) can be downloaded from our website and provides more insight into and a more detailed substantiation of the information included in the annual report.

**Financial capital**

The financial impacts are calculated based on Enexis's income statement and cash flow statement. This includes Enexis's incoming and outgoing cash flows. Enexis's outgoing cash flows have a positive effect on stakeholders and Enexis's incoming cash flows have a negative impact on stakeholders. The financial capital shows the incoming cash flows and how these are allocated in relation to our stakeholders.

The regulated tariffs, revenues, and receipts make investments in and maintenance of the energy grids possible. Our investments were higher again this year in comparison to last year in order to facilitate the energy transition. More and more financial capital is required from society to finance our activities to facilitate the energy transition.

By virtue of our role and position in the energy chain, we bring - in addition to long-term value - value in the short term back to our stakeholders. Our employees receive a salary for their work and time. We pay our suppliers for goods, services, and assets, with which Enexis generates income and work at other parties. On balance, our activities stimulate the economy and we generate long-term employment, income, and prosperity.

**Manufactured capital**

The availability of energy largely determines the prosperity and well-being of our customers. With the transmission of gas and electricity, Enexis plays an important role in the energy chain in making this value possible.

The value of energy is more than the price that consumers pay for energy. We call this the consumer surplus: the extra monetary value that customers, in theory, would be willing to pay above the price of the service or product. The consumer surplus is currently the most commonly used method to determine the economic value for both the unregulated and regulated markets. The consumer surplus concerns all price elements in the energy chain thus also the taxes and prices for the distribution and transmission of energy.

The impact of Enexis that enables feeding energy back into the grid consists mainly of the financial impact of the use of solar panels and the increased well-being of the use of greener energy. The average effect of gas and electricity outages for the Netherlands is included in this estimate as the price elasticity is based on the demand for energy as it is (including outages). The specific effect of gas and electricity outages for Enexis has been calculated. The impact of interruptions in the energy transmission on the well-being of consumers concerns interruptions in both the electricity and the gas grid.

The amounts shown as manufactured capital pertain to the share in the energy chain that can be attributed to Enexis.

The prosperity value of energy transmission for society is high. The share of the value of electricity and gas transmission that Enexis has for consumers amounted to € 6.1 billion in 2021. This was higher than the previous year, also due to more customer connections for electricity. More and more consumers are feeding renewable electricity back into the grid. We calculate an additional positive prosperity effect due to feeding back solar energy by households of € 16 million. We also estimate the value of electricity and gas transmission for business customers; however, the method for this is still being developed; to avoid double counting this only consists of the revenue part. We have taken the lower value of € 400 million for this based on the economic added value that we provide for business customers.

There are also moments when there is a loss of value due to interruptions. We make adjustments for this in the impact measurement. In 2021, we had on average 0.163 electricity interruptions; this led to an electricity outage time of 17.6 minutes

#### Natural capital

We are aware that energy is valuable, but that it also has a down side. As the energy chain also has a large negative impact on natural capital, such as the contribution to climate change from the production and transmission of energy.

Enexis is partially responsible for the CO<sub>2</sub> emissions of the amounts of electricity and gas that are transmitted via our grid. The impact contains the value of the CO<sub>2</sub> emissions in connection with the direct activities and that of the chain. The impact calculations of the direct activities are based on the CO<sub>2</sub> figures as reported in the CO<sub>2</sub> footprint in the annual report. The assumption is made that the electricity and natural gas mix of the energy transmitted by Enexis is the same as the national mix.

The societal costs of one ton of CO<sub>2</sub> equivalent have been determined at 0.152 EUR/kg CO<sub>2</sub> eq. Emissions in the chain are attributed to Enexis based on gross added value and responsibility. Enexis emits greenhouse gases when carrying out its activities, this concerns, for example, its buildings and mobility. The biggest impact of Enexis's own operations are in the grid losses of gas and electricity. This concerns the scope 1 and 2 emissions as set out in the Greenhouse Gas Protocol. However, the largest impact (85%) comes from Enexis's share in the emissions of the Dutch energy chain. The total negative impact on the climate due to CO<sub>2</sub> emissions by our activities in 2021 is estimated at € 300 million (2020: € 183 million).

Enexis is working on reducing the negative impact by helping to accelerate the energy transition and by improving the impact of its own activities. The emissions in connection with Enexis's own activities are compensated fully by means of the purchase of Gold Standard Certificates for € 50 million (2020: € 39 million).

For more information, reference is made to Facts and figures (Corporate Social Responsibility - CO<sub>2</sub> footprint).

#### Human capital

Employees who are in the direct employment of Enexis are taken into account for the calculation of these impacts. Well-being effects as a result of being employed are calculated in relation to being unemployed in the Netherlands. The indicator concerns the non-financial direct well-being effect. The assumption is made that employee satisfaction, measured based on the outcomes of the employee satisfaction survey in 2021, has a direct positive effect on well-being.

The value of work for employees is more than only the income that they receive. People who have a job generally experience a higher feeling of well-being than people who do not have a job. Enexis contributes to the well-being of employees through the work that the organisation offers them. In addition to income, immaterial factors such as appreciation, contact with colleagues and customers, and having a job are of importance; this is apparent from the positive impact value of € 50 million. This is higher than last year (€ 46 million) due to the increase in the number of employees. Furthermore, there is compensation in the form of salary and secondary employee benefits; this compensation is included under the financial capital.

The assumption is made that absenteeism that has been determined to be not 'work related' is not related to the work at Enexis. The calculation of the impacts of work-related absenteeism and accidents of employees (safety) is limited to direct impacts. An accident or illness can lead to other accidents or illnesses, which is not measured.

Safety and the prevention of work-related complaints have a high priority for Enexis. Despite this high priority, there are cases of long-term work-related absenteeism and safety incidents. This has a negative impact on the positive value of having a job and amounts to € 1 million.

As an employer, Enexis aims to contribute positively to the well-being of its employees. We are working hard on mitigating this negative impact value in comparison with the positive impact of having a job.

#### MOST IMPORTANT IMPACT MEASUREMENT CRITERIA

The impacts are categorised in accordance with the value creation model of the Value Reporting Foundation (VRF), which categorises these impacts in six capitals: Financial, Manufactured, Intellectual, Natural, Social, and Human Capital. Enexis quantifies one or several indicators for the capitals Financial, Manufactured, Natural and Human. In the coming years, Enexis will work further on quantifying the other capitals.

Impacts are quantified by estimating the sum of the individual effects on prosperity and well-being and expressing this in euros. The method used for the calculation of the impacts is based on the Impact Measurement Grid Organisations Manual. It is taken into account that Enexis operates in a regulated market and is part of a broader value chain, to which the contribution of Enexis is attributed by means of attribution factors.





Impacts for which several players in the chain are responsible are attributed to Enexis based on two elements: (i) Enexis's responsibility in the chain and (ii) Enexis's gross added value in the chain. The gross added value is calculated as the revenue less the use of products (such as goods and services) in the production process, valued at purchase prices. Impacts that Enexis realises independently are attributed fully to Enexis.

## CHANGES COMPARED TO PREVIOUS YEARS

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## ASSURANCE

EY performed an assurance engagement to obtain limited assurance that the sustainability information in the sections:

- Structure of this report
- Foreword by the Executive Board
- Key figures
- This is Enexis, except the Sustainable Development Goals (page 13-14) and SDG-impacts in the value creation model (page 12)
- Report on 2021, except the section 'Financial Position'
- Additional Information (sub-sections 'About this Report' and 'Facts and Figures')

In this Annual Report 2021 of Enexis is fairly presented in all material aspects in accordance with the 'Sustainability Reporting Standards' of the Global Reporting Initiative and the internal reporting criteria of Enexis. For more information, we refer to the assurance report of the independent auditor.



# PROFIT APPROPRIATION ACCORDING TO THE ARTICLES OF ASSOCIATION

Under the articles of association, the profit remaining after the addition to the reserves is at the disposal of the General Meeting of Shareholders (Article 36.2).

In addition to these provisions, it has been agreed with the shareholders that the dividend payable during the Strategic Plan period shall not exceed 50% of the net profit, while aiming to achieve a minimum annual dividend of € 100 million. This percentage shall be reduced if this dividend payment places the company at risk of losing its A rating profile within five years.

This dividend policy ensures that the shareholders can expect a predictable and stable dividend. At the same time, this policy ensures sufficient equity growth and demonstrates the shareholders' active support for a healthy financial position.

For the proposed appropriation of the result of the financial year 2020, please refer to '[Profit appropriation](#)'.



# FACTS AND FIGURES

This part of the report gives you a section-by-section run-down on specific facts and figures.

## OUR IMPACT ON SOCIETY

|  | 2021  | 2020  | 2019  | 2018  | 2017  |
|--|-------|-------|-------|-------|-------|
| <b>The grids</b>   |       |       |       |       |       |
| <b>Section lengths (x 1,000 km)</b>                          |       |       |       |       |       |
| Electricity grid   | 143.5 | 142.2 | 141.0 | 139.9 | 139.1 |
| - Low voltage  | 97.6  | 96.9  | 96.1  | 95.3  | 94.7  |
| - Medium voltage   | 45.8  | 45.2  | 44.8  | 44.5  | 44.4  |
| - Intermediate voltage                                       | 0.1   | 0.1   | 0.1   | 0.1   | 0.1   |
| Gas grid   | 46.3  | 46.3  | 46.4  | 46.4  | 46.4  |
| - Low pressure   | 37.5  | 37.5  | 37.6  | 37.6  | 37.5  |
| - High pressure  | 8.8   | 8.8   | 8.8   | 8.8   | 8.9   |
| <b>Stations (x 1,000)</b>                                    |       |       |       |       |       |
| E-stations   | 56.6  | 55.7  | 54.6  | 53.8  | 53.1  |
| G-stations   | 22    | 22.4  | 22.4  | 22.5  | 22.7  |
| Distribution Automation (DA)-stations <sup>1</sup>           | 657   | 390   | 250   | 379   | 364   |
| Distribution Automation Light (DALI)-stations <sup>1</sup>   | 3,544 | 3,531 | 2,447 | 1,502 | -     |
| <b>Number of connections (x 1,000)</b>                       |       |       |       |       |       |
| Electricity  | 2,911 | 2,880 | 2,849 | 2,814 | 2,786 |
| - Domestic (including 3x25 A)                                | 2,661 | 2,640 | 2,618 | 2,597 | 2,578 |
| - Low-voltage connections other (small-volume as from 3x25A) | 233   | 223   | 215   | 202   | 193   |
| - Medium voltage connections                                 | 17    | 17    | 16    | 15    | 15    |
| Gas  | 2,315 | 2,324 | 2,328 | 2,324 | 2,315 |
| - Domestic (G4 and G6)                                       | 2,259 | 2,266 | 2,267 | 2,260 | 2,249 |
| - Low pressure other (small-volume as from G10)              | 53    | 55    | 58    | 61    | 63    |
| - High pressure connections                                  | 3     | 3     | 3     | 3     | 3     |

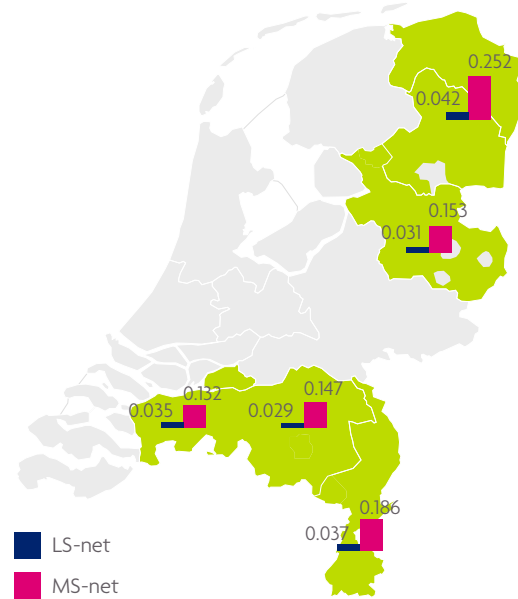
|   | 2021   | 2020   | 2019   | 2018   | 2017   |
|---|--------|--------|--------|--------|--------|
| <b>The grids</b>                          |        |        |        |        |        |
| <b>Transported quantities<sup>2</sup></b> |        |        |        |        |        |
| Electricity (GWh)                         | 31,989 | 31,176 | 33,759 | 34,112 | 34,592 |
| Gas (Mm <sup>3</sup> )                    | 6,172  | 5,636  | 5,935  | 6,204  | 6,241  |
| Of which green gas                        | 77.0   | 63.0   | 59.0   | 54.0   | 51.0   |
| <b>Product quality</b>                    |        |        |        |        |        |
| Outage time electricity (in minutes)      | 17.6   | 13.0   | 14.2   | 16.0   | 13.8   |
| - High voltage                            | 0.7    | 0.0    | 0.5    | 0.2    | 0.1    |
| - Medium voltage                          | 11.1   | 7.4    | 8.4    | 10.5   | 8.7    |
| - Low voltage                             | 5.8    | 5.6    | 5.4    | 5.3    | 5.1    |
| Outage time gas (in seconds)              | 75     | 81     | 51     | 90     | 50     |

<sup>1</sup> Reporting period November 2020 up to and including November 2021.

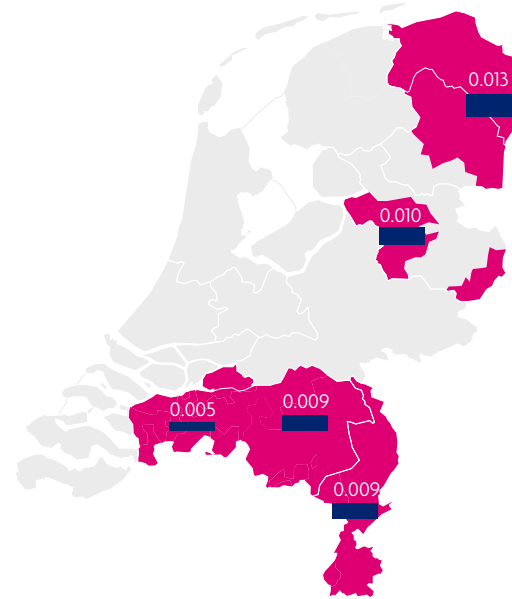
<sup>2</sup> December 2021 is an estimation.



### AVERAGE NUMBER OF LOW-VOLTAGE OUTAGES AND MEDIUM-VOLTAGE OUTAGES PER CUSTOMER



### AVERAGE NUMBER OF GAS OUTAGES PER DISTRICT PER CUSTOMER



### INCIDENTS IN THE GAS AND ELECTRICITY GRIDS

To keep the public safe and prevent incidents, we closely monitor our grids to spot any signs of possible faults. We measure the number of incidents according to the seriousness of the incident. We also measure 'early warning indicators' that signal an increased risk of the occurrence of an incident. No serious accidents occurred in 2021. Safety is also our number one priority in 2022. Every accident is one too many. Priority will remain our number one priority in 2022. Every accident is always one too many. To ensure public safety, Enexis Netbeheer has an intensive risk-based replacement programme for main and connecting pipes. A lot of attention is also devoted to preventing excavation damage and ensuring that technical spaces with equipment and installations are well-locked after use. Prevention staff are present in as far as possible when high-risk activities are carried out and we inform our customers about the attention points for safe excavation.

| Milestones  | At 2021 year-end |               |
|---|------------------|---------------|
|   | Gas 🔥            | Electricity ⚡ |
| Public safety   |                  |               |
| Number of incidents with a moderate or considerable impact <sup>1</sup> ≤ 4 | 1                | 1             |
| Number of incidents with a serious impact <sup>2</sup> ≤ 2                  | 0                | 0             |
| Number of incidents with a disastrous impact <sup>3</sup> = 0               | 0                | 0             |

- 1 Moderate or considerable impact: Accidents requiring First Aid or treatment by medical staff (victim(s) among the public) or damage to the environment amounting to between €10,000 and €1 million.
- 2 Serious impact: Accidents resulting in serious (permanent) injury (victim(s) among the public) or damage to the environment amounting to between €1 million and €10 million.
- 3 Disastrous impact: Accidents with one or several fatalities (victim(s) among the public) or damage to the environment of at least €10 million.

### LIMITED IMPACT OF MEASURES FOR NATURE, CONSTRUCTION AND INFRASTRUCTURE

Nitrogen and PFAS remained major environmental issues in 2021. The cabinet took measures already in 2019 for the accelerated rehabilitation and reinforcement of nature areas so that new construction and infrastructure projects could go ahead. The impact of these measures on our operational activities has remained limited since 2019. We did not have to stop any of our projects.

### COMPLAINTS AND DISPUTES PROCEDURE

It can occur that customers are not satisfied with our services. In such cases, they can report their complaint or claim via our website or by telephone. Enexis Netbeheer assesses every complaint or claim separately. A confirmation of receipt of the complaint is sent to the customer immediately stating when they can expect to receive a detailed response. Customers generally receive a detailed response within eight working days. Enexis Netbeheer aims to prevent complaints and takes all complaints very seriously. We are affiliated with the Dutch Foundation for Consumer Complaints Boards (Geschillencommissie). Customers can contact the 'Geschillencommissie' if they are not satisfied with the way we handled their complaint or claim. The Energy Committee of the 'Geschillencommissie' deals with complaints of consumers against energy suppliers concerning the disconnection, delivery or billing of gas, electricity and heating. This Committee also handles complaints from consumers against the grid operator about the operation of the meter (calibration) or damage resulting from a power outage.

### LAWS AND REGULATIONS

The Administrative and Legal Affairs & Digital Security department and other relevant departments did not receive any fines in 2021 with regard to services provided by Enexis or for non-compliance with the Energy Act, the Gas Act, or environmental laws.

## PRECONDITIONS FOR A SUSTAINABLE RESULT

The tables below provide an impression of the development of our workforce in 2021. 99.92% of our employees fall under the Collective Labour Agreement for Grid Operators.

| Personnel                  | Male  | Female | Year-end 2021 |
|----------------------------|-------|--------|---------------|
| <b>Own personnel</b>       |       |        |               |
| FTEs                       | 3,918 | 854    | 4,772         |
| Labour contract:           |       |        |               |
| -specific                  | 377   | 80     | 457           |
| -indefinite                | 3,541 | 775    | 4,316         |
| Number                     | 3,966 | 981    | 4,947         |
| Labour contract:           |       |        |               |
| -specific                  | 381   | 87     | 468           |
| -indefinite                | 3,585 | 894    | 4,479         |
| <b>Contractors</b>         |       |        |               |
| FTEs                       | 886   | 213    | 1,099         |
| - temporary workers        | 92    | 96     | 187           |
| - consultants              | 582   | 97     | 678           |
| - call specialist          | 212   | 20     | 232           |
| - fixed price <sup>1</sup> | -     | -      | -             |
| Number                     | 1,118 | 292    | 1,410         |
| - temporary workers        | 106   | 123    | 229           |
| - consultants              | 644   | 113    | 757           |
| - call specialist          | 244   | 27     | 271           |
| - fixed price              | 124   | 29     | 153           |

<sup>1</sup> Carrying out work in accordance with a preset price; FTE factor = 0.

|  | Definite period | Indefinite period | Total        |
|--|-----------------|-------------------|--------------|
| <b>Origin and type of employment agreement</b> |                 |                   |              |
| Belgium  | 6               | 42                | 48           |
| Germany  | 3               | 31                | 34           |
| <b>Total outside of the Netherlands</b>        | <b>9</b>        | <b>73</b>         | <b>82</b>    |
| Groningen                                      | 51              | 496               | 547          |
| Friesland                                      | 4               | 103               | 107          |
| Drenthe  | 42              | 390               | 432          |
| Gelderland                                     | 28              | 177               | 205          |
| Overijssel                                     | 43              | 608               | 651          |
| Flevoland                                      | 1               | 18                | 19           |
| Noord-Holland                                  | 2               | 16                | 18           |
| Zuid-Holland                                   | 5               | 30                | 35           |
| Utrecht  | 7               | 64                | 71           |
| Noord-Brabant                                  | 170             | 1,508             | 1,678        |
| Zeeland  | 2               | 13                | 15           |
| Limburg  | 104             | 983               | 1,087        |
| <b>Total Netherlands</b>                       | <b>459</b>      | <b>4,406</b>      | <b>4,865</b> |
| <b>Total</b>                                   | <b>468</b>      | <b>4,479</b>      | <b>4,947</b> |

## SUSTAINABLE EMPLOYABILITY

Our sustainable employability scheme 'Duurzame Inzetbaarheid Plus (DI+)' provides extra facilities and support to increase the employability of our employees. Employees receive a sustainable employability budget for activities and tools aimed at maintaining or expanding their knowledge and skills in a current or future position and/or remaining healthy, fit and motivated to do their work properly. In 2021, employees used the budget mainly for vitality-related purposes.



**ACCIDENTS RESULTING IN ABSENTEEISM**

| LTIF <sup>1,2</sup>       | 2021  | 2020 |
|---------------------------|-------|------|
| Location Groningen        | 1,76  | 3,62 |
| Location Overijssel W     | 5,71  | -    |
| Location Overijssel O     | 3,19  | -    |
| Location Drenthe          | -     | 2,94 |
| Location Noord-Brabant W  | 2,73  | 2,89 |
| Location Noord-Brabant M  | 2,43  | -    |
| Location Noord-Brabant NO | 2,37  | 2,50 |
| Location Noord-Brabant ZO | -     | -    |
| Location Limburg Z        | -     | 4,12 |
| Smart Meters N            | 16,51 | -    |
| EBS                       | 1,02  | -    |
| Supply chain management   | 8,12  | -    |

1 For the regional split, the organisational chart is used.

2 Nil accidents resulting in absenteeism in a location leads to a LTIF of zero. Each LTIF >0 is identified as an attention point.

**STANDARDS AND NORMS**

Enexis subscribes to the guidelines for employment terms and conditions that are regarded as fundamental principles and rights at work as formulated by the International Labour Organization (ILO). We have a Code of Conduct and a Compliance Protocol for employees. All employees are required to sign a confidentiality statement when they enter our employment, in which they state that they will comply with that which is stated in the Compliance Protocol. In addition, employees who have access to price-sensitive information are required to sign a confidentiality statement. As described in the 'Preconditions for a sustainable result' section, the Suppliers Code of Conduct applies to our suppliers. The quality control systems of Enexis Netbeheer and Fudura are ISO9001 certified. The asset management system of Enexis Netbeheer is certified according to ISO-55001, NTA-8120, and ISO27001. Furthermore, Enexis has structured its CSR policy in accordance with the international ISO-26000 guideline for CSR. The CSR policy is laid down in a board statement and in principles.

**CORPORATE SOCIAL RESPONSIBILITY - CHAIN RESPONSIBILITY AND HUMAN RIGHTS**

We assume responsibility for the whole chain that a product passes through and pursue a Socially Responsible Procurement Policy. We enter into agreements with suppliers in advance regarding how they should deal with people, materials and/or the environment. In the Suppliers Code of Conduct, which is part of our General Purchasing Conditions, suppliers state, for example, that they respect laws and regulations regarding human rights, labour conditions, child labour and discrimination. In the event of European tenders, we enter into additional agreements with suppliers, for example, regarding circularity or employing people with poor job prospects. We will continue to develop in this area in the future in accordance with the

OECD guidelines. Our policy to prevent corruption or bribery of employees has been laid down in our Socially Responsible Procurement Policy, our Code of Conduct for Employees and our Suppliers Code of Conduct. To monitor the conduct of our suppliers and avoid potential abuses, we discuss compliance with the Suppliers Code of Conduct regularly with our suppliers. In addition, we carry out technical inspections of purchased components. If there are reasons for this, we have an audit performed by an external party. We discuss the findings of this audit with the supplier and, if necessary, we impose measures. Suppliers are required to cooperate with this and, if necessary, draw up an improvement plan. We continue to engage in a dialogue with the supplier to monitor the implementation and improvement. If there is no improvement, Enexis can end the relationship with the supplier. No audits were performed and no measures were imposed in 2021.

**CORPORATE SOCIAL RESPONSIBILITY - CO<sub>2</sub> FOOTPRINT**

Based on our corporate social responsibility, we take concrete measures to reduce our CO<sub>2</sub> emissions. For example, by increasing the sustainability of our mobility.

| Sustainable vehicle fleet <sup>1</sup>      | 2021 <sup>2</sup> | 2020 | 2019 | 2018 | 2017 |
|---|-------------------|------|------|------|------|
| 100% electric passenger cars                | 886               | 793  | 497  | 168  | 54   |
| Compressed natural gas (CNG) passenger cars | -                 | 1    | -    | -    | -    |
| Passenger cars on hydrogen                  | 8                 | 8    | 5    | -    | -    |
| Passenger cars on biogas / natural gas      | -                 | -    | -    | 3    | 7    |
| Hybride passenger cars                      | 469               | 372  | 261  | 220  | 62   |

1 Calculation of these KPI figures for the period from December to November includes trainees and work experience placements, while vehicles with a grey number plate are excluded from this measurement.

2 At year-end 2020, the sustainable vehicle fleet constituted 86% of the total vehicle fleet (excluding non-passenger vehicles).

We determine our CO<sub>2</sub> footprint in accordance with the International Greenhouse Gas Protocol (GHG). As in previous years, we report our emissions in three different scopes. These scopes are explained below. The following points of departure apply with regard to our CO<sub>2</sub> footprint:

- We strive for maximum transparency about our footprint;
- We calculate our footprint in accordance with the standards of the GHG protocol;
- We aim to make a clear distinction between green purchasing and compensation.

**SCOPE 1: DIRECT EMISSIONS**

These are direct emissions of greenhouse gases from sources that are owned by or controlled by the company.

In this category, Enexis reports the CO<sub>2</sub> emissions arising from gas grid leakages, switch equipment leakages (SF<sub>6</sub>), use of leased cars and company vehicles (excluding electric vehicles), and the heating of buildings. Gas leakage losses decreased by 1% compared to the previous year. This decrease was due to the replacement programme of grey cast iron pipelines. This type of material is obsolete and has an above-average leakage frequency.

The greenhouse gases that are reported in our footprint are expressed in CO<sub>2</sub> equivalents. Besides CO<sub>2</sub>, methane and SF<sub>6</sub> emissions are also reported. The conversion factors and emission factors used in the calculation were taken from the IPCC Fifth Assessment Report and the source [www.CO2emissiefactoren.nl](http://www.CO2emissiefactoren.nl), in accordance with the previous year.

Our footprint in connection with leased cars and company vehicles (excluding electricity) decreased by 11% compared to last year. This decrease is attributable, on the one hand, to the greening of the vehicle fleet and, on the other hand, largely the consequence of less commuter traffic due to COVID-19.

**SCOPE 2: INDIRECT EMISSION ELECTRICITY**

This concerns all emissions of greenhouse gases produced in the generation of electricity that is used by the company.

Energy is always lost in the transmission of electricity, for example, due to electrical resistance. Enexis greens these losses by purchasing Guarantees of Origin (GoO). This purchasing can be reported by means of two different methods. Location-based indicates the CO<sub>2</sub> emissions based on the physical energy mix on the grid. Market-based indicates the CO<sub>2</sub> emissions based on the purchased energy mix. As we purchase 100% green with Guarantees of Origin (GoOs), this is nil.

We purchase all our electricity green and aim to thus realise our fair share in the Dutch climate goals. Concretely, this means that we purchase more green electricity in the Netherlands every year, increasing up to 55% in 2030.

**SCOPE 3: ANDERE INDIRECTE EMISSIES**

This concerns all greenhouse gases emissions as a consequence of the activities of the company, but that arise from sources that are not owned or controlled by the company.

This category contains a number of elements which Enexis can influence directly, such as commuter traffic, public transport, and business trips. In addition, we also report a number of elements in this scope on which Enexis can exercise direct influence to a lesser degree, such as emissions in connection with the production of grid components supplied by suppliers and emissions in connection with the processing of our waste. Not all grid components are reported as we have not yet received all the information from our partners for some of the components. We see a 9% decrease in the CO<sub>2</sub> emissions for grid components compared to 2020. This decrease is due to the larger share of mid-voltage and low-voltage cables with lower emissions purchased in 2021. In addition, fewer smart meters were purchased in 2021 due to large inventory levels from the previous financial year.

Our footprint in connection with mobility decreased by 40% compared to last year. This decrease is the consequence of less commuter traffic due to COVID-19. The emissions that Enexis can influence are entirely compensated via Gold Standard Certificates. This means that scope 1 and 2 and part of scope 3 are fully compensated resulting in our net emissions for 2021 equalling nil.

We also feel responsible for emissions in the chain (the remainder of scope 3), such as in connection with the production of cables and pipelines and the processing of waste. Our suppliers of grid components cooperate actively in providing information on these CO<sub>2</sub> emissions by means of a raw materials passport. As a result, we are able to report in more detail and more accurately on the CO<sub>2</sub> emissions arising from our chain partners. In order to make our environmental impact more comparable, we also calculated our carbon intensity in addition to our CO<sub>2</sub> footprint. Our carbon intensity is calculated by dividing the CO<sub>2</sub> emissions in scope 1 and 2 by the revenue figures in millions of USD. The revenue figures were converted into US dollars using the average exchange rate over the years in question. Enexis's carbon intensity amounted to € 231 million per tonne of CO<sub>2</sub> in 2021 (2020: € 307 million, 2019: € 381 million; 2018 € 366 million).

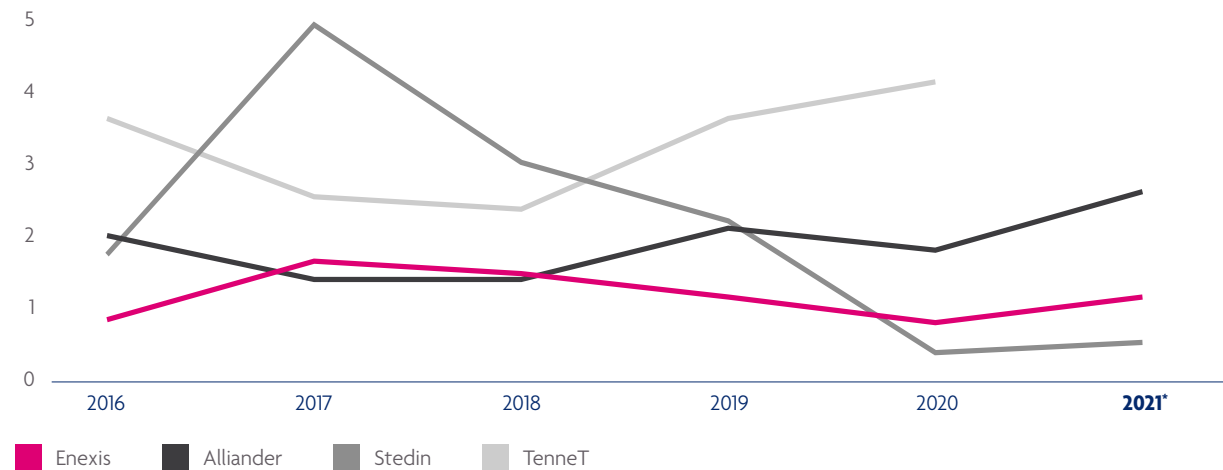


# BENCHMARKS

We compare our performance to other companies to see where we are doing well and where there is room for improvement. We are transparent about our results, even when they are lower than the average in the sector. Where relevant and possible, the benchmarks are being expanded further every year.

## SAFETY

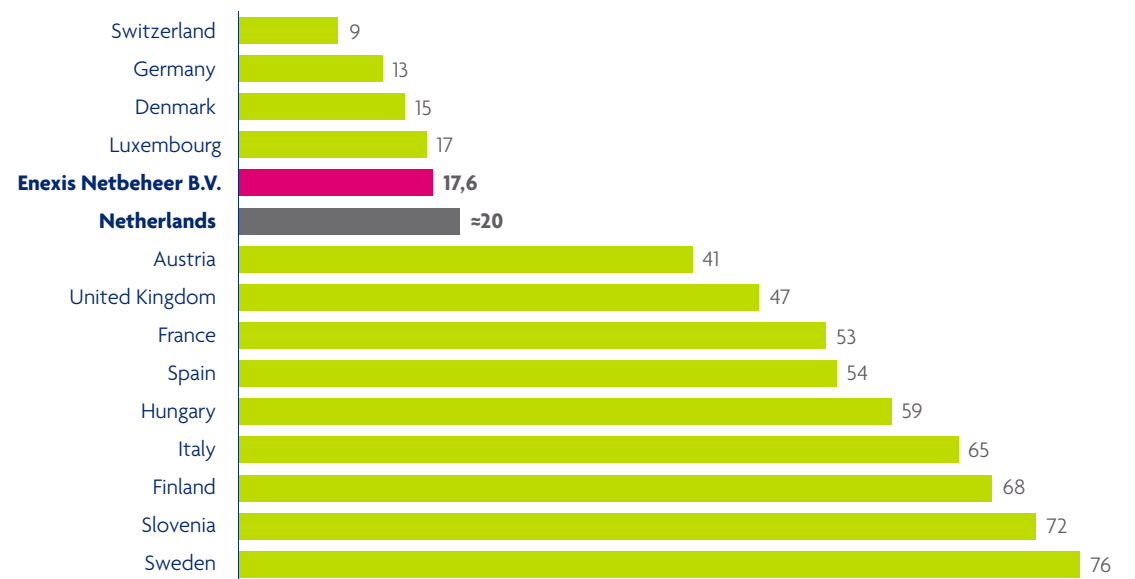
To be able to compare safety performance better within the sector, Enexis measures the number of accidents via the Lost Time Injury Frequency (LTIF), i.e. the number of accidents resulting in absenteeism per 1,000,000 hours worked. Enexis's safety score is satisfactory compared to its sector peers. However, we believe that every accident is one too many. Safety remains a central focus of attention in the coming years.



LTIF: Lost Time Injury Frequency (LTIF) represents the number of accidents resulting in absence per 1,000,000 hours worked.  
\* 2021: The LTIF score of TenneT was not yet known at the time of publication of this annual report.

## ELECTRICITY OUTAGE TIME

The grids in the Netherlands are among the top 5 most reliable grids in Europe. Dutch grid operators have minimal interruptions in the electricity grid. Enexis Netbeheer is even one of the most reliable grid operators in the Netherlands. In recent years, our electricity outage time was lower than the Dutch average. A graph and explanation can be found in the 'Our impact on society' section.



Source: CEER – Continuity of Electricity and Gas supply (2016).



## TRANSPARENCY

Our annual report is assessed every year for the Transparency Benchmark and the Crystal Award by the Ministry of Economic Affairs and Climate Policy. This provides insight into which companies report transparently about their CSR policy and performance. An assessment was carried out in 2021, in which our report for 2020 ended in 4th place in the list of the most transparent annual reports in the Netherlands. Enexis Groep has ended in the 6th place already for two years in the Transparency Ladder and thus we have now made good progress. We are pleased with this as it is in line with our new strategy. We are honest about our performance and we show that we constantly aim to improve our performance. In addition to a statutory obligation, our annual report is an indispensable source of information for shareholders, investors, rating agencies, and other stakeholders. It gives a clear impression of our activities and financial position.

In our report for 2020, we set out even more clearly how we contribute with our work to the challenges that society is facing, such as climate change, access to energy for everyone, and decent work. The jury complimented us on the way we related our performance to the global Sustainable Development Goals. An assessment will not be carried out this year.

## ABSENTEEISM

For several years now, the average absenteeism rate in the Netherlands has remained fairly stable at 3.9%; in 2020 it was higher (4.9%). This was probably due to the corona pandemic. Last year, the absenteeism rate at Enexis was 4.7%, and slightly lower than in 2020 (4.85%). The Dutch average and the sector average for 2021 were not yet available at the time of the publication of this annual report.



# GRI INDEX

| Category name / indicator           | Name of the indicator   | Reference  | Not reported |
|-------------------------------------|---|--|--------------|
| <b>GENERAL STANDARD DISCLOSURES</b> |   |  |              |
| GRI 102-1                           | Name of the organisation  | <a href="#">About Enexis</a>   |              |
| GRI 102-2                           | a. A description of the organisation's activities.<br>b. Primary brands, products and/or services including a description of the products and/or services that are prohibited in certain markets.   | <a href="#">About Enexis</a>   |              |
| GRI 102-3                           | Location of the the organisation's headquarters.  | Appendix: <a href="#">Colophon</a>   |              |
| GRI 102-4                           | The number of countries where the organisation operates, and names of the countries where either the organisation has significant operations or that are specially relevant to the sustainability topics covered in the report.   | The Netherlands  |              |
| GRI 102-5                           | Nature of ownership and legal form.   | <a href="#">About Enexis</a> ; <a href="#">Our organisation Corporate Governance</a> ; <a href="#">Shares in Enexis Holding N.V.</a> |              |
| GRI 102-6                           | Markets served (geographical breakdown, sectors served and types of customers/beneficiaries).   | <a href="#">Key figures</a>  |              |
| GRI 102-7                           | Scale of the reporting organisation.  | <a href="#">Preconditions for a sustainable result</a> ; <a href="#">Financial position</a>  |              |
| GRI 102-8                           | a. Number of employees by type of employment contract (temporary and permanent) and gender.<br>b. Number of employees by type of employment contract (temporary and permanent) and region.<br>c. Number of employees by type of employment contract (full-time and part-time) and gender.<br>d. Whether a significant proportion of the organisation's activities are carried out by staff who are not employees. If applicable, a description of the nature and scope of the activities carried out by staff who are not employees.<br>e. Any significant variations in the figures reported in the information provided under 102-8a, 102-8b and 102-8c (such as seasonal variation in the tourism or agricultural industries).<br>f. An explanation of how the data are collected, including the assumptions used. | Appendix: <a href="#">Facts and figures</a> ; <a href="#">Preconditions for a sustainable result</a>                                 |              |
| GRI 102-9                           | Description of the organisation's supply chain, including the most important elements relating to the organisation's activities, principal brands, products and/or services.  | <a href="#">About Enexis</a> ; <a href="#">Our role in the energy chain</a>  |              |
| GRI 102-10                          | Significant changes during the reporting period regarding the organisation's size, structure, ownership or supply chain.  | Appendix: <a href="#">About this report</a> ; <a href="#">Scope</a>  |              |
| GRI 102-11                          | Report whether and how the precautionary approach or principle is addressed by the organisation.  | <a href="#">Risk management</a>  |              |
| GRI 102-12                          | Externally developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or which it endorses.  | Appendix: <a href="#">Facts and figures</a> ; <a href="#">Standards and norms</a>  |              |
| GRI 102-13                          | Principal memberships of associations (such as industry associations) and national and international advocacy organisations.  | Appendix: <a href="#">About this report</a> ; <a href="#">Collaborations</a>   |              |





| Category name / indicator | Name of the indicator  | Reference  | Not reported  |
|---------------------------|--|--|---|
| GRI 102-14                | The statement of the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and its strategy for addressing sustainability.  | <a href="#">Foreword by the Executive Board</a>  |   |
| EU3                       | The number of household, industrial and institutional customers.   | Appendix: Facts and figures; Our impact on society; <a href="#">The grids</a>  | Enexis has opted for a different classification of customers; focused on the grid operator. |
| EU4                       | The length of the transmission and distribution grids per regulatory regime.   | Appendix: Facts and figures; Our impact on society; <a href="#">The grids</a>  |   |
| GRI 102-16                | Description of the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.   | <a href="#">Preconditions for a sustainable result</a> ; <a href="#">Awareness of human rights and a socially safe workplace</a> |   |
| GRI 102-18                | The governance structure of the organisation, including committees of the highest governance body Report any committees responsible for decision-making on economic, environmental and social impacts.   | <a href="#">Corporate governance</a> ; Appendix: About this report; <a href="#">Management of material issues</a>                |   |
| GRI 102-40                | List of stakeholder groups engaged by the organisation.  | Appendix: About this report; <a href="#">Dialogue with stakeholders</a>  |   |
| GRI 102-41                | Percentage of total employees covered by collective labour agreements.   | Appendix: Facts and figures; <a href="#">Preconditions for a sustainable result</a>  |   |
| GRI 102-42                | Basis for identification and selection of stakeholders with whom to engage.  | Appendix: About this report; <a href="#">Dialogue with stakeholders</a>  |   |
| GRI 102-43                | The organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and whether any of the engagement was undertaken specifically as part of the report preparation process.  | Appendix: About this report; <a href="#">Dialogue with stakeholders</a>  |   |
| GRI 102-44                | The key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns. | Appendix: About this report; <a href="#">Dialogue with stakeholders</a>  |   |



| Category name / indicator | Name of the indicator  | Reference   | Not reported |
|---------------------------|--|---|--------------|
| GRI 102-45                | a. List of all entities included in the organisation's consolidated financial statements or equivalent documents.<br>b. List whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report.   | Explanatory notes to the consolidated financial statements;<br><a href="#">General information</a>    |              |
| GRI 102-46                | a. Process for determining the report content and defining the aspect boundaries of the report.<br>b. Explanation of the points of departure used by the organisation to determine the report content.   | Structure of this report; Appendix: About this report;<br><a href="#">Determining the materiality</a> |              |
| GRI 102-47                | List of all material aspects identified in the process for determining report content.   | Appendix: About this report; <a href="#">Definitions of material topics</a>                           |              |
| GRI 102-48                | The effect of any restatements of information provided in previous reports and the reasons for such restatements.  | Changes in definitions and methods in 2021 as stated in the footnotes to the relevant KPIs            |              |
| GRI 102-49                | Significant changes from previous reporting periods in the scope and aspect boundaries.  | Appendix: About this report; <a href="#">Changes compared to previous years</a>                       |              |
| GRI 102-50                | The reporting period for the information provided.   | 2021  |              |
| GRI 102-51                | The date of most recent previous report.   | Enexis Holding N.V. Annual report 2020, 4 March 2021  |              |
| GRI 102-52                | Reporting cycle.   | Annual  |              |
| GRI 102-53                | The contact person for questions regarding the report or its contents.   | Appendix: <a href="#">Colophon</a>  |              |
| GRI 102-54                | The chosen application level.  | Core  |              |
| GRI 102-55                | GRI content index.   | -   |              |
| GRI 102-56                | a. Policy and current practice with regard to seeking external assurance for the report.<br>b. If the report has received external assurance:<br>i. A reference to the external assurance report, statements or advice. A description of the aspects that are and are not covered by assurance and the basis for this, including the norms, the degree of certainty and any limitations if not described in the assurance statement accompanying the sustainability report.<br>ii. The relationship between the organisation and the assurance provider.<br>iii. Report whether the highest governance body or senior executives are involved in seeking assurance for the organisation's sustainability report. | Appendix: About this report; <a href="#">Assurance</a>  |              |



| Category name / indicator                    | Name of the indicator                            | Reference   | Not reported |
|--|--|---|--------------|
| <b>SPECIFIC STANDARD DISCLOSURES</b>         |  |   |              |
| <b>Reliable and accessible energy supply</b> |  |   |              |
| GRI-103                                      | Management approach.                             | <a href="#">Our impact on society</a> ; <a href="#">Appendix: About this report</a> ; <a href="#">Scope</a> ; <a href="#">Determining the materiality</a> |              |
| EU 28  | Frequency of electricity outages.                | <a href="#">Our impact on society</a> ; <a href="#">Appendix: Facts and figures</a>   |              |
| EU29   | Average outage time.                             | <a href="#">Objectives and performance</a> ; <a href="#">Our impact on society</a>  |              |
| <b>Safe energy grid</b>                      |  |   |              |
| GRI-103                                      | Management approach.                             | <a href="#">Our impact on society</a> ; <a href="#">Appendix: About this report</a> ; <a href="#">Scope</a> ; <a href="#">Determining the materiality</a> |              |
| Enexis indicator                             | Public safety electricity.<br>Public safety gas. | <a href="#">Appendix: Facts and figures</a> ; <a href="#">Our impact on society</a> ; <a href="#">Incidents in the gas and electricity grids</a>          |              |
| <b>Sustainable energy supply</b>             |  |   |              |
| GRI-103                                      | Management approach.                             | <a href="#">Our impact on society</a> ; <a href="#">Appendix: About this report</a> ; <a href="#">Scope</a> ; <a href="#">Determining the materiality</a> |              |
| Enexis indicator                             | Expansion of transmission capacity.              | <a href="#">Objectives and performance</a> ; <a href="#">Our impact on society</a> ; <a href="#">Huge growth of supply and demand</a>                     |              |
| <b>Affordable energy supply</b>              |  |   |              |
| GRI-103                                      | Management approach.                             | <a href="#">Financial position</a> ; <a href="#">Appendix: About this report</a> ; <a href="#">Scope</a> ; <a href="#">Determining the materiality</a>    |              |
| Enexis indicator                             | Controllable costs and revenues.                 | <a href="#">Objectives and performance</a>  |              |
| <b>Customer-oriented services</b>            |  |   |              |
| GRI-103                                      | Management approach.                             | <a href="#">Our impact on society</a> ; <a href="#">Appendix: About this report</a> ; <a href="#">Scope</a> ; <a href="#">Determining the materiality</a> |              |
| Enexis indicator                             | Customer Effort Scores                           | <a href="#">Objectives and performance</a> ; <a href="#">Our impact on society</a> ; <a href="#">Realistic agreements with customers</a>                  |              |



| Category name / indicator                   | Name of the indicator   | Reference   | Not reported  |
|---|---|---|---|
| <b>Effective market facilitation</b>        |   |   |   |
| GRI-103                                     | Management approach.  | Preconditions for a sustainable result; Appendix: About this report; Scope; <a href="#">Determining the materiality</a>   |   |
| Enexis indicator                            | Qualitative explanation.  | Preconditions for a sustainable result; <a href="#">Adapting to a changing world</a>  |   |
| <b>Safe and healthy working environment</b> |   |   |   |
| GRI-103                                     | Management approach.  | Preconditions for a sustainable result; Appendix: About this report; Scope; <a href="#">Determining the materiality</a>   |   |
| GRI 403-2                                   | Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender for both Enexis and third parties. | <a href="#">Objectives and performance</a> ; Preconditions for a sustainable result; <a href="#">Working together safely and healthily during the COVID-19 pandemic</a> |   |
| Enexis indicator                            | Lost Time Injury Frequency Contractors.<br>Lost Time Injury Frequency Enexis.<br>Absenteeism.   | <a href="#">Objectives and performance</a> ; Preconditions for a sustainable result; <a href="#">Working together safely and healthily during the COVID-19 pandemic</a> |   |
| <b>Employment and skilled employees</b>     |   |   |   |
| GRI-103                                     | Management approach.  | Preconditions for a sustainable result; Appendix: About this report; Scope; <a href="#">Determining the materiality</a>   |   |
| GRI 404-1                                   | Average hours of training that an employee has undertaken per year by employee category and gender.   | Preconditions for a sustainable result; <a href="#">Working more efficiently and smarter</a>  | All training and education programmes and courses that are not provided by ET&O itself are purchased centrally at an external broker since 1 January 2020. An hour registration does not take place for these training programmes and courses. Contrary to the situation before 1 January 2020, at that time an hour registration did take place for part of the external training programmes and courses. We don't steer on the number of training hours per employee. |
| GRI 404-2                                   | Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.  | Appendix: Facts and figures; Preconditions for a sustainable result; <a href="#">Sustainable employability</a>  |   |
| Enexis indicator                            | Increase/decrease # FTE scarce technical personnel. Engagement of employees and teamwork.   | <a href="#">Objectives and performance</a> ; Preconditions for a sustainable result   |   |



| Category name / indicator            | Name of the indicator   | Reference  | Not reported |
|--------------------------------------|---|--|--------------|
| <b>Efficient business operations</b> |   |  |              |
| GRI-103                              | Management approach.  | Preconditions for a sustainable result; Appendix: About this report; <a href="#">Scope</a> ; <a href="#">Determining the materiality</a> |              |
| Enexis indicator                     | Number of stations equipped with Distribution Automation (Light).   | Appendix: Facts and figures; Our impact on society; <a href="#">The grids</a>  |              |
| <b>Influencing policy</b>            |   |  |              |
| GRI-103                              | Management approach.  | Preconditions for a sustainable result; Appendix: About this report; <a href="#">Scope</a> ; <a href="#">Determining the materiality</a> |              |
| GRI 307-1                            | Monetary value of significant fines and total number of non-monetary sanctions due to non-compliance with environmental laws and regulations.   | Appendix: Facts and figures; Our impact on society; <a href="#">Laws and regulations</a>   |              |
| GRI 419-1                            | <p>a. Significant fines and non-monetary sanctions for non-compliance with laws and regulations relating to social and economic matters in terms of:</p> <ul style="list-style-type: none"> <li>i. monetary value;</li> <li>ii. non-monetary sanctions;</li> <li>iii. cases pending through dispute resolution.</li> </ul> <p>b. If the organisation has not identified any non-compliance with laws and/or regulations, a brief explanation of this fact is sufficient.</p> <p>c. The context against which significant fines and non-monetary sanctions were imposed.</p> | Appendix: Facts and figures; Our impact on society; <a href="#">Laws and regulations</a>   |              |
| <b>Financially sound</b>             |   |  |              |
| GRI-103                              | Management approach.  | Financial position; Appendix: About this report; <a href="#">Scope</a> ; <a href="#">Determining the materiality</a>                     |              |
| GRI 201-1                            | Direct economic value generated and distributed.  | Financial position; <a href="#">Consolidated Financial Statements</a>  |              |
| Enexis indicator                     | Net profit.   | Financial position; <a href="#">Consolidated Financial Statements</a>  |              |





| Category name / indicator         | Name of the indicator                              | Reference  | Not reported |
|-----------------------------------|--|--|--------------|
| <b>Information security</b>       |  |  |              |
| GRI-103                           | Management approach.                               | Our impact on society; Appendix: About this report; <u>Scope</u> ; <u>Determining the materiality</u>  |              |
| Enexis indicator                  | Qualitative explanation.                           | Preconditions for a sustainable result; <u>Adapting to a changing world</u>  |              |
| <b>A sustainable organisation</b> |  |  |              |
| GRI-103                           | Management approach.                               | Preconditions for a sustainable result; Appendix: About this report; <u>Scope</u> ; <u>Determining the materiality</u>   |              |
| GRI 305-1                         | Direct greenhouse gas emissions (scope 1).         | Preconditions for a sustainable result; Appendix: Facts and figures; <u>Corporate social responsibility - CO<sub>2</sub> footprint</u>   |              |
| GRI 305-2                         | Indirect greenhouse gas emissions (scope 2).       | Preconditions for a sustainable result; Appendix: Facts and figures; <u>Corporate social responsibility - CO<sub>2</sub> footprint</u>   |              |
| GRI 305-3                         | Other indirect greenhouse gas emissions (scope 3). | Preconditions for a sustainable result; Appendix: Facts and figures; <u>Corporate social responsibility - CO<sub>2</sub> footprint</u>   |              |
| GRI 305-4                         | GHG emission intensity.                            | Preconditions for a sustainable result; Appendix: Facts and figures; <u>Corporate social responsibility - CO<sub>2</sub> footprint</u>   |              |
| Enexis indicator                  | Amount of waste.<br>Sustainable vehicle fleet.     | Preconditions for a sustainable result; <u>What we are doing to increase our own sustainability</u> ; Appendix: Facts and figures; <u>Corporate social responsibility - CO<sub>2</sub> footprint</u> |              |



# EU: DISCLOSURE OF NON-FINANCIAL INFORMATION

|   | Description   | Reference  |
|---|---|--|
| <b>EU DIRECTIVE DISCLOSURE OF NON-FINANCIAL INFORMATION AND DIVERSITY INFORMATION</b> |   |  |
| <b>Business model</b>   |   |  |
|   | General description of the core processes and activities, in order to place non-financial information in the right context.   | <a href="#">About Enexis</a>   |
| <b>Environmental matters</b>  |   |  |
| <b>Policy pursued and its results</b>   |   | <a href="#">Preconditions for a sustainable result</a>   |
| <b>Risks and risk management</b>  | Extensive and prolonged interruptions of the energy supply due to natural disasters, internal failures or intentional wrongdoing.<br>New laws and regulations limiting Enexis's possibilities to play an active role in the energy transition.    | Corporate governance and risk management; <a href="#">Risk management</a>  |
| <b>Non-financial performance indicators</b>   | Expansion of transmission capacity.<br>Annual increase in connections with which energy is fed back into the grid.<br>Annual installed renewable energy capacity.<br>Amount of waste.<br>CO <sub>2</sub> footprint.<br>Sustainable vehicle fleet. | <a href="#">Our impact on society</a> ; <a href="#">Preconditions for a sustainable result</a> ; <a href="#">Facts and figures</a> |
| <b>Social and personnel matters</b>   |   |  |
| <b>Policy pursued and its results</b>   |   | <a href="#">Preconditions for a sustainable result</a>   |
| <b>Risks and risk management</b>  | Accidents suffered by employees and/or bystanders due to unsafe situations and/or asset failures.<br>Complex change projects exceed the budget and/or do not provide sufficient or timely business value.   | Corporate governance and risk management; <a href="#">Risk management</a>  |
| <b>Non-financial performance indicators</b>   | Accidents and Lost Time Injury Frequency.<br>Engagement and teamwork.<br>% Absence due to illness.<br>Age category.<br>Labour participation.<br>Inflow and outflow.   | <a href="#">Preconditions for a sustainable result</a>   |



|   | Description  | Reference  |
|---|--|--|
| <b>Respect for human rights</b>             |  |  |
| <b>Policy pursued and its results</b>       | Enexis is a signatory and supporter of the United Nations' Universal Declaration of Human Rights. Aspects with regard to human rights, such as equal treatment and employee participation, are set out in the Collective Labour Agreement (CAO), company regulations and the Enexis Code of Conduct (updated in 2021). Enexis has a complaints procedure, confidential counsellors and a whistleblower scheme to report any breaches. Enexis also adheres to the guidelines for terms of employment and working conditions that constitute fundamental principles and employment rights as formulated by the International Labour Organisation. The Code of Conduct is available to the public via our website. Breaches will be reported. | Preconditions for a sustainable result: <a href="#">Awareness of human rights and a socially safe workplace</a> ;<br>Facts and figures: <a href="#">Corporate social responsibility - Chain responsibility and human rights</a>    |
| <b>Risks and risk management</b>            |  | Enexis has not identified any risks in the context of the guidelines and arrangements in this area.  |
| <b>Non-financial performance indicators</b> | Code of Conduct for suppliers.<br>Enexis Code of Conduct.<br>Complaints procedure.<br>Fraud regulations and implementation protocol.   | Enexis does not make use of a specific quantitative KPI with respect to human rights. We regard making our social performance measurable as an important topic on which we will focus our attention in the coming years.           |
| <b>Anti-corruption and bribery</b>          |  |  |
| <b>Policy pursued and its results</b>       | Enexis's policy to prevent corruption or bribery of employees is laid down in the Corporate Social Responsibility Purchasing policy, Code of Conduct for employees (updated in 2021) and the Supplier Code of Conduct (part of the General Purchasing Conditions). For reporting any violations, there is a regulation 'Alleged abuses and irregularities', and confidential advisers have been appointed. In addition, there is an internal integrity committee that discusses any integrity violations and ensures that we continue to work on fostering a culture of integrity.   | Preconditions for a sustainable result: <a href="#">Awareness of human rights and a socially safe workplace</a> ;<br>Facts and figures: <a href="#">Corporate social responsibility - Chain responsibility and human rights</a>    |
| <b>Risks and risk management</b>            |  | Enexis has not identified any risks in the context of the guidelines and arrangements in this area.  |
| <b>Non-financial performance indicators</b> | Code of Conduct for suppliers.<br>Enexis Code of Conduct.<br>Complaints procedure.<br>Fraud regulations and implementation protocol.   | Enexis does not make use of a specific quantitative KPI with respect to corruption and bribery. We regard making our social performance measurable as an important topic on which we will focus our attention in the coming years. |



# GLOSSARY

## NON-FINANCIAL TERMINOLOGY

### ASSOCIATION OF ISSUING BODIES (AIB)

The purpose of the AIB is to develop, use, and promote a standardised system of energy certification for all energy carriers. ([www.aib-net.org](http://www.aib-net.org))

### NETHERLANDS AUTHORITY FOR CONSUMERS & MARKETS (ACM)

The Netherlands Authority for Consumers & Markets ensures fair competition between companies, protects consumer interests, regulates the tariffs of energy companies, and oversees compliance with the Electricity Act 1998 and the Gas Act.

### DUTCH DATA PROTECTION AUTHORITY (DDPA)

The Dutch Data Protection Authority is the independent regulator in the Netherlands that promotes and safeguards the protection of personal data.

### RELIABILITY

The degree of reliability of the energy supply is expressed as the average duration and frequency of interruptions of the energy transmission to end users.

### CUSTOMER EFFORT SCORE (CES)

The Customer Effort Score indicates how much effort a customer has to make to get an issue resolved.

- Installation of Primary Infrastructure: a survey among customers from the customised connections process. This survey measures how much effort a customer had to make to receive a quotation for a connection or to have the requested connection delivered.
- Standard connections: a survey among customers to whom Enexis delivered a new or revised connection a month before the survey. The survey measures how much effort a customer had to make to go through the process of requesting a standard connection up to the delivery of the connection.

- Outages: this survey provides insight into the degree of satisfaction regarding the outages process. Customers were asked how much effort was required to obtain information about an outage during a planned or unplanned outage.

### SUSTAINABILITY

'Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs'. Enexis, briefly put, interprets this in relation to its primary tasks as 'Endeavouring to make sensible use of energy sources and the environment.'

### INSTALLED RENEWABLE CAPACITY

Installed renewable energy capacity, expressed in MW. Renewable energy sources concern solar and wind (biogas and water excluded).

### EMPLOYEE NET PROMOTER SCORE

The Employee Net Promoter Score indicates the degree in which employees recommend Enexis as an employer to others. The score is determined by: % promoters - % criticasters.

### ENERGY CHAIN

Everything relating to the origin, production, transmission and end use of energy.

### ENERGY TRANSITION

Term referring to the ongoing efforts to switch the energy supply from centralised fossil generation to decentralised renewable generation.

### GRI

Global Reporting Initiative; a global standard for annual sustainability reports.

### ANNUAL OUTAGE TIME (AOT)

Annual outage time as a result of unforeseen interruptions (outages). The average number of minutes (electricity) or seconds (gas) that the customer is without energy in a calendar year.

- Electricity: per outage, the product of the number of effected connections and the duration of the outage in minutes, totalled over all outages and divided by the total number of connections in the grid area concerned in the year. The number of connections is checked and assessed by Movaris annually.
- Gas: per outage, the product of the number of effected connections and the duration of the outage in seconds, totalled over all outages and divided by the total number of connections in the year. The number of connections is checked and assessed by Movaris annually.

### CHAIN

The group of parties that carry out a process together. Enexis is active in the energy chain and in the resources chain.

### CUSTOMER SATISFACTION

The score that customers give for the performance of Enexis.

### QUANTITATIVE PROGRESS YEAR ORDER BOOK

We compare the absolute value of the realised revenue from the year order book with the planned revenue. The realised revenue from the year order book is the value of the work package that was carried out (including work in progress); the planned revenue is the value of the ordered work package at standardised costs (including work in progress).

### LOST TIME INJURY FREQUENCY (LTIF)

Indicator for employee safety during the performance of work expressed in the number of accidents resulting in absenteeism per 1 million hours worked.

**CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Sustainable approach to business aimed at minimising the negative operational impact on the environment and maximising the positive operational impact on society.

**GRID OPERATOR**

An independent utility company appointed in a designated area to provide for the transmission of gas and electricity between supplier and customer and to construct and maintain grids for this purpose. The tasks of the grid operator are laid down in the Electricity Act 1998 and the Gas Act.

**ENERGY COMPANY**

Enexis Groep is an energy company consisting of a group of companies, including Enexis Netbeheer, Enpuls and Fudura. Each company within Enexis Groep has its own specific focus area. Together, we work on a reliable and sustainable energy supply now and in the future.

**REGIONAL ENERGY STRATEGY (RES)**

The Regional Energy Strategy is a tool for making regional choices with societal involvement with regard to generating sustainable energy, the heat transition in the built environment and the required storage and energy infrastructure. The RES sets out the strategy that a RES region is adopting in order to set and achieve local/regional energy goals.

**REGULATION**

The development and alignment of laws and regulations for the activities of companies, such as grid operators and energy companies, and the government supervision of compliance with these laws and regulations.

**SMART METER**

A meter for measuring electricity and/or gas consumption that can be read remotely by the grid operator and that makes consumption data available to the customer via a local access portal for further processing via their own peripheral equipment.

**STATE SUPERVISION OF MINES (SODM)**

The independent regulator for mineral and energy extraction in the Netherlands, as well as gas safety.

**STAKEHOLDER**

Party involved in or affected by the activities of Enexis. As of 1 January 2021, Enexis distinguishes the following stakeholders: customers, employees, shareholders, energy market partners, investors, chain partners, policymakers, and local energy transition partners.

**ENERGY FEED-IN**

Process where a customer feeds self-generated (and usually renewable) energy into the energy grid.

**INCREASE/DECREASE # FTE SCARCE TECHNICAL PERSONNEL**

The growth in headcount own personnel in the 10 branches and Expertise, Bedrijfsvoering, Stations (EBS) that has to be realised in one year in the pre-defined scarce technical positions in the job categories Engineers, Servicemen, Foremen, Specialists, and Technicians.

**INCREASE IN CONNECTION CAPACITY**

The increase in connection capacity provides an indication of the efforts that we are making to prepare our grid for the energy transition. This is measured by multiplying the total number of transformers (in one year) by the capacity.

**SAFETY AWARENESS**

The ability to effectively translate feelings and experiences into preventive actions and alert responses to dangerous or potentially dangerous situations, so that actions can be carried out without danger.

**IMPACTED USER MINUTES (IUM)**

The average number of minutes (electricity) or seconds (gas) that the customer is without energy in a calendar year.

**FOOTPRINT**

Indication of the volume of CO<sub>2</sub> that Enexis emits in a calendar year. Within the footprint, Enexis distinguishes between its own emissions and chain emissions.

**ABSENTEEISM**

The absenteeism percentage is calculated by dividing the number of absenteeism days by the number of available days, taking into account the part-time percentage (for the number of available days) and the occupational disability percentage (for the number of absenteeism days) In both cases, this concerns calendar days and not work days.



**FINANCIAL TERMINOLOGY****CONTROLLABLE COSTS AND REVENUES**

The sum of the controllable costs and revenues of Enexis Netbeheer, including staff departments.

**DEGENERATION EXPENSES**

Expenses charged by municipalities for damage and inconvenience arising from work on the grid on municipal land.

**EBIT**

Earnings Before Interest and Tax.

**FFO/NET INTEREST-BEARING LIABILITIES**

This is calculated as follows: (operating income + depreciation – amortisations + dividend received from associates – financial expenses + financial income – taxes due and payable) / net interest-bearing liabilities.

**FFO/INTEREST COVERAGE RATIO**

This is calculated as follows: (operating result + depreciation - amortisation + dividend received from associates + financial income - taxes due and payable) / paid interest expenses.

**INVESTED CAPITAL**

Fixed assets plus assets held for sale minus contributions received in advance (non-current and current) less liabilities held for sale plus net working capital.

**NET INTEREST-BEARING LIABILITIES**

This is calculated as follows: total interest-bearing liabilities – deposits – cash and cash equivalents.

**NET INTEREST-BEARING LIABILITIES / (EQUITY + NET INTEREST-BEARING LIABILITIES)**

This is calculated as follows: (total interest-bearing liabilities – deposits – cash and cash equivalents.) / (equity + (total interest-bearing liabilities – deposits – cash and cash equivalents)).

**NET WORKING CAPITAL**

Total current assets (excluding cash and cash equivalents, excluding current financial fixed assets and excluding deposits) minus current liabilities (excluding interest-bearing liabilities, excluding prepayments to be amortised in the following year and excluding derivatives).

**STANDARD COSTS**

Internal price based on standard quantities and average standard costs.

**RETURN ON EQUITY**

Result after taxes divided by equity capital at year-end.  
ROIC EBIT divided by the invested capital at year-end.

**SOLVENCY**

Equity x 100% divided by the balance sheet total.

**WORK PACKAGE**

Gross investments and operational work on the electricity and gas grids plus activities relating to smart meters based on standard tariffs.

**X-FACTOR**

The X-factor is used by the ACM to calculate the reduction applied to promote operational efficiency.



# COLOPHON

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**REACTIONS**

We strive to improve our reporting every year. Input from critical readers is always welcome.

If you have any suggestions for improvement, send an e-mail to [communicatie@enexis.nl](mailto:communicatie@enexis.nl).



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